UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended December 31, 2021

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number 001-32502

Warner Music Group Corp.
(Exact name of registrant as specified in its charter)

Delaware	**13-4271875**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

1633 Broadway
New York, NY 10019
(Address of principal executive offices)

(212) 275-2000
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A Common Stock, $0.001 par value per share	WMG	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act.) Yes ☐ No ☒

As of February 2, 2022, there were 137,163,316 shares of Class A Common Stock and 377,650,449 shares of Class B Common Stock of the registrant outstanding.

WARNER MUSIC GROUP CORP.
QUARTERLY REPORT ON FORM 10-Q
FOR THE THREE MONTHS ENDED DECEMBER 31, 2021

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Warner Music Group Corp.

Consolidated Balance Sheets (Unaudited)

	December 31, 2021	September 30, 2021
	(in millions, except share data)	
Assets		
Current assets:		
Cash and equivalents	$ 450	$ 499
Accounts receivable, net of allowances of $20 million and $20 million	941	839
Inventories	84	99
Royalty advances expected to be recouped within one year	468	373
Prepaid and other current assets	78	86
Total current assets	2,021	1,896
Royalty advances expected to be recouped after one year	566	457
Property, plant and equipment, net of accumulated depreciation of $435 million and $419 million	378	364
Operating lease right-of-use assets, net	258	268
Goodwill	1,945	1,830
Intangible assets subject to amortization, net	2,472	2,017
Intangible assets not subject to amortization	152	154
Deferred tax assets, net	3	31
Other assets	220	194
Total assets	$ 8,015	$ 7,211
Liabilities and Equity		
Current liabilities:		
Accounts payable	$ 274	$ 302
Accrued royalties	1,974	1,880
Accrued liabilities	466	461
Accrued interest	30	14
Operating lease liabilities, current	43	43
Deferred revenue	298	348
Other current liabilities	272	102
Total current liabilities	3,357	3,150
Long-term debt	3,846	3,346
Operating lease liabilities, noncurrent	275	287
Deferred tax liabilities, net	195	207
Other noncurrent liabilities	170	175
Total liabilities	$ 7,843	$ 7,165
Equity:		
Class A common stock, $0.001 par value; 1,000,000,000 shares authorized, 127,236,783 and 122,414,827 shares issued and outstanding as of December 31, 2021 and September 30, 2021, respectively	$ —	$ —
Class B common stock, $0.001 par value; 1,000,000,000 shares authorized, 387,300,086 and 391,970,996 issued and outstanding as of December 31, 2021 and September 30, 2021, respectively	1	1
Additional paid-in capital	1,973	1,942
Accumulated deficit	(1,601)	(1,710)
Accumulated other comprehensive loss, net	(220)	(202)
Total Warner Music Group Corp. equity	153	31
Noncontrolling interest	19	15
Total equity	172	46
Total liabilities and equity	$ 8,015	$ 7,211

See accompanying notes

Warner Music Group Corp.

Consolidated Statements of Operations (Unaudited)

	Three Months Ended December 31,	
	2021	2020
	(in millions, except share and per share data)	
Revenue	$ 1,614	$ 1,335
Costs and expenses:		
Cost of revenue	(818)	(686)
Selling, general and administrative expenses (a)	(497)	(401)
Amortization expense	(60)	(52)
Total costs and expenses	(1,375)	(1,139)
Operating income	239	196
Interest expense, net	(30)	(31)
Other income (expense)	54	(31)
Income before income taxes	263	134
Income tax expense	(75)	(35)
Net income	188	99
Less: Income attributable to noncontrolling interest	(1)	(1)
Net income attributable to Warner Music Group Corp.	$ 187	$ 98
Net income per share attributable to common stockholders:		
Class A – Basic and Diluted	$ 0.36	$ 0.18
Class B – Basic and Diluted	$ 0.36	$ 0.19
Weighted average common shares:		
Class A – Basic and Diluted	123,969,142	94,221,946
Class B – Basic and Diluted	390,952,038	416,632,808
(a) Includes depreciation expense:	$ (21)	$ (19)

See accompanying notes

Warner Music Group Corp.

Consolidated Statements of Comprehensive Income (Unaudited)

	Three Months Ended December 31,	
	2021	2020
	(in millions)	
Net income	$ 188	$ 99
Other comprehensive (loss) income, net of tax:		
Foreign currency adjustment	(25)	34
Deferred gain on derivative financial instruments	7	3
Other comprehensive (loss) income, net of tax	(18)	37
Total comprehensive income	170	136
Less: Income attributable to noncontrolling interest	(1)	(1)
Comprehensive income attributable to Warner Music Group Corp.	$ 169	$ 135

See accompanying notes

Warner Music Group Corp.

Consolidated Statements of Cash Flows (Unaudited)

	Three Months Ended December 31,	
	2021	2020
	(in millions)	
Cash flows from operating activities		
Net income	$ 188	$ 99
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	81	71
Unrealized (gains) losses and remeasurement of foreign-denominated loans and foreign currency forward exchange contracts	(36)	45
Deferred income taxes	19	2
Net gain on divestitures and investments	(11)	(14)
Non-cash interest expense	1	1
Non-cash stock-based compensation expense	24	6
Changes in operating assets and liabilities:		
Accounts receivable, net	(100)	(98)
Inventories	12	11
Royalty advances	(177)	(56)
Accounts payable and accrued liabilities	(2)	(35)
Royalty payables	107	54
Accrued interest	16	6
Operating lease liabilities	(2)	(2)
Deferred revenue	(50)	24
Other balance sheet changes	59	55
Net cash provided by operating activities	129	169
Cash flows from investing activities		
Acquisition of music publishing rights and music catalogs, net	(165)	(324)
Capital expenditures	(34)	(18)
Investments and acquisitions of businesses, net of cash received	(425)	(1)
Net cash used in investing activities	(624)	(343)
Cash flows from financing activities		
Proceeds from issuance of 3.750% Senior Secured Notes due 2029	535	—
Proceeds from issuance of 3.000% Senior Secured Notes due 2031	—	244
Deferred financing costs paid	(4)	(3)
Distribution to noncontrolling interest holders	(1)	(1)
Dividends paid	(78)	(62)
Cash paid to settle contingent consideration	(4)	—
Net cash provided by financing activities	448	178
Effect of exchange rate changes on cash and equivalents	(2)	9
Net (decrease) increase in cash and equivalents	(49)	13
Cash and equivalents at beginning of period	499	553
Cash and equivalents at end of period	$ 450	$ 566

See accompanying notes

Warner Music Group Corp.

Consolidated Statements of Equity (Unaudited)

Three Months Ended December 31, 2021

	Class A Common Stock		Class B Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Warner Music Group Corp. Equity	Non-controlling Interest	Total Equity
	Shares	Value	Shares	Value						
	(in millions, except share and per share data)									
Balance at September 30, 2021	122,414,827	$ —	391,970,996	$ 1	$ 1,942	$ (1,710)	$ (202)	$ 31	$ 15	$ 46
Net income	—	—	—	—	—	187	—	187	1	188
Other comprehensive loss, net of tax	—	—	—	—	—	—	(18)	(18)	—	(18)
Dividends ($0.15 per Class A and B share)	—	—	—	—	—	(78)	—	(78)	—	(78)
Stock-based compensation expense	—	—	—	—	31	—	—	31	—	31
Distribution to noncontrolling interest holders	—	—	—	—	—	—	—	—	(1)	(1)
Conversion of Class B shares for Class A shares	4,670,910	—	(4,670,910)	—	—	—	—	—	—	—
Shares issued under Omnibus Incentive Plan	151,046	—	—	—	—	—	—	—	—	—
Other	—	—	—	—	—	—	—	—	4	4
Balance at December 31, 2021	127,236,783	$ —	387,300,086	$ 1	$ 1,973	$ (1,601)	$ (220)	$ 153	$ 19	$ 172

Three Months Ended December 31, 2020

	Class A Common Stock		Class B Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Warner Music Group Corp. Equity (Deficit)	Non-controlling Interest	Total Equity (Deficit)
	Shares	Value	Shares	Value						
	(in millions, except share and per share data)									
Balance at September 30, 2020	88,578,361	$ —	421,450,000	$ 1	$ 1,907	$ (1,749)	$ (222)	$ (63)	$ 18	$ (45)
Net income	—	—	—	—	—	98	—	98	1	99
Other comprehensive income, net of tax	—	—	—	—	—	—	37	37	—	37
Dividends ($0.12 per Class A and B share)	—	—	—	—	—	(62)	—	(62)	—	(62)
Stock-based compensation expense	—	—	—	—	6	—	—	6	—	6
Distribution to noncontrolling interest holders	—	—	—	—	—	—	—	—	(2)	(2)
Exchange of Class B shares for Class A shares	18,265,183	—	(18,265,186)	—	—	—	—	—	—	—
Shares issued under the Plan	4,321,259	—	—	—	—	—	—	—	—	—
Shares issued under Omnibus Incentive Plan	2,553	—	—	—	—	—	—	—	—	—
Balance at December 31, 2020	111,167,356	$ —	403,184,814	$ 1	$ 1,913	$ (1,713)	$ (185)	$ 16	$ 17	$ 33

See accompanying notes

1. Description of Business

Warner Music Group Corp. (the "Company") was formed on November 21, 2003. The Company is the direct parent of WMG Holdings Corp. ("Holdings"), which is the direct parent of WMG Acquisition Corp. ("Acquisition Corp."). Acquisition Corp. is one of the world's major music entertainment companies.

Initial Public Offering

On June 5, 2020, the Company completed an initial public offering ("IPO") of Class A common stock of the Company, par value $0.001 per share ("Class A Common Stock"). The Company listed these shares on the NASDAQ stock market under the ticker symbol "WMG." The offering consisted entirely of secondary shares sold by Access Industries, LLC (collectively with its affiliates, "Access") and certain related selling stockholders.

Access and its affiliates continue to hold all of the Class B common stock of the Company, par value $0.001 per share ("Class B Common Stock"), representing approximately 98% of the total combined voting power of the Company's outstanding common stock and approximately 75% of the economic interest as of December 31, 2021. As a result, the Company is a "controlled company" within the meaning of the corporate governance standards of NASDAQ.

Recorded Music Operations

Our Recorded Music business primarily consists of the discovery and development of recording artists and the related marketing, promotion, distribution, sale and licensing of music created by such recording artists. We play an integral role in virtually all aspects of the recorded music value chain from discovering and developing talent to producing, distributing and selling music to marketing and promoting recording artists and their music.

Music Publishing Operations

While Recorded Music is focused on marketing, promoting, distributing and licensing a particular recording of a musical composition, Music Publishing is an intellectual property business focused on generating revenue from uses of the musical composition itself. In return for promoting, placing, marketing and administering the creative output of a songwriter, or engaging in those activities for other rightsholders, our Music Publishing business shares the revenues generated from use of the musical compositions with the songwriter or other rightsholders.

2. Summary of Significant Accounting Policies

Interim Financial Statements

The accompanying unaudited consolidated financial statements have been prepared in accordance with United States generally accepted accounting principles ("U.S. GAAP") for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all the information and notes required by U.S. GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three months ended December 31, 2021 are not necessarily indicative of the results that may be expected for the fiscal year ending September 30, 2022.

The consolidated balance sheet at September 30, 2021 has been derived from the audited consolidated financial statements at that date but does not include all the information and notes required by U.S. GAAP for complete financial statements.

For further information, refer to the consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the fiscal year ended September 30, 2021 (File No. 001-32502).

Basis of Consolidation

The accompanying financial statements present the consolidated accounts of all entities in which the Company has a controlling voting interest and/or variable interest required to be consolidated in accordance with U.S. GAAP. All intercompany balances and transactions have been eliminated.

Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 810, *Consolidation* ("ASC 810") requires the Company first evaluate its investments to determine if any investments qualify as a variable interest entity ("VIE"). A VIE is consolidated if the Company is deemed to be the primary beneficiary of the VIE, which is the party involved with the VIE that has both (i) the power to control the most significant activities of the VIE and (ii) either the obligation to absorb losses or the right to receive benefits that could potentially be significant to the VIE. If an entity is not deemed to be a VIE, the Company consolidates the entity if the Company has a controlling voting interest.

The Company maintains a 52-53 week fiscal year ending on the last Friday in each reporting period. The fiscal year ended September 30, 2022 includes 53 weeks, and the fiscal year ended September 30, 2021 included 52 weeks. The additional week in fiscal year 2022 falls in the fiscal quarter ended December 31, 2021. Accordingly, the results of operations for the three months ended December 31, 2021 reflect 14 weeks compared to 13 weeks for the three months ended December 31, 2020.

All references to December 31, 2021 and December 31, 2020 relate to the periods ended December 31, 2021 and December 25, 2020, respectively. For convenience purposes, the Company continues to date its first-quarter financial statements as of December 31. The fiscal year ended September 30, 2021 ended on September 24, 2021.

The Company has performed a review of all subsequent events through the date the financial statements were issued and has determined that no additional disclosures are necessary.

Common Stock

On February 28, 2020, the Company amended its certificate of incorporation to increase its authorized capital stock to 2,100,000,000 shares, consisting of 1,000,000,000 shares of Class A Common Stock, 1,000,000,000 shares of Class B Common Stock, and 100,000,000 shares of preferred stock, par value $1.00 per share. In addition, the February 28, 2020 amendment to the Company's certificate of incorporation also gave effect to the reclassification and 477,242.614671815-for-1 stock split of the Company's existing common stock outstanding into 510,000,000 shares of Class B Common Stock. Upon completion of the IPO and the exercise in full of the underwriters' option to purchase additional shares, 88,550,000 shares of Class A Common Stock, 421,450,000 shares of Class B Common Stock and no shares of preferred stock were outstanding.

In connection with the IPO, the Company's board of directors and stockholders approved the Warner Music Group Corp. 2020 Omnibus Incentive Plan, or the "Omnibus Incentive Plan." The Omnibus Incentive Plan provides for the grant of incentive common stock, stock options, restricted stock, restricted stock units ("RSUs"), performance awards and stock appreciation rights to employees, consultants and directors. The aggregate number of shares of common stock available for issuance under the Omnibus Incentive Plan is 31,169,099 shares of Class A Common Stock over the 10-year period from the date of adoption, including up to 1,000,000 shares of our Class A Common Stock in connection with the IPO.

Since the IPO, a total of 215,613 shares of Class A Common Stock have been issued under the Omnibus Incentive Plan, which includes 151,046 and 2,553 shares issued during the three months ended December 31, 2021, and 2020, respectively.

During the three months ended December 31, 2021, an aggregate of 4,670,910 shares of Class B Common Stock were converted to Class A Common Stock. In connection with the Senior Management Free Cash Flow Plan (the "Plan"), a remaining Plan participant redeemed a portion of vested Class B equity units of the LLC holding company, WMG Management Holdings, LLC ("Management LLC"). These Class B equity units were redeemed in exchange for a total of 510,165 shares of Class B Common Stock, which shares of Class B Common Stock converted to shares of Class A Common Stock upon the exchange.

Additionally, during the three months ended December 31, 2021, Access converted 4,160,745 shares of Class B Common Stock to the same number of shares of Class A Common Stock, which it subsequently sold through open market sales, which is reflected as an exchange of Class B Common Stock in the consolidated statements of equity for the three months ended December 31, 2021.

Earnings per Share

The consolidated statements of operations present basic and diluted earnings per share ("EPS"). The Company utilizes the two-class method to report earnings per share. The two-class method is an earnings allocation formula that determines earnings per share for each class of common stock according to dividends declared and participation rights in undistributed earnings. Undistributed earnings allocated to participating securities are subtracted from net income in determining net income attributable to common stockholders.

Stock-Based Compensation

The Company accounts for stock-based payments in accordance with ASC 718, *Compensation—Stock Compensation* ("ASC 718"). Stock-based compensation consists primarily of restricted stock units ("RSUs") granted to eligible employees and executives under the Omnibus Incentive Plan. The Company measures compensation expense for RSUs based on the fair value of the award on the date of grant. The grant date fair value is based on the closing market price of the Company's Class A Common Stock on the date of grant. The Company accounts for forfeitures as they occur. Stock-based compensation is recognized on a straight-line basis over the requisite service period, which is generally four years except for certain one-year awards issued in connection with the IPO.

The Company also grants unvested restricted stock to the Company's directors. The Company recognizes stock-based compensation expense equal to the grant date fair value of the restricted stock, based on the closing stock price on grant date, on a straight-line basis over the requisite service period of the awards, which is generally one year.

The Company also recognizes stock-based compensation under the Plan. The awards outstanding under the Plan are equity-classified.

The Company recognized approximately $24 million of non-cash stock-based compensation expense for the three months ended December 31, 2021, of which $22 million was recorded to additional paid-in capital, and a remaining $2 million has been classified as a share-based compensation liability as of December 31, 2021. The share-based compensation liability represents executive awards that have not yet been granted under the Omnibus Incentive Plan, where a total value is known and settlement will occur in a variable number of RSUs. During the three months ended December 31, 2021, $9 million was reclassified from share-based compensation liability to additional paid-in capital, representing the grant date fair value of RSUs granted which were previously classified as a share-based compensation liability as of September 30, 2021. The Company recognized approximately $6 million of non-cash stock-based compensation expense for the three months ended December 31, 2020.

Income Taxes

The Company uses the estimated annual effective tax rate method in computing its interim tax provision. Certain items, including those deemed to be unusual and infrequent are excluded from the estimated annual effective tax rate. In such cases, the actual tax expense or benefit is reported in the same period as the related item. Certain tax effects are also not reflected in the estimated annual effective tax rate, primarily certain changes in the realizability of deferred tax assets and uncertain tax positions.

New Accounting Pronouncements

Recently Adopted Accounting Pronouncements

In December 2019, the FASB issued ASU 2019-12, *Simplifying the Accounting for Income Taxes* ("ASU 2019-12"). This ASU eliminates certain exceptions to the general principles in ASC 740, *Income Taxes*. Specifically, it eliminates the exception to (1) the incremental approach for intraperiod tax allocation when there is a loss from continuing operations, and income or a gain from other items; (2) the requirement to recognize a deferred tax liability for equity method investments when a foreign subsidiary becomes an equity method investment; (3) the ability not to recognize a deferred tax liability for a foreign subsidiary when a foreign equity method investment becomes a subsidiary; and (4) the general methodology for calculating income taxes in an interim period when a year-to-date loss exceeds the anticipated loss for the year. ASU 2019-12 also simplifies U.S. GAAP by making other changes. The Company adopted ASU 2019-12 in the first quarter of fiscal 2022 and this adoption did not have a material impact on the Company's consolidated financial statements.

In August 2020, the FASB issued ASU 2020-06, *Debt—Debt with Conversion and Other Options (Subtopic 470-20)* and D*erivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity* ("ASU 2020-06"). ASU 2020-06 simplifies the accounting for convertible instruments by eliminating the cash conversion and beneficial conversion feature models used to separately account for embedded conversion features as a component of equity. Instead, the entity will account for the convertible debt or convertible preferred stock securities as a single unit of account, unless the conversion feature requires bifurcation and recognition as derivatives. Additionally, the guidance requires entities to use the if-converted method for all convertible instruments in the diluted earnings per share calculation and include the effect of potential share settlement for instruments that may be settled in cash or shares. The Company adopted ASU 2020-06 in the first quarter of fiscal year 2022 and this adoption did not have any impact on the Company's consolidated financial statements.

3. Earnings per Share

The Company utilizes the two-class method to report earnings per share. Basic earnings per share is computed by dividing net income available to each class of stock by the weighted average number of outstanding common shares for each class of stock. Diluted earnings per share is computed by dividing net income available to each class of stock by the weighted average number of outstanding common shares, plus dilutive potential common shares, which is calculated using the treasury-stock method. Under the treasury-stock method, potential common shares are excluded from the computation of EPS in periods in which they have an anti-dilutive effect. The potentially dilutive common shares did not have a dilutive effect on the Company's EPS calculation for the three months ended December 31, 2021 and 2020, respectively.

The Company allocates dividends declared to Class A Common Stock and Class B Common Stock based on timing and amounts actually declared for each class of stock and the undistributed earnings are allocated to Class A Common Stock and Class B Common Stock pro rata on a basic weighted average shares outstanding basis since the two classes of stock participate equally on a per share basis upon liquidation.

The Class B Common Stock issued to Management LLC for the exercise of the vested deferred equity units is included in the basic weighted average number of outstanding shares of Class B Common Stock. Upon issuance to the participants in the Plan, the Class B Common Stock will be converted into Class A Common Stock and included in the basic weighted average number of outstanding shares of Class A Common Stock. Since the shares expected to satisfy the vested portion of the deferred equity units are already included in the basic weighted average number of outstanding common shares, there is no potential dilutive effect associated with the vested portion of these stock-based compensation awards. Refer to Note 2 for a description of current period activity.

The following table sets forth the calculation of basic and diluted net income per common share under the two-class method for the three months ended December 31, 2021 and 2020 (in millions, except share and per share data):

	Three Months Ended December 31,			
	2021		2020	
	Class A	Class B	Class A	Class B
Basic and Diluted EPS:				
Numerator				
Net income attributable to Warner Music Group Corp.	$ 47	$ 140	$ 19	$ 79
Less: Net income attributable to participating securities	(2)	—	(2)	—
Net income attributable to common stockholders	$ 45	$ 140	$ 17	$ 79
Denominator				
Weighted average shares outstanding	123,969,142	390,952,038	94,221,946	416,632,808
Basic and Diluted EPS	$ 0.36	$ 0.36	$ 0.18	$ 0.19

4. Revenue Recognition

For our operating segments, Recorded Music and Music Publishing, the Company accounts for a contract when it has legally enforceable rights and obligations and collectability of consideration is probable. The Company identifies the performance obligations and determines the transaction price associated with the contract, which is then allocated to each performance obligation, using management's best estimate of standalone selling price for arrangements with multiple performance obligations. Revenue is recognized when, or as, control of the promised services or goods is transferred to the Company's customers, and in an amount that reflects the consideration the Company is contractually due in exchange for those services or goods. An estimate of variable consideration is included in the transaction price if, in the Company's judgment, it is probable that a significant future reversal of cumulative revenue under the contract will not occur. Certain of the Company's arrangements include licenses of intellectual property with consideration in the form of sales- and usage-based royalties. Royalty revenue is recognized when the subsequent sale or usage occurs using the best estimates available of the amounts that will be received by the Company.

Disaggregation of Revenue

The Company's revenue consists of the following categories, which aggregate into the segments – Recorded Music and Music Publishing:

	Three Months Ended December 31,	
	2021	2020
	(in millions)	
Revenue by Type		
Digital	$ 870	$ 727
Physical	195	174
Total Digital and Physical	1,065	901
Artist services and expanded-rights	232	180
Licensing	89	80
Total Recorded Music	1,386	1,161
Performance	38	30
Digital	133	99
Mechanical	14	11
Synchronization	42	33
Other	2	2
Total Music Publishing	229	175
Intersegment eliminations	(1)	(1)
Total Revenues	$ 1,614	$ 1,335
Revenue by Geographical Location		
U.S. Recorded Music	$ 608	$ 481
U.S. Music Publishing	115	91
Total U.S.	723	572
International Recorded Music	778	680
International Music Publishing	114	84
Total International	892	764
Intersegment eliminations	(1)	(1)
Total Revenues	$ 1,614	$ 1,335

Recorded Music

Recorded Music mainly involves selling, marketing, distribution and licensing of recorded music produced by the Company's recording artists. Recorded Music revenues are derived from four main sources, which include digital, physical, artist services and expanded-rights, and licensing.

Digital revenues are generated from the expanded universe of digital partners, including digital streaming services and download services. These licenses typically contain a single performance obligation, which is ongoing access to all intellectual property in an evolving content library, predicated on: (1) the business practice and contractual ability to remove specific content without a requirement to replace the content and without impact to minimum royalty guarantees and (2) the contracts not containing a specific listing of content subject to the license. Digital licensing contracts are generally long-term with consideration in the form of sales- and usage-based royalties that are typically received monthly. Certain contracts contain minimum guarantees, which are recoupable against royalties. Upon contract inception, the Company will assess whether a shortfall or breakage is expected (i.e., where the minimum guarantee will not be recouped through royalties) in order to determine timing of revenue recognition for the minimum guarantee.

For fixed fee contracts and minimum guarantee contracts where breakage is expected, the total transaction price (fixed fee or minimum guarantee) is recognized proportionately over the contract term using an appropriate measure of progress which is based on the Company's digital partner's subscribers or streaming activity as these are measures of access to an evolving catalog, or on a straight-line basis. The Company updates its assessment of the transaction price each reporting period to see if anticipated royalty earnings exceed the minimum guarantee. For contracts where breakage is not expected, royalties are recognized as revenue as sales or usage occurs based upon the licensee's usage reports and, when these reports are not available, revenue is based on historical data, industry information and other relevant trends.

Additionally, for certain licenses where the consideration is fixed and the intellectual property being licensed is static, revenue is recognized at the point in time when control of the licensed content is transferred to the customer.

Physical revenues are generated from the sale of physical products such as vinyl, CDs and DVDs. Revenues from the sale of physical Recorded Music products are recognized upon transfer of control to the customer, which typically occurs once the product has been shipped and the ability to direct use and obtain substantially all of the benefit from the asset have been transferred. In accordance with industry practice and as is customary in many territories, certain products, such as vinyl, CDs and DVDs, are sold to customers with the right to return unsold items. Revenues from such sales are generally recognized upon shipment based on gross sales less a provision for future estimated returns.

Artist services and expanded-rights revenues are generated from artist services businesses and participation in expanded-rights associated with artists, including advertising, merchandising including direct-to-consumer sales, touring, concert promotion, ticketing, sponsorship, fan clubs, artist websites, social publishing, and artist and brand management. Artist services and expanded-rights contracts are generally short term. Revenue is recognized as or when services are provided (e.g., at time of an artist's event) assuming collectability is probable. In some cases, the Company is reliant on the artist to report revenue generating activities. For certain artist services and expanded-rights contracts, collectability is not considered probable until notification is received from the artist's management. Revenues from the sale of products sold through our e-commerce websites are recognized when control of the goods is transferred to the customer, which is upon receipt of finished goods by the customer.

Licensing revenues represent royalties or fees for the right to use sound recordings in combination with visual images such as in films or television programs, television commercials and video games. In certain territories, the Company may also receive royalties when sound recordings are performed publicly through broadcast of music on television, radio and cable and in public spaces such as shops, workplaces, restaurants, bars and clubs. Licensing contracts are generally short term. For fixed-fee contracts, revenue is recognized at the point in time when control of the licensed content is transferred to the customer. Royalty based contracts are recognized as the underlying sales or usage occurs.

Music Publishing

Music Publishing acts as a copyright owner and/or administrator of the musical compositions and generates revenues related to the exploitation of musical compositions (as opposed to recorded music). Music publishers generally receive royalties from the use of the musical compositions in public performances, digital and physical recordings and in combination with visual images. Music publishing revenues are derived from five main sources: mechanical, performance, synchronization, digital and other.

Digital revenues are generated with respect to the musical compositions being embodied in recordings licensed to digital streaming services and digital download services and for digital performance. Performance revenues are received when the musical composition is performed publicly through broadcast of music on television, radio and cable and in retail locations (e.g., bars and restaurants), live performance at a concert or other venue (e.g., arena concerts and nightclubs) and performance of musical compositions in staged theatrical productions. Mechanical revenues are generated with respect to the musical compositions embodied in recordings sold in any physical format or configuration such as vinyl, CDs and DVDs. Synchronization revenues represent the right to use the composition in combination with visual images such as in films or television programs, television commercials and video games as well as from other uses such as in toys or novelty items and merchandise. Other revenues represent earnings for use in printed sheet music and other uses. Digital and synchronization revenue recognition is similar for both Recorded Music and Music Publishing, therefore refer to the discussion within Recorded Music.

Included in these revenue streams, excluding synchronization and other, are licenses with performing rights organizations or collecting societies (e.g., ASCAP, BMI, SESAC and GEMA), which are long-term contracts containing a single performance obligation, which is ongoing access to all intellectual property in an evolving content library. The most common form of consideration for these contracts is sales- and usage-based royalties. The collecting societies submit usage reports, typically with payment for royalties due, often on a quarterly or biannual reporting period, in arrears. Royalties are recognized as the sale or usage occurs based upon usage reports and, when these reports are not available, royalties are estimated based on historical data, such as recent royalties reported, company-specific information with respect to changes in repertoire, industry information and other relevant trends. Also included in these revenue streams are smaller, short-term contracts for specified content, which generally involve a fixed fee. For fixed-fee contracts, revenue is recognized at the point in time when control of the license is transferred to the customer.

The Company excludes from the measurement of transaction price all taxes assessed by governmental authorities that are both (i) imposed on and concurrent with a specific revenue-producing transaction and (ii) collected from customers.

Sales Returns and Uncollectible Accounts

In accordance with practice in the recorded music industry and as customary in many territories, certain physical revenue products (such as vinyl, CDs and DVDs) are sold to customers with the right to return unsold items. Revenues from such sales are recognized when the products are shipped based on gross sales less a provision for future estimated returns.

In determining the estimate of physical product sales that will be returned, management analyzes vendor sales of product, historical return trends, current economic conditions, changes in customer demand and commercial acceptance of the Company's products. Based on this information, management reserves a percentage of each dollar of physical product sales that provide the customer with the right of return and records an asset for the value of the returned goods and liability for the amounts expected to be refunded.

Similarly, management evaluates accounts receivables to determine if they will ultimately be collected. In performing this evaluation, significant judgments and estimates are involved, including an analysis of specific risks on a customer-by-customer basis for larger accounts and customers and a receivables aging analysis that determines the percent that has historically been uncollected by aged category, in addition to other factors to estimate an allowance for credit losses. The time between the Company's issuance of an invoice and payment due date is not significant; customer payments that are not collected in advance of the transfer of promised services or goods are generally due no later than 30 days from invoice date. Based on this information, management provides a reserve for estimated credit losses.

Based on management's analysis of sales returns, refund liabilities of $33 million and $23 million were established at December 31, 2021 and September 30, 2021, respectively.

Based on management's analysis of estimated credit losses, reserves of $20 million and $20 million were established at December 31, 2021 and September 30, 2021, respectively.

Principal versus Agent Revenue Recognition

The Company reports revenue on a gross or net basis based on management's assessment of whether the Company acts as a principal or agent in the transaction. The determination of whether the Company acts as a principal or an agent in a transaction is based on an evaluation of whether the Company controls the good or service before transfer to the customer. When the Company concludes that it controls the good or service before transfer to the customer, the Company is considered a principal in the transaction and records revenue on a gross basis. When the Company concludes that it does not control the good or service before transfer to the customer but arranges for another entity to provide the good or service, the Company acts as an agent and records revenue on a net basis in the amount it earns for its agency service.

In the normal course of business, the Company distributes music content on behalf of third-party record labels. Based on the above guidance, the Company records the distribution of content of third-party record labels on a gross basis, subject to the terms of the contract, as the Company controls the content before transfer to the customer. Conversely, recorded music distributed by other record companies where the Company has a right to participate in the profits are recorded on a net basis.

Deferred Revenue

Deferred revenue principally relates to fixed fees and minimum guarantees received in advance of the Company's performance or usage by the licensee. Reductions in deferred revenue are a result of the Company's performance under the contract or usage by the licensee.

Deferred revenue increased by $104 million during the three months ended December 31, 2021 related to cash received from customers for fixed fees and minimum guarantees in advance of performance, including amounts recognized in the period. Revenues of $135 million were recognized during the three months ended December 31, 2021 related to the balance of deferred revenue at September 30, 2021. There were no other significant changes to deferred revenue during the reporting period.

Performance Obligations

For the three months ended December 31, 2021 and December 31, 2020, the Company recognized revenue of $37 million and $20 million, respectively, from performance obligations satisfied in previous periods.

Wholly and partially unsatisfied performance obligations represent future revenues not yet recorded under long-term intellectual property licensing contracts containing fixed fees, advances and minimum guarantees. Revenues expected to be recognized in the future related to performance obligations that are unsatisfied at December 31, 2021 are as follows:

	Rest of FY22	FY23	FY24	Thereafter	Total
			(in millions)		
Remaining performance obligations	$ 341	$ 312	$ 121	$ 1	$ 775
Total	$ 341	$ 312	$ 121	$ 1	$ 775

5. Acquisition of 300 Entertainment

On December 16, 2021, the Company purchased all outstanding shares of Theory Entertainment LLC d/b/a 300 Entertainment ("300 Entertainment"), an independent U.S. record label, pursuant to the terms and conditions of the merger agreement of the same date among Warner Music Inc. and MM Investment LLC, both wholly-owned subsidiaries of the Company, the Buyer Representative, Trifecta Merger Subsidiary LLC, Theory Entertainment LLC d/b/a 300 Entertainment and the Seller Representative (the "Merger Agreement"). The cash consideration paid at closing of the acquisition was approximately $397 million, which reflects the base purchase price of $400 million, adjusted for, among other items, preliminary working capital of 300 Entertainment.

The acquisition was accounted for as a business combination in accordance with ASC 805, *Business Combinations*, using the acquisition method of accounting. The assets and liabilities of 300 Entertainment, including identifiable intangible assets, have been measured at their fair value primarily using Level 3 inputs (see Note 15 for additional information on fair value inputs). Determining the fair value of the assets acquired and liabilities assumed requires judgment and involved the use of assumptions with respect to future cash inflows and outflows, discount rates, asset useful lives and market multiples, among other items. The use of different estimates and judgments could yield materially different results.

The excess of the purchase price over the fair value of the net assets acquired, including the amount assigned to identifiable intangible assets, has been recorded as goodwill. The resulting goodwill has been included in our Recorded Music reportable segment. The recognized goodwill will be deductible for income tax purposes. Any impairment charges made in future periods associated with goodwill, if any, will not be tax-deductible.

The table below presents (i) the preliminary estimate of the acquisition consideration as it relates to the acquisition of 300 Entertainment and (ii) the preliminary allocation of the purchase price to the estimated fair values of the assets acquired and liabilities assumed on the closing date of December 16, 2021 (in millions):

	Preliminary Purchase Price Allocation
Cash and equivalents	$ 2
Accounts receivable	10
Royalty advances	35
Property, plant and equipment, net	1
Goodwill	127
Intangible assets subject to amortization, net (a)	233
Other assets	1
Accounts payable	(4)
Accrued royalties	(7)
Accrued liabilities	(1)
Total purchase price allocated	$ 397

(a) Identifiable intangible assets are comprised of the following (in millions):

	Total
Recorded music catalog	$ 135
Artist and songwriter contracts	82
Trademarks	11
Music publishing copyrights	5
Total intangible assets acquired	$ 233

The acquisition accounting is subject to revision based on final determinations of fair value and allocations of purchase price to the identifiable assets and liabilities acquired, in addition to the determination of the final consideration, including the determination of the final working capital adjustment pursuant to the mechanism set forth in the Merger Agreement.

During the three months ended December 31, 2021, the Company incurred costs related to this acquisition of approximately $3 million, which were expensed as incurred and recorded in selling, general and administrative expenses in the accompanying consolidated statement of operations. Prior to the acquisition, the Company had a distribution arrangement with 300 Entertainment. The unaudited pro forma revenue and operating income as if the acquisition occurred on October 1, 2020 is not material to the Company's reported results for three months ended December 31, 2021 and December 31, 2020.

6. Comprehensive Income

Comprehensive income, which is reported in the accompanying consolidated statements of equity, consists of net income and other gains and losses affecting equity that, under U.S. GAAP, are excluded from net income. For the Company, the components of other comprehensive income primarily consist of foreign currency translation gains and losses, minimum pension liabilities, and deferred gains and losses on financial instruments designated as hedges under ASC 815, *Derivatives and Hedging*. The following summary sets forth the changes in the components of accumulated other comprehensive loss, net of related tax expense of approximately $2 million:

	Foreign Currency Translation Loss (a)	Minimum Pension Liability Adjustment	Deferred Gains (Losses) On Derivative Financial Instruments	Accumulated Other Comprehensive Loss, net
	(in millions)			
Balances at September 30, 2021	$ (174)	$ (11)	$ (17)	$ (202)
Other comprehensive (loss) income	(25)	—	7	(18)
Balances at December 31, 2021	$ (199)	$ (11)	$ (10)	$ (220)

(a) Includes historical foreign currency translation related to certain intra-entity transactions.

7. Leases

The Company's lease portfolio consists of operating real estate leases for its corporate offices and, to a lesser extent, storage and other equipment. The Company adopted FASB ASC Topic 842, Leases ("ASC 842"), on October 1, 2019 using the modified retrospective transition method. Under ASC 842, a contract is or contains a lease when (1) an explicitly or implicitly identified asset has been deployed in the contract and (2) the customer obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. The Company determines if an arrangement is or contains a lease at inception of the contract. For all leases (finance and operating), other than those that qualify for the short-term recognition exemption, the Company will recognize on the balance sheet a lease liability for its obligation to make lease payments arising from the lease and a corresponding right-of-use ("ROU") asset representing its right to use the underlying asset over the period of use based on the present value of lease payments over the lease term as of the lease commencement date. ROU assets are adjusted for initial direct costs, lease payments made and incentives. As the rates implicit in our leases are not readily determinable, the Company uses its incremental borrowing rate based on the information available at the lease commencement date in determining the present value of lease payments. This rate is based on the estimated rate of interest for collateralized borrowing over a similar term of the lease payments. The lease term used to calculate the lease liability will include options to extend or terminate the lease when the option to extend or terminate is at the Company's discretion and it is reasonably certain that the Company will exercise the option. Fixed payments are recognized as lease expense on a straight-line basis over the lease term. For leases with a term of one year or less, the lease payments are recognized in the consolidated statements of operations on a straight-line basis over the lease term.

ASC 842 requires that only limited types of variable payments be included in the determination of lease payments, which affects lease classification and measurement. Variable lease costs, if any, are recognized as incurred and such costs are excluded from lease balances recorded on the consolidated balance sheet. The initial measurement of the lease liability and ROU asset are determined based on fixed lease payments. Lease payments that depend on an index or a rate (such as the Consumer Price Index or a market interest rate) are variable and are recognized in the period in which the payments are incurred.

The Company's operating ROU assets are included in operating lease right-of-use assets and the Company's current and non-current operating lease liabilities are included in operating lease liabilities, current and operating lease liabilities, noncurrent, respectively, in the Company's balance sheet.

Operating lease liabilities are amortized using the effective interest method. That is, in each period, the liability will be increased to reflect the interest that is accrued on the related liability by using the appropriate discount rate and decreased by the lease payments made during the period. The subsequent measurement of the ROU asset is linked to the amount recognized as the lease liability. Accordingly, the ROU asset is measured as the lease liability adjusted by (1) accrued or prepaid rents (i.e., the aggregate difference between the cash payment and straight-line lease cost), (2) remaining unamortized initial direct costs and lease incentives, and (3) impairments of the ROU asset. Operating lease costs are included in Selling, general and administrative expenses.

For lease agreements that contain both lease and non-lease components, the Company has elected the practical expedient provided by ASC 842 that permits the accounting for these components as a single lease component (rather than separating the lease from the non-lease components and accounting for the components individually).

The Company enters into operating leases for buildings, office equipment, production equipment, warehouses, and other types of equipment. Our leases have remaining lease terms of 1 year to 20 years, some of which include options to extend the leases for up to 10 years, and some of which include options to terminate the leases within 1 year.

Among the Company's operating leases are its leases for the Ford Factory Building, located at 777 S. Santa Fe Avenue in Los Angeles, California, and for 27 Wrights Lane, Kensington, London, United Kingdom. The landlord for both leases is an affiliate of Access. As of December 31, 2021, the aggregate lease liability related to these leases was $121 million.

There are no restrictions or covenants, such as those relating to dividends or incurring additional financial obligations, relating to our lease portfolio, and residual value guarantees are not significant.

The components of lease expense were as follows:

	Three Months Ended December 31,	
	2021	2020
	(in millions)	
Lease Cost		
Operating lease cost	$ 14	14
Short-term lease cost	1	1
Variable lease cost	2	2
Total lease cost	$ 17	$ 17

The Company incurred and recorded other occupancy expenses of $4 million for both the three months ended December 31, 2021 and December 31, 2020.

Supplemental cash flow information related to leases was as follows:

	Three Months Ended December 31,	
	2021	2020
	(in millions)	
Cash paid for amounts included in the measurement of operating lease liabilities	$ 15	$ 15
Right-of-use assets obtained in exchange for operating lease obligations	—	6

Supplemental balance sheet information related to leases was as follows:

	December 31, 2021	September 30, 2021
	(in millions)	
Operating Leases		
Operating lease right-of-use assets	$ 258	$ 268
Operating lease liabilities, current	$ 43	$ 43
Operating lease liabilities, noncurrent	275	287
Total operating lease liabilities	$ 318	$ 330
Weighted Average Remaining Lease Term		
Operating leases	7 years	8 years
Weighted Average Discount Rate		
Operating leases	4.70 %	4.69 %

Maturities of lease liabilities were as follows:

Fiscal Year Ended September 30,	Operating Leases
	(in millions)
2022	$ 42
2023	55
2024	51
2025	51
2026	43
Thereafter	136
Total lease payments	378
Less: Imputed interest	(60)
Total	$ 318

As of December 31, 2021, there have been no leases entered into that have not yet commenced.

8. Goodwill and Intangible Assets

Goodwill

The following analysis details the changes in goodwill for each reportable segment:

	Recorded Music	Music Publishing	Total
		(in millions)	
Balances at September 30, 2021	$ 1,366	$ 464	$ 1,830
Acquisitions (a)	130	—	130
Other adjustments (b)	(15)	—	(15)
Balances at December 31, 2021	$ 1,481	$ 464	$ 1,945

(a) Primarily relates to the acquisition of 300 Entertainment as described in Note 5.
(b) Other adjustments during the three months ended December 31, 2021 represent foreign currency movements.

The Company performs its annual goodwill impairment test in accordance with ASC 350, *Intangibles—Goodwill and Other* (“ASC 350”) during the fourth quarter of each fiscal year as of July 1. The Company may conduct an earlier review if events or circumstances occur that would suggest the carrying value of the Company’s goodwill may not be recoverable. No indicators of impairment were identified during the current period that required the Company to perform an interim assessment or recoverability test.

Intangible Assets

Intangible assets consist of the following:

	Weighted-Average Useful Life	December 31, 2021	September 30, 2021
		(in millions)	
Intangible assets subject to amortization:			
Recorded music catalog	12 years	$ 1,338	$ 1,206
Music publishing copyrights	25 years	2,005	1,730
Artist and songwriter contracts	13 years	1,068	997
Trademarks	14 years	106	96
Other intangible assets	6 years	96	96
Total gross intangible asset subject to amortization		4,613	4,125
Accumulated amortization		(2,141)	(2,108)
Total net intangible assets subject to amortization		2,472	2,017
Intangible assets not subject to amortization:			
Trademarks and tradenames	Indefinite	152	154
Total net intangible assets		$ 2,624	$ 2,171

The increase in intangible assets during the three months ended December 31, 2021 primarily relates to the acquisition of 300 Entertainment, which resulted in an increase in intangible assets as described in Note 5, and an acquisition of music-related assets within music publishing copyrights for approximately $250 million.

9. Debt

Debt Capitalization

Long-term debt, all of which was issued by Acquisition Corp., consists of the following:

	December 31, 2021	September 30, 2021
	(in millions)	
Revolving Credit Facility (a)	$ —	$ —
Senior Term Loan Facility due 2028	1,145	1,145
2.750% Senior Secured Notes due 2028 (€325 face amount)	368	381
3.750% Senior Secured Notes due 2029	540	—
3.875% Senior Secured Notes due 2030	535	535
2.250% Senior Secured Notes due 2031 (€445 face amount)	504	522
3.000% Senior Secured Notes due 2031	800	800
Total long-term debt, including the current portion	$ 3,892	$ 3,383
Issuance premium less unamortized discount and unamortized deferred financing costs	(46)	(37)
Total long-term debt, including the current portion, net	$ 3,846	$ 3,346

(a) Reflects $300 million of commitments under the Revolving Credit Facility, less letters of credit outstanding of approximately $7 million at both December 31, 2021 and September 30, 2021. There were no loans outstanding under the Revolving Credit Facility at December 31, 2021 or September 30, 2021.

The Company is the direct parent of Holdings, which is the direct parent of Acquisition Corp. As of December 31, 2021 Acquisition Corp. had issued and outstanding the 2.750% Senior Secured Notes due 2028, the 3.750% Senior Secured Notes due 2029, the 3.875% Senior Secured Notes due 2030, the 2.250% Senior Secured Notes due 2031 and the 3.000% Senior Secured Notes due 2031 (together, the “Acquisition Corp. Notes”).

All of the Acquisition Corp. Notes are guaranteed by all of Acquisition Corp.’s domestic wholly-owned subsidiaries. The guarantee of the Acquisition Corp. Notes by Acquisition Corp.’s domestic wholly-owned subsidiaries is full, unconditional and joint and several. The secured notes are guaranteed on a senior secured basis.

The Company and Holdings are holding companies that conduct substantially all of their business operations through Acquisition Corp. Accordingly, while Acquisition Corp. and its subsidiaries are not currently restricted from distributing funds to the Company and Holdings under the indentures for the Acquisition Corp. Notes, as well as the credit agreements for the Acquisition Corp. Senior Credit Facilities, including the Revolving Credit Facility and the Senior Term Loan Facility, should Acquisition Corp.'s Total Indebtedness to EBITDA Ratio increase above 3.50:1.00 and the term loans not achieve an investment grade rating, the covenants under the Revolving Credit Facility will be reinstated and the ability of the Company and Holdings to obtain funds from their subsidiaries will be restricted by the Revolving Credit Facility.

Fiscal 2022 Transactions

3.750% Senior Secured Notes Offering

On November 24, 2021, Acquisition Corp. issued and sold $540 million of its 3.750% Senior Secured Notes due 2029 (the "3.750% Senior Secured Notes"). Interest on the Notes will accrue at the rate of 3.750% per annum and will be payable semi-annually in arrears on June 1 and December 1, commencing on June 1, 2022.

The 3.750% Senior Secured Notes are fully and unconditionally guaranteed on a senior secured basis by each of Acquisition Corp.'s existing direct or indirect wholly-owned domestic restricted subsidiaries and by any such subsidiaries that guarantee obligations of Acquisition Corp. under its existing credit facilities, subject to customary exceptions. The indenture governing the 3.750% Senior Secured Notes contains covenants limiting, among other things, Acquisition Corp.'s ability and the ability of most of its subsidiaries to create liens and consolidate, merge, sell or otherwise dispose of all or substantially all of its assets.

Interest Rates

The loans under the Revolving Credit Facility bear interest at Acquisition Corp.'s election at a rate equal to (i) the rate for deposits in the borrowing currency in the London interbank market (adjusted for maximum reserves) for the applicable interest period ("Revolving LIBOR") subject to a zero floor, plus 1.75% per annum in the case of Initial Revolving Loans (as defined in the Revolving Credit Agreement), or 1.875% per annum in the case of 2020 Revolving Loans (as defined in the Revolving Credit Agreement), or (ii) the base rate, which is the highest of (x) the corporate base rate established by the administrative agent from time to time, (y) 0.50% in excess of the overnight federal funds rate and (z) the one-month Revolving LIBOR plus 1.0% per annum, plus, in each case, 0.75% per annum in the case of Initial Revolving Loans, or 0.875% per annum in the case of 2020 Revolving Loans; *provided* that, in respect of 2020 Revolving Loans, the applicable margin with respect to such loans is subject to adjustment as set forth in the pricing grid in the Revolving Credit Agreement. Based on the Senior Secured Indebtedness to EBITDA Ratio of 3.08x at December 31, 2021, the applicable margin for Eurodollar loans would be 1.625% instead of 1.875% and the applicable margin for ABR loans would be 0.625% instead of 0.875% in the case of 2020 Revolving Loans. If there is a payment default at any time, then the interest rate applicable to overdue principal will be the rate otherwise applicable to such loan plus 2.0% per annum. Default interest will also be payable on other overdue amounts at a rate of 2.0% per annum above the amount that would apply to an alternative base rate loan.

The loans under the Senior Term Loan Facility bear interest at Acquisition Corp.'s election at a rate equal to (i) the rate for deposits in U.S. dollars in the London interbank market (adjusted for maximum reserves) for the applicable interest period ("Term Loan LIBOR") subject to a zero floor, plus 2.125% per annum or (ii) the base rate, which is the highest of (x) the corporate base rate established by the administrative agent as its prime rate in effect at its principal office in New York City from time to time, (y) 0.50% in excess of the overnight federal funds rate and (z) one-month Term Loan LIBOR, plus 1.00% per annum, plus, in each case, 1.125% per annum. If there is a payment default at any time, then the interest rate applicable to overdue principal and interest will be the rate otherwise applicable to such loan plus 2.0% per annum. Default interest will also be payable on other overdue amounts at a rate of 2.0% per annum above the amount that would apply to an alternative base rate loan.

The Company has entered into, and in the future may enter into, interest rate swaps to manage interest rate risk. Please refer to Note 12 of our consolidated financial statements for further discussion.

Maturity of Senior Term Loan Facility

The loans outstanding under the Senior Term Loan Facility mature on January 20, 2028.

Maturity of Revolving Credit Facility

The maturity date of the Revolving Credit Facility is April 3, 2025.

Maturities of Senior Secured Notes

As of December 31, 2021, there are no scheduled maturities of notes until 2028, when $368 million is scheduled to mature. Thereafter, $2.379 billion is scheduled to mature.

Interest Expense, net

Total interest expense, net was $30 million and $31 million for the three months ended December 31, 2021 and 2020, respectively. The weighted-average interest rate of the Company's total debt was 3.2% at December 31, 2021, 3.2% at September 30, 2021 and 3.7% at December 31, 2020.

10. Commitments and Contingencies

From time to time the Company is involved in claims and legal proceedings that arise in the ordinary course of business. The Company is currently subject to several such claims and legal proceedings. Based on currently available information, the Company does not believe that resolution of pending matters will have a material adverse effect on its financial condition, cash flows or results of operations. However, litigation is subject to inherent uncertainties, and there can be no assurances that the Company's defenses will be successful or that any such lawsuit or claim would not have a material adverse impact on the Company's business, financial condition, cash flows and results of operations in a particular period. Any claims or proceedings against the Company, whether meritorious or not, can have an adverse impact because of defense costs, diversion of management and operational resources, negative publicity and other factors.

11. Income Taxes

For the three months ended December 31, 2021, the Company recorded an income tax expense of $75 million. The income tax expense for the three months ended December 31, 2021 is higher than the expected tax expense at the statutory tax rate of 21% primarily due to U.S. state and local taxes, withholding taxes, foreign income taxed at rates higher than the U.S., and non-deductible executive compensation under IRC Section 162(m), offset by a deduction against foreign derived intangible income ("FDII").

For the three months ended December 31, 2020, the Company recorded an income tax expense of $35 million. The income tax expense for the three months ended December 31, 2020 is higher than the expected tax benefit at the statutory tax rate of 21% primarily due to U.S. state and local taxes, withholding taxes, foreign income taxed at rates higher than the U.S., and non-deductible executive compensation under IRC Section 162(m), offset by FDII and excess tax benefits from long term incentive plan.

The Company has determined that it is reasonably possible that the gross unrecognized tax benefits as of December 31, 2021 could decrease by up to approximately $2 million related to various ongoing audits and settlement discussions in various foreign jurisdictions during the next twelve months.

12. Derivative Financial Instruments

The Company uses derivative financial instruments, primarily foreign currency forward exchange contracts and interest rate swaps, for the purposes of managing foreign currency exchange rate risk and interest rate risk on expected future cash flows. However, the Company may choose not to hedge certain exposures for a variety of reasons including, but not limited to, accounting considerations and the prohibitive economic cost of hedging particular exposures. There can be no assurance the hedges will offset more than a portion of the financial impact resulting from movements in foreign currency exchange or interest rates.

The Company enters into foreign currency forward exchange contracts primarily to hedge the risk that unremitted or future royalties and license fees owed to its U.S. companies for the sale or licensing of U.S.-based music and merchandise abroad may be adversely affected by changes in foreign currency exchange rates. The Company focuses on managing the level of exposure to the risk of foreign currency exchange rate fluctuations on its major currencies, which include the Euro, British pound sterling, Japanese yen, Canadian dollar, Swedish krona, Australian dollar, Brazilian real, Korean won and Norwegian krone. The Company also may at times choose to hedge foreign currency risk associated with financing transactions such as third-party debt and other balance sheet items. The Company's foreign currency forward exchange contracts have not been designated as hedges under the criteria prescribed in ASC 815. The Company records these contracts at fair value on its balance sheet and the related gains and losses are immediately recognized in the consolidated statement of operations where there is an offsetting entry related to the underlying exposure.

The Company has entered into, and in the future may enter into, interest rate swaps to manage interest rate risk. These instruments may offset a portion of changes in income or expense, or changes in fair value of the Company's long-term debt. The interest rate swap instruments are designated and qualify as cash flow hedges under the criteria prescribed in ASC 815. The Company

records these contracts at fair value on its balance sheet and gains or losses on these contracts are deferred in equity (as a component of comprehensive income).

The fair value of foreign currency forward exchange contracts is determined by using observable market transactions of spot and forward rates (i.e., Level 2 inputs) which is discussed further in Note 15. Additionally, netting provisions are provided for in existing International Swap and Derivative Association Inc. agreements in situations where the Company executes multiple contracts with the same counterparty. As a result, net assets or liabilities resulting from foreign exchange derivatives subject to these netting agreements are classified within other current assets or other current liabilities in the Company's consolidated balance sheets.

The Company's hedged interest rate transactions as of December 31, 2021 are expected to be recognized within two years. The fair value of interest rate swaps is based on dealer quotes of market rates (i.e., Level 2 inputs) which is discussed further in Note 15. Interest income or expense related to interest rate swaps is recognized in interest income (expense), net in the same period as the related expense is recognized. Any ineffective portion of the interest rate swaps are recognized in other income (expense) in the period measured.

The Company monitors its positions with, and the credit quality of, the financial institutions that are party to any of its financial transactions.

As of December 31, 2021, the Company had outstanding hedge contracts for the sale of $317 million and the purchase of $218 million of foreign currencies at fixed rates that will be settled by September 2022.

As of December 31, 2021, the Company had outstanding $820 million in pay-fixed receive-variable interest rate swaps with $10 million of unrealized deferred losses in comprehensive income related to the interest rate swaps. As of September 30, 2021, the Company had outstanding $820 million in pay-fixed receive-variable interest rate swaps with $17 million of unrealized deferred losses in comprehensive income related to the interest rate swaps.

The Company recorded realized pre-tax gains of $1 million and unrealized pre-tax gains of $2 million related to its foreign currency forward exchange contracts in the consolidated statement of operations as other income for the three months ended December 31, 2021. The Company recorded realized pre-tax losses of $1 million and unrealized pre-tax losses of $4 million related to its foreign currency forward exchange contracts in the consolidated statement of operations as other expense for the three months ended December 31, 2020.

The unrealized pre-tax gains of the Company's derivative interest rate swaps designated as cash flow hedges recorded in other comprehensive income during the three months ended December 31, 2021 were $9 million. The unrealized pre-tax gains of the Company's derivative interest rate swaps designated as cash flow hedges recorded in other comprehensive income during the three months ended December 31, 2020 were $4 million.

The following is a summary of amounts recorded in the consolidated balance sheets pertaining to the Company's derivative instruments at December 31, 2021 and September 30, 2021:

	December 31, 2021 (a)	September 30, 2021 (b)
	(in millions)	
Other current assets	$ 2	$ —
Other current liabilities	—	—
Other noncurrent assets	—	—
Other noncurrent liabilities	(13)	(22)

(a) $5 million and $3 million of foreign exchange derivative contracts in current asset and liability positions, respectively, and $13 million of interest rate swaps in noncurrent liability positions.

(b) $22 million of interest rate swaps in noncurrent liability positions.

13. Segment Information

As discussed more fully in Note 1, based on the nature of its products and services, the Company classifies its business interests into two fundamental operations: Recorded Music and Music Publishing, which also represent the reportable segments of the Company. Information as to each of these operations is set forth below. The Company evaluates performance based on several factors, of which the primary financial measure is operating income (loss) before non-cash depreciation of tangible assets and non-cash amortization of intangible assets ("OIBDA"). The Company has supplemented its analysis of OIBDA results by segment with an analysis of operating income (loss) by segment.

The accounting policies of the Company's business segments are the same as those described in the summary of significant accounting policies included elsewhere herein. The Company accounts for intersegment sales at fair value as if the sales were to third parties. While intercompany transactions are treated like third-party transactions to determine segment performance, the revenues (and corresponding expenses recognized by the segment that is counterparty to the transaction) are eliminated in consolidation, and therefore, do not themselves impact consolidated results.

Three Months Ended	Recorded Music	Music Publishing	Corporate expenses and eliminations	Total
	(in millions)			
December 31, 2021				
Revenues	$ 1,386	$ 229	$ (1)	$ 1,614
Operating income (loss)	276	32	(69)	239
Amortization of intangible assets	40	20	—	60
Depreciation of property, plant and equipment	14	2	5	21
OIBDA	330	54	(64)	320
December 31, 2020				
Revenues	$ 1,161	$ 175	$ (1)	$ 1,335
Operating income (loss)	223	18	(45)	196
Amortization of intangible assets	33	19	—	52
Depreciation of property, plant and equipment	13	2	4	19
OIBDA	269	39	(41)	267

14. Additional Financial Information

Cash Interest and Taxes

The Company made interest payments of approximately $13 million and $27 million during the three month ended December 31, 2021 and 2020, respectively. The Company paid approximately $29 million and $17 million of income and withholding taxes, net of refunds, for the three months ended December 31, 2021 and 2020, respectively.

Dividends

The Company's ability to pay dividends may be restricted by covenants in the credit agreement for the Revolving Credit Facility which are currently suspended but which will be reinstated if Acquisition Corp.'s Total Indebtedness to EBITDA Ratio increases above 3.50:1.00 and the term loans do not achieve an investment grade rating.

The Company intends to pay quarterly cash dividends to holders of its Class A Common Stock and Class B Common Stock. The declaration of each dividend will continue to be at the discretion of the Company's board of directors and will depend on the Company's financial condition, earnings, liquidity and capital requirements, level of indebtedness, contractual restrictions with respect to payment of dividends, restrictions imposed by Delaware law, general business conditions and any other factors that the Company's board of directors deems relevant in making such a determination. Therefore, there can be no assurance that the Company will pay any dividends to holders of the Company's common stock, or as to the amount of any such dividends.

On November 9, 2021, the Company's board of directors declared a cash dividend of $0.15 per share on the Company's Class A Common Stock and Class B Common Stock, as well as related payments under certain stock-based compensation plans, which was paid to stockholders on December 1, 2021. The Company paid an aggregate of approximately $78 million, or $0.15 per share, in cash dividends to stockholders and participating security holders for the three months ended December 31, 2021.

On February 8, 2022, the Company's board of directors declared a cash dividend of $0.15 per share on the Company's Class A Common Stock and Class B Common Stock, as well as related payments under certain stock-based compensation plans, payable on March 1, 2022 to stockholders of record as of the close of business on February 18, 2022.

Noncash Investment Activity

Noncash investing activities for the three months ended December 31, 2021 was approximately $125 million related to the acquisition of music publishing rights and music catalogs, net during the three months ended December 31, 2021. The corresponding notes payable balance is reflected as other current liabilities within the Company's consolidated balance sheet at December 31, 2021.

COVID-19 Pandemic

On March 11, 2020, the COVID-19 outbreak was declared a global pandemic by the World Health Organization. Government-imposed mandates limiting public assembly and restrictions on non-essential businesses have adversely impacted the Company's operations for the three months ended December 31, 2021 and December 31, 2020, including touring and live events. For the three months ended December 31, 2021, revenues improved due to the ongoing recovery of certain COVID-19 impacted revenue streams despite a rise in COVID-19 cases associated with the Omicron variant. The continued impact of COVID-19, including increases in infection rates, new variants, renewed governmental action to slow the spread of COVID-19 and to what extent it will impact the Company's music and related services cannot be predicted.

The Company is not presently aware of any events or circumstances arising from the global pandemic that would require us to update any estimates, judgments or materially revise the carrying value of our assets or liabilities. The Company's estimates may change, however, as new events occur and additional information is obtained, and any such changes will be recognized in the consolidated financial statements. Actual results could differ from estimates, and any such differences may be material to our consolidated financial statements.

15. Fair Value Measurements

ASC 820, *Fair Value Measurement* ("ASC 820") defines fair value as the price that would be received upon sale of an asset or paid upon transfer of a liability in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for that asset or liability. The fair value should be calculated based on assumptions that market participants would use in pricing the asset or liability, not on assumptions specific to the entity.

In addition to defining fair value, ASC 820 expands the disclosure requirements around fair value and establishes a fair value hierarchy for valuation inputs. The hierarchy prioritizes the inputs into three levels based on the extent to which inputs used in measuring fair value are observable in the market. Each fair value measurement is reported in one of the three levels which is determined by the lowest level input that is significant to the fair value measurement in its entirety. These levels are:

- Level 1—inputs are based upon unadjusted quoted prices for identical instruments traded in active markets.
- Level 2—inputs are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3—inputs are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. The fair values are therefore determined using model-based techniques that include option pricing models, discounted cash flow models and similar techniques.

In accordance with the fair value hierarchy, described above, the following tables show the fair value of the Company's financial instruments that are required to be measured at fair value as of December 31, 2021 and September 30, 2021.

	Fair Value Measurements as of December 31, 2021			
	(Level 1)	(Level 2)	(Level 3)	Total
	(in millions)			
Other Current Assets:				
Foreign Currency Forward Exchange Contracts (a)	$ —	$ 2	$ —	$ 2
Other Current Liabilities:				
Contractual Obligations (b)	—	—	(7)	(7)
Other Noncurrent Assets:				
Equity Investments with Readily Determinable Fair Value (d)	72	—	—	72
Other Noncurrent Liabilities:				
Contractual Obligations (b)	—	—	(10)	(10)
Interest Rate Swaps (e)	—	(13)	—	(13)
Total	$ 72	$ (11)	$ (17)	$ 44

	Fair Value Measurements as of September 30, 2021			
	(Level 1)	(Level 2)	(Level 3)	Total
		(in millions)		
Other Current Liabilities:				
Contractual Obligations (b)	$ —	$ —	$ (4)	$ (4)
Other Noncurrent Assets:				
Equity Method Investment (c)	26	—	—	26
Equity Investment with Readily Determinable Fair Value (d)	37	—	—	37
Other Noncurrent Liabilities:				
Contractual Obligations (b)	—	—	(15)	(15)
Interest Rate Swaps (e)	—	(22)	—	(22)
Total	$ 63	$ (22)	$ (19)	$ 22

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(a) The fair value of foreign currency forward exchange contracts is based on dealer quotes of market forward rates and reflects the amount that the Company would receive or pay at their maturity dates for contracts involving the same currencies and maturity dates.

(b) This represents contingent consideration related to a fiscal 2020 acquisition. This is based on a probability weighted performance approach and it is adjusted to fair value on a recurring basis and any adjustments are typically included as a component of operating income in the consolidated statements of operations. This amount was mainly calculated using unobservable inputs such as future earnings performance of the acquiree and the expected timing of payments.

(c) This represents an equity method investment which was acquired in fiscal 2019 whereby the Company elected the fair value option under ASC 825, *Financial Instruments* ("ASC 825"). In November 2021, the investment was reclassified to an equity investment with a readily determinable fair value.

(d) These represent equity investments with a readily determinable fair value. The Company has measured its investments to fair value in accordance with ASC 321, *Investments—Equity Securities*, based on quoted prices in active markets.

(e) The fair value of the interest rate swaps is based on dealer quotes of market forward rates and reflects the amount that the Company would receive or pay as of December 31, 2021 for contracts involving the same attributes and maturity dates.

The following table reconciles the beginning and ending balances of net liabilities classified as Level 3:

	Total
	(in millions)
Balance at September 30, 2021	$ (19)
Additions	(2)
Reductions	—
Payments	4
Balance at December 31, 2021	$ (17)

The majority of the Company's non-financial instruments, which include goodwill, intangible assets, inventories and property, plant and equipment, are not required to be re-measured to fair value on a recurring basis. These assets are evaluated for impairment if certain triggering events occur. If such evaluation indicates that impairment exists, the asset is written down to its fair value. In addition, an impairment analysis is performed at least annually for goodwill and indefinite-lived intangible assets.

Equity Investments Without Readily Determinable Fair Value

The Company evaluates its equity investments without readily determinable fair values for impairment if factors indicate that a significant decrease in value has occurred. The Company has elected to use the measurement alternative to fair value that will allow these investments to be recorded at cost, less impairment, and adjusted for subsequent observable price changes. The Company did not record any impairment charges on these investments during the three months ended December 31, 2021 and 2020. In addition, there were no observable price changes events that were completed during the three months ended December 31, 2021 and 2020.

Fair Value of Debt

Based on the level of interest rates prevailing at December 31, 2021, the fair value of the Company's debt was $3.875 billion. Based on the level of interest rates prevailing at September 30, 2021, the fair value of the Company's debt was $3.412 billion. The fair value of the Company's debt instruments is determined using quoted market prices from less active markets or by using quoted market prices for instruments with identical terms and maturities; both approaches are considered a Level 2 measurement.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion of our results of operations and financial condition with the unaudited interim financial statements included elsewhere in this Quarterly Report on Form 10-Q for the fiscal quarter ended December 31, 2021 (the "Quarterly Report").

"SAFE HARBOR" STATEMENT UNDER PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

This Quarterly Report includes forward-looking statements and cautionary statements within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Some of the forward-looking statements can be identified by the use of forward-looking terms such as "believes," "expects," "may," "will," "shall," "should," "would," "could," "seeks," "aims," "projects," "is optimistic," "intends," "plans," "estimates," "anticipates" or other comparable terms or the negative thereof. Forward-looking statements include, without limitation, all matters that are not historical facts. They appear in a number of places throughout this Quarterly Report and include, without limitation, our ability to compete in the highly competitive markets in which we operate, statements regarding our ability to develop talent and attract future talent, our ability to reduce future capital expenditures, our ability to monetize our music, including through new distribution channels and formats to capitalize on the growth areas of the music entertainment industry, our ability to effectively deploy our capital, the development of digital music and the effect of digital distribution channels on our business, including whether we will be able to achieve higher margins from digital sales, the success of strategic actions we are taking to accelerate our transformation as we redefine our role in the music entertainment industry, the effectiveness of our ongoing efforts to reduce overhead expenditures and manage our variable and fixed cost structure and our ability to generate expected cost savings from such efforts, our success in limiting piracy, the growth of the music entertainment industry and the effect of our and the industry's efforts to combat piracy on the industry, our intention and ability to pay dividends or repurchase or retire our outstanding debt or notes in open market purchases, privately or otherwise, the impact on us of potential strategic transactions, our ability to fund our future capital needs and the effect of litigation on us.

Forward-looking statements are subject to known and unknown risks and uncertainties, many of which may be beyond our control. We caution you that forward-looking statements are not guarantees of future performance or outcomes and that actual performance and outcomes, including, without limitation, our actual results of operations, financial condition and liquidity, and the development of the market in which we operate, may differ materially from those made in or suggested by the forward-looking statements contained in this Quarterly Report. In addition, even if our results of operations, financial condition and cash flows, and the development of the market in which we operate, are consistent with the forward-looking statements contained in this Quarterly Report, those results or developments may not be indicative of results or developments in subsequent periods. New factors emerge from time to time that may cause our business not to develop as we expect, and it is not possible for us to predict all of them. Factors that could cause actual results and outcomes to differ from those reflected in forward-looking statements include, without limitation:

- our inability to compete successfully in the highly competitive markets in which we operate;
- our ability to identify, sign and retain recording artists and songwriters and the existence or absence of superstar releases;
- slower growth in streaming adoption and revenue;
- our dependence on a limited number of digital music services for the online distribution and marketing of our music and their ability to significantly influence the pricing structure for online music stores;
- the ability to further develop a successful business model applicable to a digital environment and to enter into artist services and expanded-rights deals with recording artists in order to broaden our revenue streams in growing segments of the music entertainment business;
- the popular demand for particular recording artists and/or songwriters and music and the timely delivery to us of music by major recording artists and/or songwriters;
- risks related to the effects of natural or man-made disasters, including pandemics such as COVID-19;
- the diversity and quality of our recording artists, songwriters and releases;
- trends, developments or other events in some foreign countries in which we operate;
- risks associated with our non-U.S. operations, including limited legal protections of our intellectual property rights and restrictions on the repatriation of capital;
- unfavorable currency exchange rate fluctuations;

- the impact of heightened and intensive competition in the recorded music and music publishing industries and our inability to execute our business strategy;
- significant fluctuations in our operations, cash flows and the trading price of our common stock from period to period;
- our failure to attract and retain our executive officers and other key personnel;
- a significant portion of our revenues are subject to rate regulation either by government entities or by local third-party collecting societies throughout the world and rates on other income streams may be set by governmental proceedings, which may limit our profitability;
- risks associated with obtaining, maintaining, protecting and enforcing our intellectual property rights;
- our involvement in intellectual property litigation;
- threats to our business associated with digital piracy, including organized industrial piracy;
- an impairment in the carrying value of goodwill or other intangible and long-lived assets;
- the impact of, and risks inherent in, acquisitions or other business combinations;
- risks inherent to our outsourcing certain finance and accounting functions;
- the fact that we have engaged in substantial restructuring activities in the past, and may need to implement further restructurings in the future and our restructuring efforts may not be successful or generate expected cost savings;
- our ability to maintain the security of information relating to our customers, employees and vendors and our music;
- risks related to evolving laws and regulations concerning data privacy which might result in increased regulation and different industry standards;
- legislation limiting the terms by which an individual can be bound under a “personal services” contract;
- new legislation that affects the terms of our contracts with recording artists and songwriters;
- a potential loss of catalog if it is determined that recording artists have a right to recapture U.S. rights in their recordings under the U.S. Copyright Act;
- potential employment and withholding liabilities if our recording artists and songwriters are characterized as employees;
- any delays and difficulties in satisfying obligations incident to being a public company;
- the impact of our substantial leverage on our ability to raise additional capital to fund our operations, on our ability to react to changes in the economy or our industry and on our ability to meet our obligations under our indebtedness;
- the ability to generate sufficient cash to service all of our indebtedness, and the risk that we may be forced to take other actions to satisfy our obligations under our indebtedness, which may not be successful;
- the fact that our debt agreements contain restrictions that may limit our flexibility in operating our business;
- the significant amount of cash required to service our indebtedness and the ability to generate cash or refinance indebtedness as it becomes due depends on many factors, some of which are beyond our control;
- our indebtedness levels, and the fact that we may be able to incur substantially more indebtedness, which may increase the risks created by our substantial indebtedness;
- risks of downgrade, suspension or withdrawal of the rating assigned by a rating agency to us could impact our cost of capital;
- the dual class structure of our common stock and Access’s existing ownership of our Class B Common Stock have the effect of concentrating control over our management and affairs and over matters requiring stockholder approval with Access; and
- risks related to other factors discussed under “Risk Factors” of this Quarterly Report and in our Annual Report on Form 10-K for the fiscal year ended September 30, 2021.

You should read this Quarterly Report completely and with the understanding that actual future results may be materially different from expectations. All forward-looking statements made in this Quarterly Report are qualified by these cautionary statements. Any forward-looking statement speaks only as of the date on which it is made, and we do not undertake any obligation, other than as may be required by law, to update or revise any forward-looking or cautionary statements to reflect changes in

assumptions, the occurrence of events, unanticipated or otherwise, and changes in future operating results over time or otherwise. Comparisons of results for current and any prior periods are not intended to express any future trends or indications of future performance, unless expressed as such, and should only be viewed as historical data.

Other risks, uncertainties and factors, including those discussed in the "Risk Factors" of our Quarterly Reports and our Annual Report on Form 10-K, could cause our actual results to differ materially from those projected in any forward-looking statements we make. You should read carefully the factors described in the "Risk Factors" section of our Quarterly Reports and our Annual Report on Form 10-K to better understand the risks and uncertainties inherent in our business and underlying any forward-looking statements.

INTRODUCTION

Warner Music Group Corp. (the "Company") was formed on November 21, 2003. The Company is the direct parent of WMG Holdings Corp. ("Holdings"), which is the direct parent of WMG Acquisition Corp. ("Acquisition Corp."). Acquisition Corp. is one of the world's major music entertainment companies.

The Company and Holdings are holding companies that conduct substantially all of their business operations through their subsidiaries. The terms "we," "us," "our," "ours" and the "Company" refer collectively to Warner Music Group Corp. and its consolidated subsidiaries, except where otherwise indicated.

Management's discussion and analysis of financial condition and results of operations ("MD&A") is provided as a supplement to the unaudited financial statements and related notes thereto included elsewhere herein to help provide an understanding of our financial condition, changes in financial condition and results of our operations. MD&A is organized as follows:

- *Business overview.* This section provides a general description of our business, as well as a discussion of factors that we believe are important in understanding our results of operations and comparability and in anticipating future trends.
- *Results of operations.* This section provides an analysis of our results of operations for the three months ended December 31, 2021 and December 31, 2020. This analysis is presented on both a consolidated and segment basis.
- *Financial condition and liquidity.* This section provides an analysis of our cash flows for the three months ended December 31, 2021 and December 31, 2020, as well as a discussion of our financial condition and liquidity as of December 31, 2021. The discussion of our financial condition and liquidity includes recent debt financings and a summary of the key debt covenant compliance measures under our debt agreements.

Use of OIBDA

We evaluate our operating performance based on several factors, including our primary financial measure of operating income (loss) before non-cash depreciation of tangible assets and non-cash amortization of intangible assets ("OIBDA"). We consider OIBDA to be an important indicator of the operational strengths and performance of our businesses. However, a limitation of the use of OIBDA as a performance measure is that it does not reflect the periodic costs of certain capitalized tangible and intangible assets used in generating revenues in our businesses. Accordingly, OIBDA should be considered in addition to, not as a substitute for, operating income (loss), net income (loss) attributable to Warner Music Group Corp. and other measures of financial performance reported in accordance with United States generally accepted accounting principles ("U.S. GAAP"). In addition, our definition of OIBDA may differ from similarly titled measures used by other companies. A reconciliation of consolidated OIBDA to operating income (loss) and net income (loss) attributable to Warner Music Group Corp. is provided in our "Results of Operations."

Use of Constant Currency

As exchange rates are an important factor in understanding period to period comparisons, we believe the presentation of revenue on a constant-currency basis in addition to reported results helps improve the ability to understand our operating results and evaluate our performance in comparison to prior periods. Constant-currency information compares revenue between periods as if exchange rates had remained constant period over period. We use revenue on a constant-currency basis as one measure to evaluate our performance. We calculate constant currency by calculating prior-year revenue using current-year foreign currency exchange rates. We generally refer to such amounts calculated on a constant-currency basis as "excluding the impact of foreign currency exchange rates." This revenue should be considered in addition to, not as a substitute for, revenue reported in accordance with U.S. GAAP. Revenue on a constant-currency basis, as we present it, may not be comparable to similarly titled measures used by other companies and are not a measure of performance presented in accordance with U.S. GAAP.

BUSINESS OVERVIEW

We are one of the world's leading music entertainment companies. Our renowned family of iconic record labels, including Atlantic Records, Warner Records, Elektra Records and Parlophone Records, is home to many of the world's most popular and influential recording artists. In addition, Warner Chappell Music, our global music publishing business, boasts an extraordinary catalog that includes timeless standards and contemporary hits, representing works by over 100,000 songwriters and composers, with a global collection of more than one million musical compositions. We classify our business interests into two fundamental operations: Recorded Music and Music Publishing. A brief description of each of those operations is presented below.

Components of Our Operating Results

Recorded Music Operations

Our Recorded Music business primarily consists of the discovery and development of recording artists and the related marketing, promotion, distribution, sale and licensing of music created by such recording artists. We play an integral role in virtually all aspects of the recorded music value chain from discovering and developing talent to producing, distributing and selling music to marketing and promoting recording artists and their music.

In the United States, our Recorded Music business is conducted principally through our major record labels—Atlantic Records and Warner Records. In October 2018, we launched Elektra Music Group in the United States as a standalone label group, which comprises the Elektra, Fueled by Ramen and Roadrunner labels, and in December 2021, we acquired 300 Entertainment. Our Recorded Music business also includes Rhino Entertainment, a division that specializes in marketing our recorded music catalog through compilations, reissuances of previously released music and video titles and releasing previously unreleased material from our vault. We also conduct our Recorded Music business through a collection of additional record labels including Asylum, Big Beat, Canvasback, East West, Erato, FFRR, Nonesuch, Parlophone, Reprise, Sire, Spinnin' Records, Warner Classics and Warner Music Nashville.

Outside the United States, our Recorded Music business is conducted in more than 70 countries through various subsidiaries, affiliates and non-affiliated licensees. Internationally, we engage in the same activities as in the United States: discovering and signing artists and distributing, selling, marketing and promoting their music. In most cases, we also market, promote, distribute and sell the music of those recording artists for whom our domestic record labels have international rights. In certain smaller markets, we license the right to distribute and sell our music to non-affiliated third-party record labels.

Our Recorded Music business' operations includes WMX, a next generation services division that connects artists with fans and amplifies brands in creative, immersive, and engaging ways. This division includes a rebranded WEA commercial services & marketing network (formerly Warner-Elektra-Atlantic Corporation, or WEA Corp.), which markets, distributes and sells music and video products to retailers and wholesale distributors, as well as acting as the Company's media and creative content arm. Our business' distribution operations also includes Alternative Distribution Alliance ("ADA"), which markets, distributes and sells the products of independent labels to retail and wholesale distributors; and various distribution centers and ventures operated internationally.

In addition to our music being sold in physical retail outlets, our music is also sold in physical form to online physical retailers, such as amazon.com, barnesandnoble.com and bestbuy.com, and distributed in digital form to an expanded universe of digital partners, including streaming services such as those of Amazon, Apple, Deezer, SoundCloud, Spotify, Tencent Music Entertainment Group and YouTube, radio services such as iHeart Radio and SiriusXM and other download services.

We have integrated the marketing of digital content into all aspects of our business, including A&R and distribution. Our business development executives work closely with A&R departments to ensure that while music is being produced, digital assets are also created with all distribution channels in mind, including streaming services, social networking sites, online portals and music-centered destinations. We also work side-by-side with our online and mobile partners to test new concepts. We believe existing and new digital businesses will be a significant source of growth and will provide new opportunities to successfully monetize our assets and create new revenue streams. The proportion of digital revenues attributable to each distribution channel varies by region and proportions may change as the introduction of new technologies continues. As one of the world's largest music entertainment companies, we believe we are well positioned to take advantage of growth in digital distribution and emerging technologies to maximize the value of our assets.

We have diversified our revenues beyond our traditional businesses by entering into expanded-rights deals with recording artists in order to partner with such artists in other aspects of their careers. Under these agreements, we provide services to and participate in recording artists' activities outside the traditional recorded music business such as touring, merchandising and sponsorships. We have built and acquired artist services capabilities and platforms for marketing and distributing this broader set of music-related rights and participating more widely in the monetization of the artist brands we help create. We believe that entering

into expanded-rights deals and enhancing our artist services capabilities in areas such as merchandising, VIP ticketing, fan clubs, concert promotion and management has permitted us to diversify revenue streams and capitalize on other revenue opportunities. This provides for improved long-term relationships with our recording artists and allows us to more effectively connect recording artists and fans.

Recorded Music revenues are derived from four main sources:

- *Digital*: the rightsholder receives revenues with respect to streaming and download services;
- *Physical*: the rightsholder receives revenues with respect to sales of physical products such as vinyl, CDs and DVDs;
- *Artist services and expanded-rights*: the rightsholder receives revenues with respect to our artist services businesses and our participation in expanded rights, including advertising, merchandising such as direct-to-consumer sales, touring, concert promotion, ticketing, sponsorship, fan clubs, artist websites, social publishing, and artist and brand management; and
- *Licensing*: the rightsholder receives royalties or fees for the right to use sound recordings in combination with visual images such as in films or television programs, television commercials and video games; the rightsholder also receives royalties if sound recordings are performed publicly through broadcast of music on television, radio and cable, and in public spaces such as shops, workplaces, restaurants, bars and clubs.

The principal costs associated with our Recorded Music business are as follows:

- *A&R costs*: the costs associated with (i) paying royalties to recording artists, producers, songwriters, other copyright holders and trade unions; (ii) signing and developing recording artists; and (iii) creating master recordings in the studio;
- *Product costs*: the costs to manufacture, package and distribute products to wholesale and retail distribution outlets, the royalty costs associated with distributing products of independent labels to wholesale and retail distribution outlets, as well as the costs related to our artist services business;
- *Selling and marketing expenses*: the costs associated with the promotion and marketing of recording artists and music, including costs to produce music videos for promotional purposes and artist tour support; and
- *General and administrative expenses*: the costs associated with general overhead and other administrative expenses.

Music Publishing Operations

While Recorded Music is focused on marketing, promoting, distributing and licensing a particular recording of a musical composition, Music Publishing is an intellectual property business focused on generating revenue from uses of the musical composition itself. In return for promoting, placing, marketing and administering the creative output of a songwriter, or engaging in those activities for other rightsholders, our Music Publishing business shares the revenues generated from use of the musical compositions with the songwriter or other rightsholders.

The operations of our Music Publishing business are conducted principally through Warner Chappell Music, our global music publishing company headquartered in Los Angeles, with operations in over 70 countries through various subsidiaries, affiliates, and non-affiliated licensees and sub-publishers. We own or control rights to more than one million musical compositions, including numerous pop hits, American standards, folk songs and motion picture and theatrical compositions. Assembled over decades, our award-winning catalog includes over 100,000 songwriters and composers and a diverse range of genres including pop, rock, jazz, classical, country, R&B, hip-hop, rap, reggae, Latin, folk, blues, symphonic, soul, Broadway, electronic, alternative and gospel. Warner Chappell Music also administers the music and soundtracks of several third-party television and film producers and studios. We have an extensive production music catalog collectively branded as Warner Chappell Production Music.

Music Publishing revenues are derived from five main sources:

- *Digital*: the rightsholder receives revenues with respect to musical compositions embodied in recordings distributed in streaming services, download services, digital performance and other digital music services;
- *Performance*: the rightsholder receives revenues if the musical composition is performed publicly through broadcast of music on television, radio and cable and in retail locations (e.g., bars and restaurants), live performance at a concert or other venue (*e.g.*, arena concerts and nightclubs), and performance of music in staged theatrical productions;
- *Mechanical*: the rightsholder receives revenues with respect to musical compositions embodied in recordings sold in any physical format or configuration such as vinyl, CDs and DVDs;

- *Synchronization*: the rightsholder receives revenues for the right to use the musical composition in combination with visual images such as in films or television programs, television commercials and video games as well as from other uses such as in toys or novelty items and merchandise; and
- *Other*: the rightsholder receives revenues for use in sheet music and other uses.

The principal costs associated with our Music Publishing business are as follows:

- *A&R costs*: the costs associated with (i) paying royalties to songwriters, co-publishers and other copyright holders in connection with income generated from the uses of their works and (ii) signing and developing songwriters; and
- *Selling and marketing, general overhead and other administrative expenses*: the costs associated with selling and marketing, general overhead and other administrative expenses.

Factors Affecting Results of Operations and Comparability

Fiscal Quarter End

The Company maintains a 52-53 week fiscal year ending on the last Friday in each reporting period. The fiscal year ended September 30, 2022 includes 53 weeks, and the fiscal year ended September 30, 2021 included 52 weeks. The additional week in fiscal year 2022 falls in the fiscal quarter ended December 31, 2021. Accordingly, the results of operations for the three months ended December 31, 2021 reflect 14 weeks compared to 13 weeks for the three months ended December 31, 2020. For the three months ended December 31, 2021, the revenue benefit of the additional week was approximately $73 million, primarily reflected in Recorded Music streaming revenue.

COVID-19 Pandemic

On March 11, 2020, the COVID-19 outbreak (also referred to as “COVID”) was declared a global pandemic by the World Health Organization. The global pandemic and governmental responses thereto disrupted physical and manufacturing supply chains and required the closures of physical retailers, resulting in declines in our physical revenue streams at the onset of the pandemic. Additionally, stay at home orders, limited indoor and outdoor gatherings and other restrictions have negatively affected our business in other ways, such as, making it difficult to hold live concert tours, adversely impacting our concert promotion business and the sale of merchandise, delaying the release of new recordings and disrupting the production and release of motion pictures and television programs, which negatively affected licensing revenue in our Recorded Music business and synchronization revenue in our Music Publishing business. However, the disruption from the COVID-19 pandemic, including the disruption caused by the Omicron variant, accelerated growth of other revenue streams such as fitness and interactive gaming (including augmented reality and virtual reality), which may continue to grow. It is unclear how long the global pandemic will last due to the possibility of new variants, increases in infection rates and renewed government action to slow the spread of the virus, and as such, it cannot be predicted to what extent the global pandemic will continue to impact the demand for our music and related services.

Our results of operations, cash flows and financial condition at and for both the three months ended December 31, 2021and 2020 were adversely affected by the global pandemic despite a partial recovery starting in fiscal year 2021 as businesses began to reopen and concerts and other live music resumed. For both the three months ended December 31, 2021 and 2020, costs recognized by the Company attributable to COVID were not significant.

RESULTS OF OPERATIONS

Three Months Ended December 31, 2021 Compared with Three Months Ended December 31, 2020

Consolidated Results

Revenues

Our revenues were composed of the following amounts (in millions):

	For the Three Months Ended December 31,		*2021 vs. 2020*	
	2021	2020	$ Change	% Change
Revenue by Type				
Digital	$ 870	$ 727	$ 143	20 %
Physical	195	174	21	12 %
Total Digital and Physical	1,065	901	164	18 %
Artist services and expanded-rights	232	180	52	29 %
Licensing	89	80	9	11 %
Total Recorded Music	1,386	1,161	225	19 %
Performance	38	30	8	27 %
Digital	133	99	34	34 %
Mechanical	14	11	3	27 %
Synchronization	42	33	9	27 %
Other	2	2	—	— %
Total Music Publishing	229	175	54	31 %
Intersegment eliminations	(1)	(1)	—	— %
Total Revenues	$ 1,614	$ 1,335	$ 279	21 %
Revenue by Geographical Location				
U.S. Recorded Music	$ 608	$ 481	$ 127	26 %
U.S. Music Publishing	115	91	24	26 %
Total U.S.	723	572	151	26 %
International Recorded Music	778	680	98	14 %
International Music Publishing	114	84	30	36 %
Total International	892	764	128	17 %
Intersegment eliminations	(1)	(1)	—	— %
Total Revenues	$ 1,614	$ 1,335	$ 279	21 %

Total Revenues

Total revenues increased by $279 million, or 21%, to $1,614 million for the three months ended December 31, 2021 from $1,335 million for the three months ended December 31, 2020. The quarter included an additional week, primarily reflected in Recorded Music streaming revenue. Additionally, the quarter included the impact of a new deal with one of our digital partners impacting Recorded Music streaming revenue. These items were partially offsetting and adjusting for these items, total revenue was up 18%. The increase includes $16 million of unfavorable currency exchange fluctuations. Prior to intersegment eliminations, Recorded Music and Music Publishing revenues represented 86% and 14% of total revenue for the three months ended December 31, 2021, respectively, and 87% and 13% of total revenue for the three months ended December 31, 2020, respectively. Prior to intersegment eliminations, U.S. and international revenues represented 45% and 55% of total revenues for the three months ended December 31, 2021, respectively, and 43% and 57% of total revenues for the three months ended December 31, 2020, respectively.

Total digital revenues after intersegment eliminations increased by $177 million, or 21%, to $1,002 million for the three months ended December 31, 2021 from $825 million for the three months ended December 31, 2020. Total streaming revenue increased 23% driven by growth across Recorded Music and Music Publishing, including revenue from emerging streaming platforms. Total digital revenues remained constant at 62% of consolidated revenues for each of the three months ended December 31, 2021 and December 31, 2020. Prior to intersegment eliminations, total digital revenues for the three months ended December 31, 2021 were comprised of U.S. revenues of $514 million and international revenues of $489 million, respectively, or 51% and 49% of total digital revenues, respectively. Prior to intersegment eliminations, total digital revenues for the three months ended December 31, 2020 were comprised of U.S. revenues of $418 million and international revenues of $408 million, respectively, or 51% and 49% of total digital revenues, respectively.

Recorded Music revenues increased by $225 million, or 19%, to $1,386 million for the three months ended December 31, 2021 from $1,161 million for the three months ended December 31, 2020. Adjusted for the benefit of the additional week and the impact of the new deal with one of our digital partners, Recorded Music revenue was up 16%. The increase includes $15 million of unfavorable currency exchange fluctuations. U.S. Recorded Music revenues were $608 million and $481 million, or 44% and 41% of consolidated Recorded Music revenues, for the three months ended December 31, 2021 and December 31, 2020, respectively. International Recorded Music revenues were $778 million and $680 million, or 56% and 59% of consolidated Recorded Music revenues, for the three months ended December 31, 2021 and December 31, 2020, respectively.

The overall increase in Recorded Music revenue was driven by increases in digital, artist services and expanded-rights, physical and licensing revenues. Digital revenue increased by $143 million as a result of the continued growth in streaming services, including growth in emerging streaming platforms, strength of releases including a new release from Ed Sheeran as well as carryover success from Dua Lipa, Ed Sheeran, YoungBoy Never Broke Again and Ava Max. Revenue from streaming services grew by $144 million, or 21%, to $836 million for the three months ended December 31, 2021 from $692 million for the three months ended December 31, 2020. Adjusted for the benefit of the additional week and the impact of the new deal with one of our digital partners, Recorded Music streaming revenue was up 17%. Streaming revenue growth was partially offset by a decline in download and other digital revenues of $1 million, or 3%, to $34 million for the three months ended December 31, 2021 from $35 million for the three months ended December 31, 2020 due to the continued shift to streaming services. Artist services and expanded-rights revenue increased by $52 million primarily due to higher merchandising revenue and touring activity, both of which were disrupted by COVID in the prior-year quarter, partially offset by an unfavorable impact of foreign currency exchange rates of $6 million. Physical revenue increased by $21 million, or 12%, primarily from higher sales due to the success of new releases, an increased demand for vinyl products and COVID disruption in the prior-year quarter, partially offset by an unfavorable impact of foreign currency exchange rates of $3 million. Licensing revenue increased by $9 million, mainly due to higher synchronization and other licensing revenue, as businesses continued to recover from COVID disruption.

Music Publishing revenues increased by $54 million, or 31%, to $229 million for the three months ended December 31, 2021 from $175 million for the three months ended December 31, 2020. U.S. Music Publishing revenues were $115 million and $91 million, or 50% and 52% of consolidated Music Publishing revenues, for the three months ended December 31, 2021 and December 31, 2020, respectively. International Music Publishing revenues were $114 million and $84 million, or 50% and 48% of consolidated Music Publishing revenues, for the three months ended December 31, 2021 and December 31, 2020, respectively.

The overall increase in Music Publishing revenue was mainly driven by increases in digital revenue of $34 million, or 34%, synchronization revenue of $9 million, performance revenue of $8 million and mechanical revenue of $3 million. The increase in digital revenue is primarily due to increases in streaming revenue driven by the continued growth in streaming services, including emerging streaming platforms, and timing of new digital deals, partially offset by a shift in the collection of certain writer’s share income from certain digital service providers. This change has no impact on Music Publishing OIBDA, but results in a slight improvement to OIBDA margin. Revenue from streaming services grew by $35 million, or 37%, to $129 million for the three months ended December 31, 2021 from $94 million for the three months ended December 31, 2020. The increase in synchronization revenue is attributable to higher television, motion picture and commercial income and COVID disruption in the prior-year quarter. Performance revenue increased as bars, restaurants, concerts and live events continued to recover from COVID disruption. Mechanical revenue increased as businesses continued to recover from COVID disruption and from strong physical sales.

Revenue by Geographical Location

U.S. revenue increased by $151 million, or 26%, to $723 million for the three months ended December 31, 2021 from $572 million for the three months ended December 31, 2020. U.S. Recorded Music revenue increased by $127 million, or 26%. The primary driver was the increase of U.S. Recorded Music digital revenue of $80 million, or 22%, driven by the continued growth in streaming services. U.S. Recorded Music streaming revenue increased by $81 million, or 24%, partially offset by $1 million of download and other digital declines. U.S. Recorded Music artist services and expanded-rights revenue increased $23 million primarily driven by higher merchandising and advertising revenues. Increases are also attributable to the increase in U.S. Recorded Music physical revenue of $23 million from higher sales due to the success of new releases, an increased demand for vinyl products and

COVID disruption in the prior-year quarter. The increase in licensing revenue of $1 million is due to higher synchronization activity. U.S. Music Publishing revenue increased by $24 million, or 26%, to $115 million for the three months ended December 31, 2021 from $91 million for the three months ended December 31, 2020. This was primarily driven by the increase in U.S. Music Publishing of $16 million in digital revenue due to the continued growth in streaming services, including emerging streaming platforms, and timing of new digital deals, partially offset by a shift in the collection of writer's share of U.S. digital performance income from certain digital service providers. U.S. Music Publishing streaming revenue increased by $16 million, or 29%. The increase in synchronization revenue of $7 million is due to higher television, motion picture and commercial income and COVID disruption in the prior-year quarter. Mechanical revenue increased by $1 million and performance revenue remained constant.

International revenue increased by $128 million, or 17%, to $892 million for the three months ended December 31, 2021 from $764 million for the three months ended December 31, 2020. Excluding the unfavorable impact of foreign currency exchange rates, International revenue increased by $144 million, or 19%. International Recorded Music revenue increased by $98 million primarily due to increases in digital revenue of $63 million, artist services and expanded-rights revenue of $29 million and licensing revenue of $8 million, partially offset by the decrease in physical revenue of $2 million. International Recorded Music digital revenue increased due to a $63 million, or 18%, increase in streaming revenue. International Recorded Music artist services and expanded-rights revenue increased by $29 million reflecting an increase in concert promotion and merchandise revenue, both of which were disrupted by COVID in the prior-year quarter, partially offset by the unfavorable impact of foreign currency exchange rates of $6 million. International Recorded Music licensing revenue increased by $8 million primarily due to other licensing revenue as businesses continued to recover from COVID disruption. International Recorded Music physical revenue decreased by $2 million primarily driven by an unfavorable impact of foreign currency exchange rates. International Music Publishing revenue increased from the prior-year quarter by $30 million, or 36%, to $114 million for the three months ended December 31, 2021 from $84 million for the three months ended December 31, 2020. This was primarily driven by the increase in digital revenue of $18 million, performance revenue of $8 million, mechanical revenue of $2 million and synchronization revenue of $2 million. The increase in digital revenue is primarily due to increases in streaming revenue driven by the continued growth in streaming services, including emerging streaming platforms, and timing of new digital deals. International Music Publishing streaming revenue increased by $19 million, or 50%, partially offset by $1 million of download and other digital declines. Performance revenue increased as businesses continued to recover from COVID disruption. Mechanical revenue increased as businesses continued to recover from COVID disruption and from strong physical sales. Higher synchronization revenue is primarily driven by higher motion picture and commercial income and COVID disruption in the prior-year quarter.

Cost of revenues

Our cost of revenues was composed of the following amounts (in millions):

	For the Three Months Ended December 31,		*2021 vs. 2020*	
	2021	**2020**	**$ Change**	**% Change**
Artist and repertoire costs	$ 493	$ 425	$ 68	16 %
Product costs	325	261	64	25 %
Total cost of revenues	$ 818	$ 686	$ 132	19 %

Artist and repertoire costs increased by $68 million, to $493 million for the three months ended December 31, 2021 from $425 million for the three months ended December 31, 2020. Artist and repertoire costs as a percentage of revenue decreased to 31% for the three months ended December 31, 2021 from 32% for the three months ended December 31, 2020, primarily due to timing of artist and repertoire investments.

Product costs increased by $64 million, to $325 million for the three months ended December 31, 2021 from $261 million for the three months ended December 31, 2020. Product costs as a percentage of revenue remained constant at 20% for each of the three months ended December 31, 2021 and December 31, 2020.

Selling, general and administrative expenses

Our selling, general and administrative expenses were composed of the following amounts (in millions):

	For the Three Months Ended December 31,		*2021 vs. 2020*	
	2021	**2020**	**$ Change**	**% Change**
General and administrative expense (1)	$ 242	$ 189	$ 53	28 %
Selling and marketing expense	214	178	36	20 %
Distribution expense	41	34	7	21 %
Total selling, general and administrative expense	$ 497	$ 401	$ 96	24 %

(1) Includes depreciation expense of $21 million and $19 million for the three months ended December 31, 2021 and December 31, 2020, respectively.

Total selling, general and administrative expense increased by $96 million, or 24%, to $497 million for the three months ended December 31, 2021 from $401 million for the three months ended December 31, 2020. Expressed as a percentage of revenue, selling, general and administrative expense increased to 31% for the three months ended December 31, 2021 from 30% for the three months ended December 31, 2020. This is primarily due to higher non-cash stock-based compensation and other related expenses from a one-time equity grant and the timing of expense recognition for new annual equity grants in the quarter of $18 million.

General and administrative expense increased by $53 million to $242 million for the three months ended December 31, 2021 from $189 million for the three months ended December 31, 2020. The increase in general and administrative expense was mainly due to higher non-cash stock-based compensation and other related expenses from a one-time equity grant and the timing of expense recognition for new annual equity grants in the quarter of $18 million, increased employee related costs, including the impact of the additional week, unfavorable movements in foreign currency exchange rates of $10 million and increased expenses related to transformation initiatives and acquisition transaction costs. Expressed as a percentage of revenue, general and administrative expense increased to 15% for the three months ended December 31, 2021 from 14% for the three months ended December 31, 2020 due to the factors described above.

Selling and marketing expense increased by $36 million, or 20%, to $214 million for the three months ended December 31, 2021 from $178 million for the three months ended December 31, 2020. Expressed as a percentage of revenue, selling and marketing expense remained constant at 13% for each of the three months ended December 31, 2021 and December 31, 2020.

Distribution expense was $41 million for the three months ended December 31, 2021 and $34 million the three months ended December 31, 2020. Expressed as a percentage of revenue, distribution expense remained constant at 3% for each of the three months ended December 31, 2021 and December 31, 2020.

Reconciliation of Net Income Attributable to Warner Music Group Corp. and Operating Income to Consolidated OIBDA

As previously described, we use OIBDA as our primary measure of financial performance. The following table reconciles operating income to OIBDA, and further provides the components from net income attributable to Warner Music Group Corp. to operating income for purposes of the discussion that follows (in millions):

	For the Three Months Ended December 31,		*2021 vs. 2020*	
	2021	2020	$ Change	% Change
Net income attributable to Warner Music Group Corp.	$ 187	$ 98	$ 89	91 %
Income attributable to noncontrolling interest	1	1	—	— %
Net income	188	99	89	90 %
Income tax expense	75	35	40	— %
Income before income taxes	263	134	129	96 %
Other (income) expense	(54)	31	(85)	— %
Interest expense, net	30	31	(1)	-3 %
Operating income	239	196	43	22 %
Amortization expense	60	52	8	15 %
Depreciation expense	21	19	2	11 %
OIBDA	$ 320	$ 267	$ 53	20 %

OIBDA

OIBDA increased by $53 million to $320 million for the three months ended December 31, 2021 as compared to $267 million for the three months ended December 31, 2020 as a result of higher revenues, partially offset by higher cost of revenues and selling, general and administrative expenses. Expressed as a percentage of total revenue, OIBDA margin remained constant at 20% for each of the three months ended December 31, 2021 and December 31, 2020 due to strong operating performance, which was offset by growth of lower-margin COVID-impacted revenue streams and increase in non-cash stock-based compensation and other related expenses as described above.

Depreciation expense

Our depreciation expense increased by $2 million, or 11%, to $21 million for the three months ended December 31, 2021 from $19 million for the three months ended December 31, 2020. The increase is primarily due to an increase in IT capital spending and assets being placed into service.

Amortization expense

Our amortization expense increased by $8 million, or 15%, to $60 million for the three months ended December 31, 2021 from $52 million for the three months ended December 31, 2020. The increase is primarily due to an increase in amortizable intangible assets primarily related to the acquisition of music-related assets.

Operating income

Our operating income increased by $43 million to $239 million for the three months ended December 31, 2021 from $196 million for the three months ended December 31, 2020. The increase in operating income was due to the factors that led to the increase in OIBDA, partially offset by higher depreciation and amortization as noted above.

Interest expense, net

Our interest expense, net, decreased to $30 million for the three months ended December 31, 2021 from $31 million for the three months ended December 31, 2020 due to lower interest rates resulting from debt refinancing, partially offset by a higher principal balance due to the issuance of senior secured notes.

Other (income) expense

Other income for the three months ended December 31, 2021 primarily includes foreign currency gains on our Euro-denominated debt of $31 million, unrealized gains of $8 million on the mark-to-market of equity investments, currency exchange gains on our intercompany loans of $6 million and unrealized gains on hedging activity of $4 million. This compares to foreign

currency loss on our Euro-denominated debt of $41 million, aggregate realized and unrealized losses on hedging activity of $5 million and currency exchange losses on our intercompany loans of $2 million, partially offset by an unrealized gain of $14 million on the mark-to-market of an equity investment for the three months ended December 31, 2020.

Income tax expense

Our income tax expense increased by $40 million to $75 million for the three months ended December 31, 2021 from $35 million for the three months ended December 31, 2020. The change of $40 million in income tax expense is due to the impact of higher pre-tax income in the current-year quarter.

Net income

Net income increased by $89 million to $188 million for the three months ended December 31, 2021 from $99 million for the three months ended December 31, 2020 as a result of the factors described above.

Noncontrolling interest

There was $1 million of income attributable to noncontrolling interest for each of the three months ended December 31, 2021 and December 31, 2020.

Business Segment Results

Revenues, operating income (loss) and OIBDA by business segment were as follows (in millions):

	For the Three Months Ended December 31,		*2021 vs. 2020*	
	2021	**2020**	**$ Change**	**% Change**
Recorded Music				
Revenues	$ 1,386	$ 1,161	$ 225	19 %
Operating income	276	223	53	24 %
OIBDA	330	269	61	23 %
Music Publishing				
Revenues	229	175	54	31 %
Operating income	32	18	14	78 %
OIBDA	54	39	15	38 %
Corporate expenses and eliminations				
Revenue eliminations	(1)	(1)	—	— %
Operating loss	(69)	(45)	(24)	53 %
OIBDA loss	(64)	(41)	(23)	56 %
Total				
Revenues	1,614	1,335	279	21 %
Operating income	239	196	43	22 %
OIBDA	320	267	53	20 %

Recorded Music

Revenues

Recorded Music revenue increased by $225 million, or 19%, to $1,386 million for the three months ended December 31, 2021 from $1,161 million for the three months ended December 31, 2020. Adjusted for the benefit of the additional week and the impact of the new deal with one of our digital partners, Recorded Music revenue was up 16%. U.S. Recorded Music revenues were $608 million and $481 million, or 44% and 41% of consolidated Recorded Music revenues, for the three months ended December 31, 2021 and December 31, 2020, respectively. International Recorded Music revenues were $778 million and $680 million, or 56% and 59% of consolidated Recorded Music revenues, for the three months ended December 31, 2021 and December 31, 2020, respectively.

The overall increase in Recorded Music revenue was mainly driven by increases in digital, artist services and expanded-rights, physical and licensing revenues as described in the “Total Revenues” and “Revenue by Geographical Location” sections above.

Cost of revenues

Recorded Music cost of revenues was composed of the following amounts (in millions):

	For the Three Months Ended December 31,		*2021 vs. 2020*	
	2021	**2020**	**$ Change**	**% Change**
Artist and repertoire costs	$ 343	$ 313	$ 30	10 %
Product costs	325	261	64	25 %
Total cost of revenues	$ 668	$ 574	$ 94	16 %

Recorded Music cost of revenues increased by $94 million, or 16%, to $668 million for the three months ended December 31, 2021 from $574 million for the three months ended December 31, 2020. Expressed as a percentage of Recorded Music revenue, Recorded Music artist and repertoire costs decreased to 25% for the three months ended December 31, 2021 from 27% for the three months ended December 31, 2020. The decrease is primarily attributable to revenue mix and timing of artist and repertoire investments. Expressed as a percentage of Recorded Music revenue, Recorded Music product costs increased to 23% for the three months ended December 31, 2021 from 22% for the three months ended December 31, 2020. The overall increase as a percentage of revenue primarily relates to revenue mix due to an increase in lower-margin artist services and expanded-rights revenue.

Selling, general and administrative expense

Recorded Music selling, general and administrative expenses were composed of the following amounts (in millions):

	For the Three Months Ended December 31,		*2021 vs. 2020*	
	2021	**2020**	**$ Change**	**% Change**
General and administrative expense (1)	$ 151	$ 122	$ 29	24 %
Selling and marketing expense	210	175	35	20 %
Distribution expense	41	34	7	21 %
Total selling, general and administrative expense	$ 402	$ 331	$ 71	21 %

(1) Includes depreciation expense of $14 million and $13 million for the three months ended December 31, 2021 and December 31, 2020, respectively.

Recorded Music selling, general and administrative expense increased by $71 million, or 21%, to $402 million for the three months ended December 31, 2021 from $331 million for the three months ended December 31, 2020. The increase in general and administrative expense was primarily due to increased employee related costs, unfavorable movements in foreign currency exchange rates of $8 million and increased expenses related to acquisition transaction costs. The increase in selling and marketing expense was primarily due to increased variable marketing spend on higher revenues and new releases, increased employee related costs and higher travel expenses as limited travel resumed. The increase in distribution expense was primarily due to higher artist services and expanded-rights revenue. Expressed as a percentage of Recorded Music revenue, Recorded Music selling, general and administrative expense remained constant at 29% for each of the three months ended December 31, 2021 and December 31, 2020.

Operating Income and OIBDA

Recorded Music OIBDA included the following amounts (in millions):

	For the Three Months Ended December 31,		*2021 vs. 2020*	
	2021	**2020**	**$ Change**	**% Change**
Operating income	$ 276	$ 223	$ 53	24 %
Depreciation and amortization	54	46	8	17 %
OIBDA	$ 330	$ 269	$ 61	23 %

Recorded Music OIBDA increased by $61 million to $330 million for the three months ended December 31, 2021 from $269 million for the three months ended December 31, 2020 as a result of higher revenues, partially offset by higher costs of revenue and selling, general and administrative expenses. Expressed as a percentage of Recorded Music revenue, Recorded Music OIBDA margin increased to 24% for the three months ended December 31, 2021 from 23% for the three months ended December 31, 2020 due to strong operating performance, partially offset by growth of lower-margin COVID-impacted revenue streams in the quarter.

Recorded Music operating income increased by $53 million to $276 million for the three months ended December 31, 2021 from $223 million for the three months ended December 31, 2020 due to the factors that led to the increase in Recorded Music OIBDA noted above, partially offset by higher depreciation from new assets placed into service and an increase in amortizable intangible assets related to the acquisition of music-related assets.

Music Publishing

Revenues

Music Publishing revenues increased by $54 million, or 31%, to $229 million for the three months ended December 31, 2021 from $175 million for the three months ended December 31, 2020. U.S. Music Publishing revenues were $115 million and $91 million, or 50% and 52% of consolidated Music Publishing revenues, for the three months ended December 31, 2021 and December 31, 2020, respectively. International Music Publishing revenues were $114 million and $84 million, or 50% and 48% of consolidated Music Publishing revenues, for the three months ended December 31, 2021 and December 31, 2020, respectively.

The overall increase in Music Publishing revenue was driven by growth across all revenue types, including digital, synchronization, performance and mechanical revenue, as described in the "Total Revenues" and "Revenue by Geographical Location" sections above.

Cost of revenues

Music Publishing cost of revenues were composed of the following amounts (in millions):

	For the Three Months Ended December 31,		*2021 vs. 2020*	
	2021	**2020**	**$ Change**	**% Change**
Artist and repertoire costs	$ 151	$ 113	$ 38	34 %
Total cost of revenues	$ 151	$ 113	$ 38	34 %

Music Publishing cost of revenues increased by $38 million, or 34%, to $151 million for the three months ended December 31, 2021 from $113 million for the three months ended December 31, 2020. Expressed as a percentage of Music Publishing revenue, Music Publishing cost of revenues increased to 66% for the three months ended December 31, 2021 from 65% for the three months ended December 31, 2020 primarily attributable to revenue mix.

Selling, general and administrative expense

Music Publishing selling, general and administrative expenses were comprised of the following amounts (in millions):

	For the Three Months Ended December 31,		*2021 vs. 2020*	
	2021	**2020**	**$ Change**	**% Change**
General and administrative expense (1)	$ 25	$ 24	$ 1	4 %
Selling and marketing expense	1	1	—	— %
Total selling, general and administrative expense	$ 26	$ 25	$ 1	4 %

(1) Includes depreciation expense of $2 million and $2 million for the three months ended December 31, 2021 and December 31, 2020, respectively.

Music Publishing selling, general and administrative expense increased by $1 million, or 4%, to $26 million for the three months ended December 31, 2021 from $25 million for the three months ended December 31, 2020. Expressed as a percentage of Music Publishing revenue, Music Publishing selling, general and administrative expense decreased to 11% for the three months ended December 31, 2021 from 14% for the three months ended December 31, 2020.

Operating Income and OIBDA

Music Publishing OIBDA included the following amounts (in millions):

	For the Three Months Ended December 31,		*2021 vs. 2020*	
	2021	**2020**	**$ Change**	**% Change**
Operating income	$ 32	$ 18	$ 14	78 %
Depreciation and amortization	22	21	1	5 %
OIBDA	$ 54	$ 39	$ 15	38 %

Music Publishing OIBDA increased by $15 million, or 38%, to $54 million for the three months ended December 31, 2021 from $39 million for the three months ended December 31, 2020. Expressed as a percentage of Music Publishing revenue, Music Publishing OIBDA margin increased to 24% for the three months ended December 31, 2021 from 22% for the three months ended December 31, 2020. The increase was due to strong operating performance.

Music Publishing operating income increased by $14 million to $32 million for the three months ended December 31, 2021 from $18 million for the three months ended December 31, 2020 due to the factors that led to the increase in Music Publishing OIBDA noted above, partially offset by an increase in amortizable intangible assets related to the acquisition of music-related assets.

Corporate Expenses and Eliminations

Our operating loss from corporate expenses and eliminations increased by $24 million for the three months ended December 31, 2021 to $69 million from $45 million for the three months ended December 31, 2020, which primarily includes the increase in non-cash stock-based compensation and other related expenses from a one-time equity grant and the timing of expense recognition for new annual equity grants in the quarter of $16 million, expenses related to transformation initiatives and the impact of the additional week in the current-year quarter.

Our OIBDA loss from corporate expenses and eliminations increased by $23 million for the three months ended December 31, 2021 to $64 million from $41 million for the three months ended December 31, 2020 due to the operating loss factors noted above.

FINANCIAL CONDITION AND LIQUIDITY

Financial Condition at December 31, 2021

At December 31, 2021, we had $3.846 billion of debt (which is net of $46 million of premiums, discounts and deferred financing costs), $450 million of cash and equivalents (net debt of $3.396 billion, defined as total debt, less cash and equivalents and premiums, discounts and deferred financing costs) and $153 million of Warner Music Group Corp. equity. This compares to $3.346 billion of debt (which is net of $37 million of premiums, discounts and deferred financing costs), $499 million of cash and equivalents (net debt of $2.847 billion) and $31 million of Warner Music Group Corp. equity at September 30, 2021.

Cash Flows

The following table summarizes our historical cash flows (in millions). The financial data for the three months ended December 31, 2021 and December 31, 2020 are unaudited and have been derived from our consolidated interim financial statements included elsewhere herein.

	Three Months Ended December 31,	
	2021	2020
Cash provided by (used in):		
Operating activities	$ 129	$ 169
Investing activities	(624)	(343)
Financing activities	448	178

Operating Activities

Cash provided by operating activities was $129 million for the three months ended December 31, 2021 as compared with cash provided by operating activities of $169 million for the three months ended December 31, 2020. The $40 million decrease in cash provided by operating activities was primarily due to continued A&R investment, the timing of digital advances and the seasonal increase in outstanding receivables, driving a use of cash from working capital, partially offset by an increase in OIBDA and a source of cash from the timing of royalty payments.

Investing Activities

Cash used in investing activities was $624 million for the three months ended December 31, 2021 as compared with cash used in investing activities of $343 million for the three months ended December 31, 2020. The $624 million of cash used in investing activities in the three months ended December 31, 2021 consisted of $425 million relating to investments and acquisitions of businesses and $165 million to acquire music-related assets, a portion of which was debt-financed, and $34 million relating to capital expenditures. The $343 million of cash used in investing activities in the three months ended December 31, 2020 consisted of $1 million relating to investments, $18 million relating to capital expenditures and $324 million to acquire music publishing rights and recorded music catalogs, a portion of which was debt-financed.

Financing Activities

Cash provided by financing activities was $448 million for the three months ended December 31, 2021 as compared with cash provided by financing activities of $178 million for the three months ended December 31, 2020. The $448 million of cash provided by financing activities for the three months ended December 31, 2021 consisted of proceeds from debt issuance of $535 million, which was used to fund the acquisition of a business and music-related assets, partially offset by dividends paid of $78 million, deferred financing costs of $4 million, cash paid to settle contingent consideration of $4 million and distributions to noncontrolling interest holders of $1 million. The $178 million of cash provided by financing activities for the three months ended December 31, 2020 consisted of proceeds from debt issuance of $244 million which was used to fund the acquisition of music publishing rights and recorded music catalogs, partially offset by dividends paid of $62 million, deferred financing costs of $3 million and distributions to noncontrolling interest holders of $1 million.

Liquidity

Our primary sources of liquidity are the cash flows generated from our subsidiaries' operations, available cash and equivalents and funds available for drawing under our Revolving Credit Facility. These sources of liquidity are needed to fund our debt service requirements, working capital requirements, capital expenditure requirements, strategic acquisitions and investments, and dividends, prepayments of debt, repurchases or retirement of our outstanding debt or notes or repurchases of our outstanding equity securities in open market purchases, privately negotiated purchases or otherwise, we may elect to pay or make in the future.

We believe that our primary sources of liquidity will be sufficient to support our existing operations over the next twelve months.

We are continuing our financial transformation initiative, launched in August 2019, to upgrade our information technology and finance infrastructure, including related systems and processes, for which we currently expect upfront costs to be approximately $160 million, which includes capital expenditures of approximately $65 million. There has been a slight delay in the timing of the transformation initiative as a result of the ongoing effects of COVID-19, but it is still expected to be delivered by the end of fiscal year 2022. Annualized run-rate savings from the financial transformation initiative are expected to be between approximately $35 million and $40 million once fully implemented starting in fiscal year 2023. We expect that our primary sources of liquidity will be sufficient to fund these expenditures.

Debt Capital Structure

Since Access acquired us in 2011, we have sought to extend the maturity dates on our outstanding indebtedness, reduce interest expense and improve our debt ratings. For example, our S&P corporate credit rating improved from B in 2017 to BB+ in July 2021 with a stable outlook, and our Moody's corporate family rating improved from B1 in 2016 to Ba3 in 2020. In addition, our weighted-average interest rate on our outstanding indebtedness has decreased from 10.5% in 2011 to 3.2% as of December 31, 2021. Our nearest-term maturity date is in 2028. Subject to market conditions, we expect to continue to take opportunistic steps to extend our maturity dates and reduce related interest expense. From time to time, we may incur additional indebtedness for, among other things, working capital, repurchasing, redeeming or tendering for existing indebtedness and acquisitions or other strategic transactions.

3.750% Senior Secured Notes Offering

On November 24, 2021, Acquisition Corp. issued and sold $540 million of 3.750% Senior Secured Notes due 2029 (the "Notes"). Interest on the Notes will accrue at the rate of 3.750% per annum and will be payable semi-annually in arrears on June 1 and December 1, commencing on June 1, 2022.

The proceeds of the issuance and sale of the aforementioned Notes were used to fund the acquisition of a business and music-related assets for aggregate cash consideration of $525 million.

Revolving Credit Facility

On January 31, 2018, Acquisition Corp. entered into the revolving credit agreement (as amended by the amendment dated October 9, 2019 and as further amended, amended and restated or otherwise modified from time to time, the "Revolving Credit Agreement") for a senior secured revolving credit facility with Credit Suisse AG, as administrative agent, and the other financial institutions and lenders from time to time party thereto (the "Revolving Credit Facility"). On April 3, 2020, Acquisition Corp. entered into an amendment to the Revolving Credit Agreement (the "Second Amendment") which, among other things, increased the commitments under the Revolving Credit Facility from an aggregate principal amount of $180 million to an aggregate principal amount of $300 million and extended the final maturity of the Revolving Credit Facility from January 31, 2023 to April 3, 2025.

On March 1, 2021, Acquisition Corp. entered into an amendment (the "Revolving Credit Agreement Amendment") to the Revolving Credit Agreement among Acquisition Corp., the several banks and other financial institutions party thereto and Credit Suisse AG, as administrative agent, governing Acquisition Corp.'s revolving credit facility with Credit Suisse AG, as administrative agent, and the other financial institutions and lenders from time to time party thereto. The Revolving Credit Agreement Amendment (among other changes) adds certain exceptions and increases the leverage ratio below which Acquisition Corp. can access certain baskets in connection with Acquisition Corp.'s negative covenants, including those related to incurrence of indebtedness, restricted payments and covenant suspension. On May 4, 2021, certain covenants set forth in our Revolving Credit Facility were suspended, including the restriction on incurring certain additional indebtedness, based on the determination that the total indebtedness to EBITDA ratio is below the required threshold specified therein.

Acquisition Corp. is the borrower under the Revolving Credit Agreement which provides for a revolving credit facility in the amount of up to $300 million and includes a $90 million letter of credit sub-facility. Amounts are available under the Revolving Credit Facility in U.S. dollars, euros or pounds sterling. The Revolving Credit Agreement permits loans for general corporate purposes and may also be utilized to issue letters of credit. Borrowings under the Revolving Credit Agreement bear interest at Acquisition Corp.'s election at a rate equal to (i) the rate for deposits in the borrowing currency in the London interbank market (adjusted for maximum reserves) for the applicable interest period ("Revolving LIBOR") plus 1.875% per annum, or (ii) the base rate, which is the highest of (x) the corporate base rate established by the administrative agent from time to time, (y) the overnight federal funds rate plus 0.5% and (z) the one-month Revolving LIBOR plus 1.00% per annum, plus, in each case, 0.875% per annum; provided that, for each of clauses (i) and (ii), the applicable margin with respect to such loans is subject to adjustment upon achievement of certain leverage ratios as set forth in a leverage-based pricing grid in the Revolving Credit Agreement. Based on the Senior Secured Indebtedness to EBITDA Ratio

of 3.08x at December 31, 2021, the applicable margin for Eurodollar loans would be 1.625% instead of 1.875% and the applicable margin for ABR loans would be 0.625% instead of 0.875% in the case of 2020 Revolving Loans (as defined in the Revolving Credit Agreement).

Existing Debt as of December 31, 2021

As of December 31, 2021, our long-term debt, all of which was issued by Acquisition Corp., was as follows (in millions):

Revolving Credit Facility (a)	$	—
Senior Term Loan Facility due 2028		1,145
2.750% Senior Secured Notes due 2028 (€325 face amount)		368
3.750% Senior Secured Notes due 2029		540
3.875% Senior Secured Notes due 2030		535
2.250% Senior Secured Notes due 2031 (€445 face amount)		504
3.000% Senior Secured Notes due 2031		800
Total long-term debt, including the current portion	$	3,892
Issuance premium less unamortized discount and unamortized deferred financing costs		(46)
Total long-term debt, including the current portion, net	$	3,846

(a) Reflects $300 million of commitments under the Revolving Credit Facility available at December 31, 2021, less letters of credit outstanding of approximately $7 million at December 31, 2021. There were no loans outstanding under the Revolving Credit Facility at December 31, 2021.

For further discussion of our debt agreements, see “Liquidity” in the “Financial Condition and Liquidity” section of our Annual Report on Form 10-K for the fiscal year ended September 30, 2021.

Dividends

The Company’s ability to pay dividends may be restricted by covenants in the credit agreement for the Revolving Credit Facility which are currently suspended but which will be reinstated if Acquisition Corp.’s Total Indebtedness to EBITDA Ratio increases above 3.50:1.00 and the term loans do not achieve an investment grade rating.

The Company intends to pay quarterly cash dividends to holders of its Class A Common Stock and Class B Common Stock. The declaration of each dividend will continue to be at the discretion of the Company’s board of directors and will depend on the Company’s financial condition, earnings, liquidity and capital requirements, level of indebtedness, contractual restrictions with respect to payment of dividends, restrictions imposed by Delaware law, general business conditions and any other factors that the Company’s board of directors deems relevant in making such a determination. Therefore, there can be no assurance that the Company will pay any dividends to holders of the Company’s common stock, or as to the amount of any such dividends.

On November 9, 2021, the Company’s board of directors declared a cash dividend of $0.15 per share on the Company’s Class A Common Stock and Class B Common Stock, as well as related payments under certain stock-based compensation plans, which was paid to stockholders on December 1, 2021. The Company paid an aggregate of approximately $78 million, or $0.15 per share, in cash dividends to stockholders and participating security holders for the three months ended December 31, 2021.

On February 8, 2022, the Company’s board of directors declared a cash dividend of $0.15 per share on the Company’s Class A Common Stock and Class B Common Stock, as well as related payments under certain stock-based compensation plans, payable on March 1, 2022 to stockholders of record as of the close of business on February 18, 2022.

Covenant Compliance

The Company was in compliance with its covenants under its outstanding notes, the Revolving Credit Facility and the Senior Term Loan Facility as of December 31, 2021.

On January 18, 2019, we delivered a notice to the trustee under the 2012 Secured Indenture and 2014 Unsecured Indenture changing the Fixed GAAP Date, as defined under the indentures, to October 1, 2018. Under the Senior Term Loan Facility, the Revolving Credit Facility and the Secured Notes Indenture, the Fixed GAAP Date is set for April 3, 2020, other than in respect of capital leases, which are frozen at November 1, 2012.

The Revolving Credit Facility contains a springing leverage ratio that is tied to a ratio based on EBITDA, which is defined under the Revolving Credit Agreement. Our ability to borrow funds under the Revolving Credit Facility may depend upon our ability to meet the leverage ratio test at the end of a fiscal quarter to the extent we have drawn a certain amount of revolving loans. On May 4, 2021, certain covenants set forth in our Revolving Credit Facility were suspended, including the restriction on incurring certain additional indebtedness, based on the determination that the total indebtedness to EBITDA ratio is below the required threshold specified therein. EBITDA as defined in the Revolving Credit Facility is based on Consolidated Net Income (as defined in the Revolving Credit Facility), both of which terms differ from the terms "EBITDA" and "net income" as they are commonly used. For example, the calculation of EBITDA under the Revolving Credit Facility, in addition to adjusting net income to exclude interest expense, income taxes and depreciation and amortization, also adjusts net income by excluding items or expenses such as, among other items, (1) the amount of any restructuring charges or reserves; (2) any non-cash charges (including any impairment charges); (3) any net loss resulting from hedging currency exchange risks; (4) the amount of management, monitoring, consulting and advisory fees paid to Access; (5) business optimization expenses (including consolidation initiatives, severance costs and other costs relating to initiatives aimed at profitability improvement); (6) transaction expenses; (7) equity-based compensation expense; and (8) certain extraordinary, unusual or non-recurring items. The definition of EBITDA under the Revolving Credit Facility also includes adjustments for the pro forma impact of certain projected cost savings, operating expense reductions and synergies and any quality of earnings analysis prepared by independent certified public accountants in connection with an acquisition, merger, consolidation or other investment. The Senior Term Loan Facility and the Secured Notes Indenture use financial measures called "Consolidated EBITDA" or "EBITDA" and "Consolidated Net Income" that have substantially the same definitions to EBITDA and Consolidated Net Income, each as defined under the Revolving Credit Agreement.

EBITDA as defined in the Revolving Credit Facility (referred to in this section as "Adjusted EBITDA") is presented herein because it is a material component of the leverage ratio contained in the Revolving Credit Agreement. Non-compliance with the leverage ratio could result in the inability to use the Revolving Credit Facility, which could have a material adverse effect on our results of operations, financial position and cash flow. Adjusted EBITDA does not represent net income or cash from operating activities as those terms are defined by U.S. GAAP and does not necessarily indicate whether cash flows will be sufficient to fund cash needs. While Adjusted EBITDA and similar measures are frequently used as measures of operations and the ability to meet debt service requirements, these terms are not necessarily comparable to other similarly titled captions of other companies due to the potential inconsistencies in the method of calculation. Adjusted EBITDA does not reflect the impact of earnings or charges resulting from matters that we may consider not to be indicative of our ongoing operations. In particular, the definition of Adjusted EBITDA in the Revolving Credit Agreement allows us to add back certain non-cash, extraordinary, unusual or non-recurring charges that are deducted in calculating net income. However, these are expenses that may recur, vary greatly and are difficult to predict.

Adjusted EBITDA as presented below should not be used by investors as an indicator of performance for any future period. Further, our debt instruments require that it be calculated for the most recent four fiscal quarters. As a result, the measure can be disproportionately affected by a particularly strong or weak quarter. Further, it may not be comparable to the measure for any subsequent four quarter period or any complete fiscal year. In addition, our debt instruments require that the leverage ratio be calculated on a pro forma basis for certain transactions including acquisitions as if such transactions had occurred on the first date of the measurement period and may include expected cost savings and synergies resulting from or related to any such transaction. There can be no assurances that any such cost savings or synergies will be achieved in full.

In addition, Adjusted EBITDA is a key measure used by our management to understand and evaluate our operating performance, generate future operating plans and make strategic decisions regarding the allocation of capital. Adjusted EBITDA has limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of our results as reported under U.S. GAAP. Some of those limitations include: (1) it does not reflect the periodic costs of certain capitalized tangible and intangible assets used in generating revenue for our business; (2) it does not reflect the significant interest expense or cash requirements necessary to service interest or principal payments on our indebtedness; and (3) it does not reflect every cash expenditure, future requirements for capital expenditures or contractual commitments. In particular, this measure adds back certain non-cash, extraordinary, unusual or non-recurring charges that are deducted in calculating net income; however, these are expenses that may recur, vary greatly and are difficult to predict. In addition, Adjusted EBITDA is not the same as net income or cash flow provided by operating activities as those terms are defined by U.S. GAAP and does not necessarily indicate whether cash flows will be sufficient to fund cash needs. Accordingly, Adjusted EBITDA should be considered in addition to, not as a substitute for, net income (loss) and other measures of financial performance reported in accordance with U.S. GAAP.

The following is a reconciliation of net income (loss), which is a U.S. GAAP measure of our operating results, to Adjusted EBITDA as defined, for the most recently ended four fiscal quarters, or the twelve months ended December 31, 2021, for the twelve months ended December 31, 2020 and for the three months ended December 31, 2021 and December 31, 2020. In addition, the reconciliation includes the calculation of the Senior Secured Indebtedness to Adjusted EBITDA ratio, which we refer to as the Leverage Ratio, under the Revolving Credit Agreement for the most recently ended four fiscal quarters, or the twelve months ended December 31, 2021. The terms and related calculations are defined in the Revolving Credit Agreement. All amounts in the reconciliation below reflect Acquisition Corp. (in millions, except ratios):

	Twelve Months Ended December 31,		Three Months Ended December 31,	
	2021	2020	2021	2020
Net Income (Loss)	$ 396	$ (493)	$ 188	$ 99
Income tax expense	189	53	75	35
Interest expense, net	121	125	30	31
Depreciation and amortization	316	261	81	71
Loss on extinguishment of debt (a)	22	34	—	—
Net gain on divestitures and sale of securities (b)	(3)	(1)	—	—
Restructuring costs (c)	30	20	4	3
Net hedging and foreign exchange (gains) losses (d)	(78)	104	(41)	48
Management fees (e)	—	17	—	—
Transaction costs (f)	17	76	7	—
Business optimization expenses (g)	48	37	14	8
Non-cash stock-based compensation expense (h)	62	621	23	6
Other non-cash charges (i)	8	(5)	(11)	(14)
Pro forma impact of cost savings initiatives and specified transactions (j)	79	55	19	10
Adjusted EBITDA	**$ 1,207**	**$ 904**	**$ 389**	**$ 297**
Senior Secured Indebtedness (k)	**$ 3,721**			
Leverage Ratio (l)	**3.08x**			

(a) Reflects loss on extinguishment of debt, primarily including tender fees and unamortized deferred financing costs.

(b) Reflects net gain on sale of securities and divestitures.

(c) Reflects severance costs and other restructuring related expenses.

(d) Reflects unrealized losses (gains) due to foreign exchange on our Euro-denominated debt, losses (gains) from hedging activities and intercompany transactions.

(e) Reflects management fees and related expenses paid to Access pursuant to the management agreement, which was terminated upon completion of the IPO in June 2020.

(f) Reflects mainly transaction and qualifying IPO costs.

(g) Reflects costs associated with our transformation initiatives and IT system updates, which includes costs of $10 million and $37 million related to our finance transformation for the three and twelve months ended December 31, 2021, respectively, as well as $6 million and $27 million for the three and twelve months ended December 31, 2020, respectively.

(h) Reflects non-cash stock-based compensation expense related to the Omnibus Incentive Plan and the Warner Music Group Corp. Senior Management Free Cash Flow Plan.

(i) Reflects non-cash activity, including the unrealized losses (gains) on the mark-to-market of equity investments, investment losses (gains) and other non-cash impairments.

(j) Reflects expected savings resulting from transformation initiatives and the pro forma impact of certain specified transactions for the three and twelve months ended December 31, 2021. Certain of these cost savings initiatives and transactions impacted quarters prior to the quarter during which they were identified within the last twelve-month period. The pro forma impact of these specified transactions and initiatives resulted in a $31 million increase in the twelve months ended December 31, 2021 Adjusted EBITDA.

(k) Reflects the balance of senior secured debt at Acquisition Corp. of approximately $3.846 billion and the balance of current notes payable of approximately $125 million less cash of $250 million.

(l) Reflects the ratio of Senior Secured Indebtedness, including Revolving Credit Agreement Indebtedness, to Adjusted EBITDA. This is calculated net of cash and equivalents of the Company as of December 31, 2021 not exceeding $250 million. If the outstanding aggregate principal amount of borrowings and drawings under letters of credit which have not been reimbursed under our Revolving Credit Facility is greater than $105 million at the end of a fiscal quarter, the maximum leverage ratio permitted under the Revolving Credit Facility is 5.00:1.00. The Company's Revolving Credit Facility does not

impose any “leverage ratio” maintenance requirement on the Company when the aggregate principal amount of borrowings and drawings under letters of credit, which have not been reimbursed under the Revolving Credit Facility, is less than or equal to $105 million at the end of a fiscal quarter. On May 4, 2021, certain covenants set forth in our Revolving Credit Facility were suspended, including the restriction on incurring certain additional indebtedness, based on the determination that the total indebtedness to EBITDA ratio is below the required threshold specified therein.

Summary

Management believes that funds generated from our operations and borrowings under the Revolving Credit Facility and available cash and equivalents will be sufficient to fund our debt service requirements, working capital requirements and capital expenditure requirements for the foreseeable future. We also have additional borrowing capacity under our indentures and the Senior Term Loan Facility. However, our ability to continue to fund these items and to reduce debt may be affected by general economic, financial, competitive, legislative and regulatory factors, as well as other industry-specific factors such as the ability to control music piracy and the continued transition from physical to digital formats in the recorded music and music publishing industries. It could also be affected by the severity and duration of natural or man-made disasters, including pandemics such as COVID-19. We and our affiliates continue to evaluate opportunities to, from time to time, depending on market conditions and prices, contractual restrictions, our financial liquidity and other factors, seek to pay dividends or prepay outstanding debt or repurchase or retire Acquisition Corp.’s outstanding debt or debt securities or repurchase our outstanding equity securities in open market purchases, privately negotiated purchases or otherwise. The amounts involved in any such transactions, individually or in the aggregate, may be material and may be funded from available cash or from additional borrowings. In addition, from time to time, depending on market conditions and prices, contractual restrictions, our financial liquidity and other factors, we may seek to refinance the Senior Credit Facilities or our outstanding debt or debt securities with existing cash and/or with funds provided from additional borrowings.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As discussed in Note 15 to our audited consolidated financial statements for the fiscal year ended September 30, 2021, the Company is exposed to market risk arising from changes in market rates and prices, including movements in foreign currency exchange rates and interest rates. As of December 31, 2021, other than as described below, there have been no material changes to the Company's exposure to market risk since September 30, 2021.

Foreign Currency Risk

Within our global business operations we have transactional exposures that may be adversely affected by changes in foreign currency exchange rates relative to the U.S. dollar. We may at times choose to use foreign exchange currency derivatives, primarily forward contracts, to manage the risk associated with the volatility of future cash flows denominated in foreign currencies, such as unremitted or future royalties and license fees owed to our U.S. companies for the sale or licensing of U.S.-based music and merchandise abroad that may be adversely affected by changes in foreign currency exchange rates. We focus on managing the level of exposure to the risk of foreign currency exchange rate fluctuations on major currencies, which can include the Euro, British pound sterling, Japanese yen, Canadian dollar, Swedish krona, Australian dollar, Brazilian real, Korean won and Norwegian krone, and in many cases we have natural hedges where we have expenses associated with local operations that offset the revenue in local currency and our Euro-denominated debt, which can offset declines in the Euro. As of December 31, 2021, the Company had outstanding hedge contracts for the sale of $317 million and the purchase of $218 million of foreign currencies at fixed rates. Subsequent to December 31, 2021, certain of our foreign exchange contracts expired.

The fair value of foreign exchange contracts is subject to changes in foreign currency exchange rates. For the purpose of assessing the specific risks, we use a sensitivity analysis to determine the effects that market risk exposures may have on the fair value of our financial instruments. For foreign exchange forward contracts outstanding at December 31, 2021, we typically perform a sensitivity analysis assuming a hypothetical 10% depreciation of the U.S. dollar against foreign currencies from prevailing foreign currency exchange rates and assuming no change in interest rates. The fair value of the foreign exchange forward contracts would have decreased by $10 million based on this analysis. Hypothetically, even if there was a decrease in the fair value of the forward contracts, because our foreign exchange contracts are entered into for hedging purposes, these losses would be largely offset by gains on the underlying transactions.

Interest Rate Risk

We had $3.892 billion of principal debt outstanding at December 31, 2021, of which $1.145 billion was variable-rate debt and $2.747 billion was fixed-rate debt. As such, we are exposed to changes in interest rates. At December 31, 2021, 71% of the Company's debt was at a fixed rate. In addition, as of December 31, 2021, we have the option under all of our floating rate debt under the Senior Term Loan Facility to select a one, two, three or six month LIBOR rate. To manage interest rate risk on $1.145 billion of U.S. dollar-denominated variable-rate debt, the Company has entered into interest rate swaps to effectively convert the floating interest rates to a fixed interest rate on a portion of its variable-rate debt. As a result, as of December 31, 2021, 92% of the Company's debt was effectively at a fixed rate. As of December 31, 2021, the Company's interest rate swaps are expected to mature within two years.

Based on the level of interest rates prevailing at December 31, 2021, the fair value of the Company's fixed-rate and variable-rate debt was approximately $3.875 billion. Further, as of December 31, 2021, based on the amount of the Company's fixed-rate debt, a 25 basis point increase or decrease in the level of interest rates would decrease the fair value of the fixed-rate debt by approximately $44 million or increase the fair value of the fixed-rate debt by approximately $34 million. This potential fluctuation is based on the simplified assumption that the level of fixed-rate debt remains constant with an immediate across the board increase or decrease in the level of interest rates with no subsequent changes in rates for the remainder of the period.

Inflation Risk

Inflationary factors such as increases in overhead costs may adversely affect our results of operations. We do not believe that inflation has had a material effect on our business, financial condition or results of operations to date. If our costs were to become subject to significant inflationary pressures, we may not be able to fully offset such higher costs through price increases for services. Our inability or failure to do so could harm our business, financial condition or results of operations.

ITEM 4. CONTROLS AND PROCEDURES

Certification

The certifications of the principal executive officer and the principal financial officer (or persons performing similar functions) required by Rules 13a-14(a) and 15d-14(a) of the Exchange Act (the "Certifications") are filed as exhibits to this report. This section of the report contains the information concerning the evaluation of the Company's disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) ("Disclosure Controls") and changes to internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) ("Internal Controls") referred to in the Certifications and this information should be read in conjunction with the Certifications for a more complete understanding of the topics presented.

Introduction

The SEC's rules define "disclosure controls and procedures" as controls and procedures that are designed to ensure that information required to be disclosed by public companies in the reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by public companies in the reports that they file or submit under the Exchange Act is accumulated and communicated to a company's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

The SEC's rules define "internal control over financial reporting" as a process designed by, or under the supervision of, a public company's principal executive and principal financial officers, or persons performing similar functions, and effected by the Company's board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles, or U.S. GAAP, including those policies and procedures that: (i) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Company, (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. GAAP, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

The Company's management, including its principal executive officer and principal financial officer, does not expect that our Disclosure Controls or Internal Controls will prevent or detect all error and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of the limitations in any and all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. Further, the design of any control system is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Because of these inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected even when effective Disclosure Controls and Internal Controls are in place.

Evaluation of Disclosure Controls and Procedures

Based on management's evaluation (with the participation of the Company's principal executive officer and principal financial officer), as of the end of the period covered by this report, the Company's principal executive officer and principal financial officer have concluded that the Company's Disclosure Controls are effective to provide reasonable assurance that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act will be recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, including that such information is accumulated and communicated to management, including the principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting or other factors that occurred during the three months ended December 31, 2021 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting. The Company has not experienced any material impact to our internal controls over financial reporting despite the fact that most of our employees continue to work remotely due to the COVID-19 global pandemic. The Company will continue to monitor and assess the impact of the COVID-19 situation and our ability to maintain the design and operating effectiveness of internal controls over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

From time to time the Company is involved in claims and legal proceedings that arise in the ordinary course of business. The Company is currently subject to several such claims and legal proceedings. Based on currently available information, the Company does not believe that resolution of pending matters will have a material adverse effect on its financial condition, cash flows or results of operations. However, litigation is subject to inherent uncertainties, and there can be no assurances that the Company's defenses will be successful or that any such lawsuit or claim would not have a material adverse impact on the Company's business, financial condition, cash flows and results of operations in a particular period. Any claims or proceedings against the Company, whether meritorious or not, can have an adverse impact because of defense costs, diversion of management and operational resources, negative publicity and other factors.

ITEM 1A. RISK FACTORS

There are no material changes to the risk factors discussed in our Annual Report on Form 10-K for the fiscal year ended September 30, 2021.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Not applicable.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

Not applicable.

ITEM 6. EXHIBITS

The agreements and other documents filed as exhibits to this report are not intended to provide factual information or other disclosure other than with respect to the terms of the agreements or other documents themselves, and you should not rely on them for that purpose. In particular, any representations and warranties made by us in these agreements or other documents were made solely within the specific context of the relevant agreement or document and may not describe the actual state of affairs as of the date they were made or at any other time.

Exhibit Number	Exhibit Description
2.1*^	Agreement and Plan of Merger, dated as of December 16, 2021, by and among Warner Music Inc., MM Investment LLC, Trifecta Merger Subsidiary LLC, Buyer Representative, Theory Entertainment LLC, and Seller
10.1*†	Form of Award Agreement under Warner Music Group Corp. 2020 Omnibus Incentive Plan
31.1*	Certification of the Chief Executive Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act, as amended
31.2*	Certification of the Chief Financial Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act, as amended
32.1**	Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2**	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
104*	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Filed herewith.

** Pursuant to SEC Release No. 33-8212, this certification will be treated as "accompanying" this Quarterly Report on Form 10-Q and not "filed" as part of such report for purposes of Section 18 of the Securities Exchange Act, as amended, or otherwise subject to the liability of Section 18 of the Securities Exchange Act, as amended, and this certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, except to the extent that the registrant specifically incorporates it by reference.

^ Portions of this exhibit (indicated by asterisks) have been redacted in accordance with Item 601(b)(2) of Regulation S-K.

† Identifies each management contract or compensatory plan or arrangement in which directors and/or executive officers are eligible to participate.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

February 8, 2022

WARNER MUSIC GROUP CORP.

By: /s/ STEPHEN COOPER
Name: **Stephen Cooper**
Title: **Chief Executive Officer**
(Principal Executive Officer)

By: /s/ LOUIS DICKLER
Name: **Louis Dickler**
Title: **Acting Chief Financial Officer**
(Principal Financial Officer and Principal Accounting Officer)

CERTAIN IDENTIFIED INFORMATION HAS BEEN EXCLUDED FROM THIS EXHIBIT BECAUSE IT IS BOTH NOT MATERIAL AND IS THE TYPE THAT THE REGISTRANT TREATS AS PRIVATE OR CONFIDENTIAL. THE REDACTED TERMS HAVE BEEN MARKED WITH THREE ASTERISKS [***]

EXECUTION VERSION
CONFIDENTIAL

AGREEMENT AND PLAN OF MERGER

by and among

Warner Music Inc.,

MM Investment LLC,

Trifecta Merger Subsidiary LLC,

Buyer Representative,

Theory Entertainment LLC,

and

Seller Representative

Dated as of December 16, 2021

TABLE OF CONTENTS

AGREEMENT AND PLAN OF MERGER

THIS AGREEMENT AND PLAN OF MERGER (this "Agreement"), is entered into as of December 16, 2021 (the "Effective Date"), by and among (i) Warner Music Inc., a Delaware corporation ("Buyer 1"); (ii) MM Investment LLC, a Delaware limited liability company ("Buyer 2", and together with Buyer 1, the "Buyers"); (iii) Trifecta Merger Subsidiary LLC, a Delaware limited liability company ("Merger Sub"); (iv) the Buyer Representative; (v) Theory Entertainment LLC d/b/a 300 Entertainment, a Delaware limited liability company (the "Company"); and (vi) the Seller Representative.

RECITALS

WHEREAS, the Sellers collectively own one hundred percent (100%) of the issued and outstanding Equity Securities (collectively, the "Securities") of the Company;

WHEREAS, the Buyers own, collectively, one hundred percent (100%) of the issued and outstanding Equity Securities of Merger Sub;

WHEREAS, the Buyers, Merger Sub, and the Company desire to enter into this Agreement pursuant to which Merger Sub, a wholly-owned subsidiary of the Buyers, will merge with and into the Company (the "Merger"), such that the Company will continue as the surviving company of the Merger and will become a wholly-owned subsidiary of the Buyers;

WHEREAS, the board of managers of the Company has adopted the Board Consent which, among other things, unanimously approved and declared advisable and in the best interests of the Company for the Company to enter into this Agreement and consummate the transactions contemplated hereby, including the Merger;

WHEREAS, the board of directors of Buyer 1 has approved and declared advisable and in the best interests of Buyer 1 to enter into this Agreement and consummate the transactions contemplated hereby, including the Merger;

WHEREAS, the board of directors of Buyer 2 has approved and declared advisable and in the best interests of Buyer 2 to enter into this Agreement and consummate the transactions contemplated hereby, including the Merger; and

WHEREAS, the manager of Merger Sub has approved this Agreement and the consummation of the transactions contemplated hereby, including the Merger.

NOW THEREFORE, in consideration of the foregoing and the respective representations, warranties, covenants and agreements contained herein, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Parties, intending to be legally bound, agree as follows.

ARTICLE 1

DEFINITIONS

1.1 Definitions. The following capitalized terms shall have the following meanings for all purposes of this Agreement.

"Act" means the Delaware Limited Liability Company Act.

"Action" means any action, audit, suit, assessment, hearing, summons, citations, cease and desist letter, inquiry or subpoena, claim, investigation (in each case, whether civil, criminal, administrative, or investigative) or other legal proceeding (including any mediation, administrative proceeding or arbitration proceeding) of any kind or nature whatsoever, civil, criminal, regulatory or otherwise, at law or in equity, in each case, commenced, brought, conducted or heard by or before, or otherwise involving, a Governmental Authority or any other Person acting under authority of Law.

"Affiliate" means, as to any Person, any other Person which directly or indirectly through one or more intermediaries controls, is controlled by, or is under common control with such first Person. For purposes of this definition, "control" of a Person means the power to direct or cause the direction of the management and policies of such first Person, directly or indirectly, whether through the ownership of Equity Securities, by Contract or otherwise, and the terms "controlling" and "controlled" have correlative meanings. Notwithstanding the foregoing, for purposes of this Agreement (x) no Seller, the Company, any Subsidiary of the Company, or any of their respective Subsidiaries or Representatives shall be considered an Affiliate of any Buyer; *provided, however*, that the Company shall be considered an Affiliate of the Buyers following the Closing; (y) none of the Company, any Subsidiary of the Company, the Buyers, any direct or indirect equity holder of the Buyers, or any of their respective Subsidiaries, or any of their respective Representatives, shall be considered an Affiliate of any Seller; and (z) with respect to the Buyers, only entities below (i.e., owned directly or indirectly by) Warner Music Group Corp. (which includes Merger Sub) shall be considered an Affiliate of any Buyer.

"Applicable Accounting Principles" means (a) the accounting principles, policies, procedures, categorizations, definitions, methods, practices and techniques set forth in Annex A; and (b) to the extent not addressed by Annex A, GAAP.

"Arbitration Firm" means a nationally recognized independent public accounting firm as shall be agreed upon by the Buyer Representative and the Seller Representative in writing.

"Arbitration Provisions" means the provisions set forth in Exhibit G.

"Atlantic" means Atlantic Recording Corporation.

"[***]" means [***].

"Audiovisual Works" means all audiovisual works embodying any portion of any Catalog Master.

"Base Price" means an amount equal to Four Hundred Million Dollars ($400,000,000).

"Board Consent" means the unanimous written consent of the board of managers of the Company in which the board of managers of the Company (a) approved the Contemplated Transaction and each of the Transaction Documents; and (b) appointed the Seller Representative to represent the interests of the Company and the Sellers in connection with the Contemplated Transactions (such appointment to be ratified by certain Sellers pursuant to the Sellers Consent).

"Business Day" means any day that is not a Saturday, Sunday, a statutory or civic holiday in the state of New York, or any other day on which banking institutions in New York, New York are authorized or required by Law to close.

"Buyer Distribution Agreement" means that certain Agreement, dated as of October 29, 2013, by and between Atlantic and the Company, as amended by that certain Amendment, dated as of October 31, 2016, and that certain Amendment, dated as of September 25, 2019.

"Buyers Fundamental Representations" means the representations and warranties of the Buyers set forth in Section 6.1 (Organization), Section 6.2 (Authority), Section 6.3 (Binding Obligation), and Section 6.8 (No Brokers).

"Buyer Representative" means Warner Music Inc, who has been appointed, pursuant to Article 11 of this Agreement, to represent the interests of the Buyers in connection with the Contemplated Transactions.

"Buyer 1 Secretary's Certificate" means a certificate of an authorized officer or other authorized signatory of Buyer 1 certifying that attached thereto are true and complete copies of all resolutions adopted by the board of directors of Buyer 1 authorizing the execution, delivery and performance of this Agreement and the other Transaction Documents and the consummation of the Contemplated Transactions, and that all such resolutions are in full force and effect and are all resolutions adopted in connection with the Contemplated Transactions.

"Buyer 2 Secretary's Certificate" means a certificate of an authorized officer or other authorized signatory of Buyer 2 certifying that attached thereto are true and complete copies of all resolutions adopted by the manager of Buyer 2 authorizing the execution, delivery and performance of this Agreement and the other Transaction Documents and the consummation of the Contemplated Transactions, and that all such resolutions are in full force and effect and are all resolutions adopted in connection with the Contemplated Transactions.

"CARES Act" means the Coronavirus Aid, Relief, and Economic Security Act (Pub. L. No. 116-136 (H.R. 748)) and any and all Laws promulgated thereunder (including any SBA rules, regulations and guidance).

"Catalog Master" means any Recording included in the Company Assets, whether or not currently commercially available, and any Copyrights therein.

"Closing Merger Consideration" means an amount equal to, subject to adjustment as provided in Article 2, (a) the sum of (i) the Base Price; (ii) the Estimated Company Cash; and (iii) the Estimated Working Capital Overage, if any; *minus* (b) the sum of (i) Estimated Company

Indebtedness; (ii) the Estimated Company Expenses; (iii) the Estimated Working Capital Underage, if any; and (iv) the Escrow Amount.

"Closing Working Capital" means the amount of Working Capital as of immediately prior to the Closing.

"Code" means the Internal Revenue Code of 1986, as amended.

"Common Units" has the meaning set forth in the Company Operating Agreement.

"Company Assets" means all of the assets and properties owned by or licensed to the Company or any Subsidiary(ies) of the Company, including the Company's and each Subsidiary of the Company's right, title and interest (including all present and future rights and interests) therein and thereto.

"Company Business" means the business of the Company and each Subsidiary of the Company, as operated immediately prior to the consummation of the Contemplated Transactions.

"Company Cash" means all cash, cash equivalents, and marketable securities (with respect to cash equivalents and marketable securities, to the extent convertible to cash within thirty (30) days) (including any uncleared checks and drafts or wire transfers received or deposited or available for deposit for the account of the Company or any Subsidiary of the Company that are not yet credited, but excluding restricted cash, security deposits, outbound wires and net of all outstanding checks and drafts drawn on the account of the Company or any Subsidiary of the Company but not yet cleared) of the Company and each Subsidiary of the Company as of immediately prior to the Closing, determined in accordance with the Applicable Accounting Principles.

"Company Contracts" means all Contracts (and all rights and claims arising with respect to or under such Contracts) to which the Company or any Subsidiary of the Company is a party, including the following categories: (a) all Label Artist Agreements; (b) all soundtrack, original cast recording or compilation album Contracts, or any Contract relating to the distribution, production or funding of Catalog Masters; (c) all Merchandise Agreements; (d) all exclusive producer, mixer, remixer and featured artist Contracts or other producer, mixer, remixer and featured artist Contracts pursuant to which such Person is obligated to perform services in connection with any Recordings; (e) all collateral entertainment activities (including passive participation in touring and sponsorship/endorsement) Contracts (or so-called "360 rights"); (f) all fan club Contracts; (g) all VIP/ticketing Contracts; (h) all Contracts related to finder deals, including any label deals; (i) any profit share Contracts involving any Label Artist; (j) all marketing or promotional services Contracts involving any Label Artist; and (k) all audit or settlement Contracts involving any Label Artist.

"Company Disclosure Schedules" means the disclosure schedules delivered by the Seller Representative to the Buyer Representative on the Closing Date.

"Company Expenses" means (a) all costs, fees and expenses incurred or subject to reimbursement by the Company and the Subsidiaries of the Company (or of any Seller to the

extent payable or to be paid by the Company or any Subsidiary of the Company), whether accrued for or not, that remain unpaid as of immediately prior to the Closing in connection with or in anticipation of the negotiation, execution and delivery of this Agreement and the other Transaction Documents or the consummation of the Contemplated Transactions, including legal, accounting, investment banking, advisory and other costs, fees and expenses; (b) all change of control, transaction, retention or similar payments or benefits that may be payable in connection with or in anticipation of the negotiation, execution and delivery of this Agreement and the other Transaction Documents or the consummation of the Contemplated Transactions, in each case, that is payable to any Employee of the Company or any Subsidiary of the Company, and the employer portion of employment and all other related Taxes attributable to such payments; and (c) fifty percent (50%) of any Conveyance Taxes; *provided*, that Company Expenses shall not include any amount that is included in Company Indebtedness, in each case as of immediately prior to the Closing.

"Company Fundamental Representations" means the representations and warranties of the Sellers set forth in Section 4.1 (Organization), Section 4.2 (Authority), Section 4.3 (Binding Obligation), Section 4.4 (No Conflicts), Section 4.6 (The Securities), Section 5.1 (Organization and Authority), Section 5.2(a) through (d) (Capitalization of the Company; Subsidiaries; Organizational Documents), Section 5.3 (No Conflicts), Section 5.19 (Affiliate Transactions), and Section 5.20 (No Brokers).

"Company Indebtedness" means all Indebtedness of the Company and each Subsidiary of the Company existing as of immediately prior to the Closing.

"Company Operating Agreement" means the Fourth Amended and Restated Operating Agreement of the Company, dated as of March 26, 2020.

"Company Owned Intellectual Property" means any Intellectual Property owned or purported to be owned by the Company or any Subsidiary(ies) of Company.

"Company Privacy Policy" means any (a) external or internal past or present data protection, data usage, privacy and security policies of the Company and any Subsidiary of the Company; (b) public statements or commitments by the Company or any Subsidiary of the Company; and (c) policies and obligations applicable to the Company and any Subsidiary of the Company as a result of any certification, in each case relating to: (i) the privacy of individuals in connection with any website or any product of the Company and any Subsidiary of the Company; (ii) the collection, storage, disclosure, security, processing and Transfer of any Personal Data; and (iii) any Employee information.

"Company Secretary's Certificate" means a certificate of an authorized officer or other authorized signatory of the Company certifying that attached thereto are true and complete copies of all resolutions adopted by the board of managers of the Company authorizing the execution, delivery and performance of this Agreement and the other Transaction Documents and the consummation of the Contemplated Transactions, and that all such resolutions are in full force and effect and are all resolutions adopted in connection with the Contemplated Transactions.

"Company Works" means, collectively, all Catalog Masters, Audiovisual Works, Recording Artwork, and Material.

"Composition" means any musical composition or medley consisting of words or music, or any dramatic material and bridging passages, whether in the form of instrumental or vocal music, prose or otherwise, irrespective of length.

"Confidentiality Agreement" means that certain Mutual Confidentiality, Non-Disclosure, and Non-Solicitation Agreement, dated as of May 15, 2021, by and between Warner Music Inc. and the Company, as amended by that certain Addendum to Confidentiality Agreement, dated as of July 2, 2021, by and between the same parties.

"Contemplated Transactions" means the transactions contemplated by this Agreement and the other Transaction Documents, including the Merger.

"Continuing Employee" means each Employee of the Company or any Subsidiary of the Company who remains employed by the Company or any Subsidiary of the Company following the Closing, but only to the extent he or she remains so employed.

"Contract" means any contract, agreement, arrangement, license, sublicense, conditional sales contract, mortgage, franchise agreement, legally binding obligation or promise, undertaking, option, warrant, indenture, deed of trust, note, bond, loan, lease, sublease, guarantee, sale or purchase order or other similar binding commitment or contractual right (in each case, whether written or oral). The term "Contractual," "Contractually," and other forms of the word "Contract," shall have correlative meanings.

"Copyright" means any and all U.S. and foreign common law and statutory copyrights, works of authorship, Moral Rights, rights in copyrights (including the right to make publication thereof for copyright purposes, to register claims under copyright, the right to renew and extend such copyrights and the right to sue for past, present and future infringements of copyright), interests in copyrights, all applications for copyrights, registrations of copyrights, reversions, renewals and extensions of copyrights, and rights in any other copyrightable subject matter throughout the world and universe, whether vested, contingent or inchoate, and whether now in existence, or coming into existence as the result of future legislation or the interpretation thereof.

"Current Assets" means, as of any date, the consolidated current assets of the Company and each of the Subsidiaries of the Company, determined in accordance with the Applicable Accounting Principles and, for the avoidance of doubt, excluding any Company Cash and any Tax assets.

"Current Liabilities" means, as of any date, the consolidated current liabilities of the Company and each of the Subsidiaries of the Company, determined in accordance with the Applicable Accounting Principles and, for the avoidance of doubt, excluding any Company Indebtedness and Company Expenses and any Tax liabilities.

"Data Breach" means the unauthorized access, use, disclosure, acquisition, or modification of Personal Data or any other data security incident requiring notification to impacted Persons or regulators under applicable Privacy Requirements.

"Domain Names" means any and all URLs, domain names or other similar user interfaces.

"Employee" means, with respect to any Person, any current, former or retired employees, officers, consultants, independent contractors, agents and directors of such Person.

"Employment Agreement" means the Employment Agreement by and between Elektra Music Group Inc., on the one hand, and [***], on the other hand, which shall become effective on the Closing, in form and substance mutually agreed prior to the Effective Date.

"Encumbrance" means, collectively, any and all liens, claims, mortgages, deeds of trust, deeds to secure debt, pledges, conditional sales Contracts, restrictions, decrees, awards, orders, options, warrants, rights of first or last refusal or first or last options to purchase, options, hypothecations, charges, preferences, priorities, rights of way, easements, adverse claims of ownership, covenants (including covenants not to sue or otherwise enforce), conditions, title defaults or defects, encroachments, security interests or other encumbrances, in each case, whether voluntarily incurred or arising by operation of Law, and whether or not perfected, or other encumbrances that do, or are reasonably likely to, diminish, eliminate or hinder any exercise by the Company of any rights in or to the Company Assets at any time on or after the Closing Date.

"Equity Security" means: (a) any capital stock, membership interests or other equity security; (b) any security directly or indirectly convertible into or exchangeable for any capital stock, membership interests or other equity security or security containing any profit participation features; (c) any Contracts, warrants, options or other rights, directly or indirectly, to subscribe for or to purchase any capital stock, membership interests, other equity security or security containing any profit participation features or directly or indirectly to subscribe for or to purchase any security directly or indirectly convertible into or exchangeable for any capital stock, membership interests or other equity security or security containing profit participation features; or (d) any stock appreciation rights, phantom stock or equity rights or other similar rights arising by Contract or otherwise.

"ERISA" means the Employee Retirement Income Security Act of 1974.

"ERISA Affiliate" means any entity, trade or business, whether or not incorporated, that together with the Company or any Subsidiary of the Company would be treated as a "single employer" within the meaning of Section 414(b), (c), (m), or (o) of the Code or Section 4001(b) of ERISA.

"Escrow Agent" means Citibank, N.A.

"Escrow Agreement" means an escrow agreement to be entered into on the Closing Date by the Buyer Representative, the Seller Representative and the Escrow Agent in respect of the Escrow Amount, substantially in the form attached hereto as Exhibit B.

"Escrow Amount" means, collectively, the Purchase Price Adjustment Escrow Amount, the Sellers Consent Escrow Amount and the [***]t Escrow Amount.

"Estimated Working Capital Overage" means the amount by which the Estimated Working Capital exceeds the Target Working Capital, if any.

"Estimated Working Capital Underage" means the amount by which the Target Working Capital exceeds the Estimated Working Capital, if any.

"Exploitation" means, regarding any Catalog Master, Recording, or other Intellectual Property, the exhibition, distribution, transmission, broadcast, telecast, performance, license, sublicense, reproduction, marketing or otherwise commercially exploiting thereof by any and all means, methods, processes, media devices and delivery systems of every kind or character, whether now known or hereafter created. "Exploit" means to cause the Exploitation.

"Fraud" means, with respect to any Person, actual or intentional fraud (not constructive fraud or negligent misrepresentation).

"GAAP" means United States generally accepted accounting principles.

"Governmental Authority" means: (a) any nation or government; (b) any state, province, municipality or other political subdivision thereof; (c) any entity exercising executive, legislative, judicial, taxing, regulatory or administration functions of or pertaining to government; (d) any governmental authority, agency or instrumentality, department, board, bureau, commission or instrumentality; (e) any court, tribunal, arbitrator or arbitral body (public or private) of competent jurisdiction; or (f) any self-regulatory organization.

"Indebtedness" means, with respect to any Person and without duplication: (a) any indebtedness or other obligation for borrowed money (including, for the avoidance of doubt, all amounts owed pursuant to the Pinnacle Loan and Security Agreement to the extent unpaid as of immediately prior to the Closing), whether current, short-term or long-term and whether secured or unsecured; (b) any amounts owing as deferred purchase price for property, equity, assets, goods or services, whether or not contingent and including any "earn out" or similar payments or obligations (calculated assuming such amounts are due in full as of immediately prior to the Closing); (c) any indebtedness or obligations evidenced by any note, bond, debenture, mortgage, Contract or other security or similar instrument; (d) any Liabilities with respect to interest rate or currency swaps, collars, caps, rate protection or similar hedging Contracts; (e) any obligations as an account party in respect of letters of credit or under any surety or performance bond, bankers' acceptances or any bank overdrafts and similar charges; (f) any obligations under leases (or other arrangement conveying the right to use, including capital or finance leases) required by GAAP to be capitalized on a balance sheet; (g) (i) any unpaid severance payments, and the value of any outstanding severance benefits, now or hereafter owed to any Employee of the Company or any Subsidiary of the Company (or any Employee of the Company or any Subsidiary of the Company who has received or provided notice of a termination of employment); (ii) any earned but unpaid bonuses (including find & sign/mind, A&R or other similar plan bonuses) with respect to any Employee of the Company or any Subsidiary of the Company; (iii) any paid time off (including accrued but unused vacation time) with respect to periods prior to January 1, 2021 owed to any Employee of the Company or any Subsidiary of the Company; and (iv) any deferred compensation obligations earned by any Employee of the Company or any Subsidiary of the Company, in the case of each of the foregoing subclauses (i) through (iv), including the

employer portion of employment and all other related Taxes; (h) any unfunded or underfunded pension or pension-like Liabilities and any unfunded or underfunded post-retirement and post-employment benefits Liabilities; (i) any Liabilities under any conditional sale or other title retention Contracts; (j) accrued but unpaid Liabilities to any Affiliate of the Company or any Subsidiary of the Company (other than any Person which will be 100% owned directly or indirectly by the Buyers immediately following the Closing); (k) deferred rent obligations; (l) any deferred revenue; (m) any amounts owed to any Seller or any Affiliate or direct or indirect equityholder of any Seller (including any fees payable pursuant to any advisory, consulting or management Contracts or any other similar Contract with any such Person); (n) any guarantees (including under any "keep well" or similar arrangement) or security with respect to any indebtedness of another Person of a type described in clauses (a) through (m) above; (o) any accrued and unpaid interest and fees on any indebtedness described in clauses (a) through (m) above; (p) any termination fees, prepayment penalties, "breakage" costs, charges, redemption fees, premiums or similar payments associated with the repayment on the Closing Date of any indebtedness described in clauses (a) through (m) above; (q) any Pre-Closing Taxes (if and to the extent such amount is not less than zero) that are unpaid as of immediately prior to the Closing (whether or not due and payable as of immediately prior to the Closing Date, but excluding any disputed or contingent Taxes except to the extent that a reserve is required to be established by GAAP); (r) the incremental amount of any New York City Unincorporated Business Tax (UBT) to be incurred by the Company or any Subsidiary of the Company (less any credit of a portion of UBT against GCT obligations) during the period beginning on the day after the Closing Date through (and including) December 31, 2021(the "UBT Measurement Period") compared to the amount of UBT and New York City General Corporation Tax (GCT) that would have been incurred by the Company or any Subsidiary of the Company for the UBT Measurement Period if the Company's status as a partnership for tax purposes had terminated as of the Closing Date (including any credit of UBT against GCT), in each case, determined in accordance with the past practices of the Company and its Subsidiaries; and (s) Twenty Five Thousand Dollars ($25,000) for preparing any Straddle Period Flow-Through Return. For the avoidance of doubt, Indebtedness shall not include: (i) any obligations under any performance bond or letter of credit to the extent undrawn or uncalled; (ii) any Indebtedness incurred by the Buyers, Merger Sub, or any of their respective Affiliates (and subsequently assumed by the Company) including as a result of financing on the Closing Date; or (iii) any royalty obligations or any other ordinary course obligations payable pursuant to Label Artist Agreements.

"Intellectual Property" means, on a worldwide basis, any and all intellectual property, industrial or proprietary rights (by whatever name or term known or designated) arising under law or equity, whether or not filed, perfected, registered or recorded and whether now or later existing, filed, issued or acquired, including: (a) any and all United States and foreign patents and utility models and equivalent or similar rights anywhere in the world ("Patents"); (b) any and all United States and foreign Copyrights and neighboring rights; (c) any and all United States and foreign trademarks, service marks, trade names, trade dress, logos, mottos, slogans, taglines, corporate names, product names, service names, character names and Domain Names and addresses, and all other indicia of commercial source or origin of a product or a service, and all goodwill associated therewith and symbolized thereby throughout the world (collectively, "Trademarks"); (d) any and all trade secrets under applicable law, and other rights in know-how and confidential or proprietary information, including any and all: (i) processing, manufacturing, marketing, business or customer information; (ii) inventions, processes, ideas, formulae,

algorithms, specifications, designs and methods; and (iii) all documentation relating thereto (including papers, blueprints, drawings, reports, diaries, annotations and notebooks) ("Trade Secrets"); (e) any and all other intellectual and industrial property and proprietary rights (of every kind and nature throughout the world and however designated) whether or not analogous to any of the foregoing rights, whether arising by operation of law, Contract, license or otherwise, including all Social Media Accounts; (f) any and all tangible or intangible embodiments of any of the foregoing, in any form and in any media; (g) any and all registrations, applications, renewals, extensions, continuations, continuations-in-part, provisionals, divisions, reissues and re-examinations thereof now or hereafter in force throughout the universe relating to any of the foregoing, in each case with a Governmental Authority (collectively, "Registrations"); and (h) any and all assertion of claims or commencement of Actions (whether past, present or future) arising from or related to any of the foregoing, including the sole, exclusive and independent right to enforce any and all such claims or Actions.

"IRS" means the United States Internal Revenue Service.

"Knowledge of the Buyers" or any similar phrase means the actual knowledge after reasonable inquiry of the Knowledge Persons of the Buyers.

"Knowledge of the Company" or any similar phrase means the actual knowledge after reasonable inquiry of the Knowledge Persons of the Company.

"Knowledge Persons of the Buyers" means, collectively, [***].

"Knowledge Persons of the Company" means, collectively, [***].

"Label Artist Agreement" means any Contract between the Company or a Subsidiary of the Company, on the one hand, and a Label Artist (including a furnishing entity or label), on the other hand.

"Label Artists" means the artists listed on Exhibit C (whether or not such Person(s) have contracted in their individual capacity, through a furnishing entity or Contract with a label).

"Labor Laws" means any Law relating to employment, employment standards, employment of minors, employment discrimination, sexual or other harassment, health and safety, labor relations, withholding, wages, hours, vacation, meal penalties, overtime, classification, workplace safety and insurance or pay equity.

"Law" means all applicable federal, state, regional, local or foreign laws, conventions, constitutions, statutes, codes, wage orders, ordinances, Orders, injunctions, decrees, judgments, arbitration awards, agency requirements, judgments, treaties, common law, licenses, Permits, regulations, published policy or guidance, Labor Laws or other requirements or rules of law of any Governmental Authority, all as amended.

"Liability" means any losses, burdens, liabilities, settlement payments, awards, judgments, fines, penalties, claims, assessments, deficiencies, debts, obligations (whether pursuant to Contract or otherwise), Taxes, damages (including punitive, incidental and consequential damages), charges, costs, fees or expenses (including costs of investigation, court

costs and defense and attorneys' and other professionals' fees, costs and expenses (including, for the avoidance of doubt, in connection with both a third-party claim and a direct Action between or among the Parties)), in each case, of whatever kind or nature, whether direct or indirect, known or unknown, asserted or unasserted, absolute or contingent, accrued or unaccrued, secured or unsecured, disclosed or undisclosed, matured or unmatured, due or to become due, vested or unvested, executory, determined, determinable, contingent, conditional, implied, vicarious, derivative, joint, several, second or otherwise, and whether or not involving a third-party claim (i.e., also including in connection with a direct Action between or among the Parties).

"Licensed Property" means the name(s) (including any professional names, sobriquets and group names(s) heretofore and hereafter adopted), characters, symbols, emblems, logos, designs, artwork, voice and likenesses, visual representations, autographs (including facsimile signatures), biographical material, service marks or trademarks, and copyrights, if any, relating to a Label Artist, whether or not current.

"LionTree" means LionTree LLC.

"Losses" means, with respect to any Person, any Liability against, suffered by or affecting such Person.

"Material" means, with respect to any Catalog Master, any Audiovisual Works, any Recordings Artwork or any other audio or visual asset included within the Company Assets: (a) all Recordings (including any samples embodied therein) and all Compositions; (b) all pictorial graphic, visual, audio or audiovisual (distinct from the underlying Catalog Master or other audio or visual asset to which it relates), digital, literary, animated, artistic, dramatic, sculptural, musical or any other type of creation; (c) all names (including professional names, sobriquets and group names), characters, symbols, emblems, logos, designs, artwork, packaging, voice and likenesses (whether or not current, including photographs, portraits, caricatures and stills from any audio or visual asset), visual representations, autographs (including facsimile signatures), biographical material, metadata or other identifying material; (d) all Merchandise and ticketing, including VIP packages and sponsorships relating thereto; and (e) all Trademarks, Copyrights and other Intellectual Property and any underlying data (including Personal Data), in each case, in connection therewith.

"Material Adverse Effect" means any change, event, occurrence, circumstance, condition, effect or development that, individually or in the aggregate, has or would reasonably be expected to have a material and adverse effect on (a) the business, financial condition, liabilities or results of operations of the Company and each Subsidiary of the Company or the Company Assets or Company Business, taken as a whole; and (b) the ability of the Company to consummate the Contemplated Transactions; *provided*, *however*, that, in the case of the foregoing clause (a), Material Adverse Effect shall not include any change, event or circumstance resulting from, relating to or arising out of any of the following:

(a) general economic conditions, including changes in the financial or credit market conditions, interest rates or currency exchanges or the price of materials used in the Company Business;

(b) acts of God or other calamities (including pandemics and epidemics), national or international political or social actions or conditions, including the engagement by any country in hostilities (or the escalation thereof), whether commenced before or after the Effective Date, and whether or not pursuant to the declaration of a national emergency or war, or the occurrence of any military or terrorist attack;

(c) conditions generally affecting any of the industries in which the Company or any Subsidiary of the Company operate;

(d) changes in GAAP or in Laws of general applicability after the Effective Date;

(e) any failure by the Company or any Subsidiary of the Company to meet any estimates of revenues or earnings for any period ending on or after the Effective Date and prior to the Closing;

(f) any action or inaction by the Company or any Subsidiary of the Company taken or omitted to be taken at the Buyer Representative's express written request or with the Buyer Representative's express written consent or a failure to take any action due to the Buyer Representative's failure to consent thereto following the request of the Seller Representative or the Company; and

(g) the announcement of this Agreement, or the Contemplated Transactions, including by reason of the identity of the Buyers or any public communication of the Buyers' regarding the plans or intentions of the Buyers' with respect to the conduct of the Company Business (*provided*, *however*, that this clause shall not apply to any representation or warranty to the extent such representation or warranty is intended to address the consequences resulting from the execution of this Agreement, the other Transaction Documents or the consummation of the Contemplated Transactions, including, for the avoidance of doubt, Section 4.4 and Section 5.3);

provided, further, that, (i) with respect to clauses (a), (b), (c) and (d), such change, event or circumstance shall be taken into account only to the extent it disproportionately affects the Company and each Subsidiary of the Company, taken as a whole, compared to other companies operating in the industries in which the Company and the Subsidiaries of the Company operate; and (ii) with respect to clause (e), the underlying change, event, occurrence, circumstance or development shall not be excluded, and may be taken into account, in determining whether there has been or may be a Material Adverse Effect.

"Merchandise" means and includes any and all items of merchandise, whether in physical, digital or other form, including posters, put-ons, pennants, lighters, patches, stickers, trading cards, keychains, buttons, novelty items, calendars, souvenir tour programs, illustrated or photographic books, toys, dolls, lunchboxes, games, equipment, interactive and on-line products and software, etched or embossed wine and beverage bottles and decanters, t-shirts, jerseys, sweatshirts, footwear, hats and other apparel; *provided* that the term "Merchandise" will specifically exclude Records.

"Merchandise Agreement" means a Label Artist Agreement with respect to the Exploitation of Merchandise embodying the Licensed Property of such Label Artist.

"Merger Consideration" means the aggregate amount of the Closing Merger Consideration as adjusted pursuant to Sections 2.9, 2.10, and 2.11 in each case subject to the respective terms thereof.

"Merger Consideration Letter" means the indicative Merger Consideration payment waterfall set-forth in Exhibit C to the Sellers Consent setting forth the manner in which the Merger Consideration shall be distributed (which, for the avoidance of doubt, shall reflect the distribution terms and conditions as existing in the Company Operating Agreement as of immediately prior to the Closing without modification or deviation, including the deduction of, or a reserve for, certain costs and expenses related to the Contemplated Transaction in accordance with the definition of "Distributable Cash" pursuant to the Company Operating Agreement).

"Moral Right" means all rights of attribution, paternity, integrity, modification, disclosure and withdrawal, and any other rights throughout the world that may be known as or referred to as "moral rights," "artist's rights," "droit moral," or the like.

"Net Adjustment Amount" means an amount, which may be positive or negative, equal to (a) (i) the Final Working Capital; *plus* (ii) the Final Company Cash; *minus* (iii) the sum of the Final Company Indebtedness and the Final Company Expenses; *minus* (b) (i) the Estimated Working Capital; *plus* (ii) the Estimated Company Cash; *minus* (iii) the sum of the Estimated Company Indebtedness and the Estimated Company Expenses.

"Net Distribution Agreement Payment Amount" means [***], which represents an amount equal to (i) the amount the Parties have mutually agreed to settle on in lieu of amounts that would have been due to the Company by Atlantic pursuant to October, November, and December (solely through the day that is one (1) Business Day prior to the Closing Date) statements to be rendered with respect to the Buyer Distribution Agreement (collectively, the "Unissued Buyer Distribution Agreement Statements") *less* (ii) the amount the Parties have mutually agreed as between the Parties will be deemed to be credited or paid by the Company and all Subsidiaries of the Company based on the amount set forth in item (i) of this definition, including with respect to Royalty Obligations (the "Deemed Royalty Payments").

"Non-Recourse Party" means, with respect to any Party, any of such Party's Related Parties; *provided* that no Party to this Agreement will be considered a Non-Recourse Party.

"On-Roster Label Artist" means any Label Artist, whether such Person(s) contracted in his/her individual capacity or through a furnishing entity, who is subject to any Contract with the Company or any Subsidiary of the Company, which requires or otherwise contemplates the future delivery of Recordings or Compositions or the future submission of available recording artists or songwriters.

"Order" means any order, writ, injunction, decree, consent decree, judgment, ruling, award, injunction, settlement or stipulation issued, promulgated, made, rendered or entered into by or with any Governmental Authority (in each case, whether temporary, preliminary or permanent, or whether written or oral).

"Organizational Document" means, with respect to any Person that is not a natural person, such Person's charter, certificate or articles of incorporation or formation, bylaws, memorandum and articles of association, operating agreement, limited liability company agreement, partnership agreement, limited partnership agreement, limited liability partnership agreement or other constituent or organizational documents of such Person, in each case, as amended, supplemented or otherwise modified.

"Owned Intellectual Property" means any Intellectual Property owned by or purported to be owned by the Company or any Subsidiary of the Company.

"Partnership Audit Rules" means the provisions of Subchapter C of Subtitle A, Chapter 63 of the Code, as amended by P.L. 114-74 of the Bipartisan Budget Act of 2015 (together with any subsequent amendments thereto, Treasury Regulations promulgated thereunder or related thereto, and published administrative interpretations thereof).

"Party" means a party to this Agreement.

"Permits" means any permit, approval, consent, registration, qualification, certificate, exemption, waiver, franchise, license, notice, order, filing or similar authorization of any Governmental Authority necessary for: (a) the lawful conduct of the Company Business as presently conducted; or (b) the lawful ownership by the Company or any Subsidiary of the Company of its assets and properties.

"Permitted Encumbrances" means (a) any restriction on transfer arising under applicable securities Law (collectively, "Securities Law Permitted Encumbrances"); (b) Encumbrances for Taxes or other governmental charges not yet due and payable or delinquent or which are being contested in good faith by appropriate proceedings and for which, in each case, adequate reserves are being maintained in accordance with GAAP and are reflected on the Financial Statements; (c) mechanics', carriers', workers', repairers' and similar statutory Encumbrances arising or incurred in the ordinary course of business consistent with past practice for amounts which are not yet due or delinquent, or the amount or validity of which is being contested in good faith by appropriate proceedings by or on behalf of the Company or any Subsidiary of the Company, and for which, in each case, adequate reserves are being maintained in accordance with GAAP and are reflected on the Financial Statements; (d) non-exclusive licenses to Intellectual Property and Company Works granted in the ordinary course of business consistent with past practice; (e) Encumbrances created by the terms of the Company Contracts in the ordinary course of business consistent with industry practice and custom that do not materially restrict the Company's right to use Company Assets; *provided*, that name, likeness, image, photo, and biography restrictions related to the specific Label Artist or the specific Recordings to which a Company Contract relates shall not be considered to materially restrict the Company's right to use Company Assets; and (f) any Encumbrance granted to any Buyer, or any Affiliate of any Buyer, including, but not limited to, pursuant to the Buyer Distribution Agreement.

"Person" means any individual, corporation, company, general partnership, limited partnership, limited liability partnership, limited liability company, business enterprise, joint venture, estate, trust, association, organization, Governmental Authority or other entity.

"Personal Data" means information relating to or reasonably capable of being associated with an identified or identifiable natural Person or household, including, but not limited to: a natural Person's name, street address or specific geolocation information, date of birth, telephone number, email address, online contact information, health data, photograph, biometric data, social security number, driver's license number, passport number, tax identification number, any government-issued identification number, financial account number, credit card number, information that would permit access to a financial account, a user name or password that would permit access to an online account, any data that, if it were subject to a Data Breach, would require notification under Privacy Requirements, or "personal data," "personal information," "protected health information," "nonpublic personal information," or other similar terms as defined by Privacy Requirements.

"Pinnacle Loan and Security Agreement" means that certain Loan and Security Agreement dated as of December 14, 2020 by and among the Company and the lenders identified therein.

"Plan" means each "employee benefit plan" (as such term is defined in Section 3(3) of ERISA, whether or not subject to ERISA) and each other bonus, commission, incentive, deferred compensation, option, unit appreciation, profit participation, phantom equity or other equity or equity-based compensation, employment, individual consulting, severance, change in control, retention, termination, profit- or revenue-sharing, savings, retirement, pension, medical, life or other insurance, vacation, paid time off, welfare benefit, cafeteria, fringe-benefit, or other benefit or compensation Contract, plan, policy, program, arrangement or employee handbook, whether written or unwritten, in each case, which is sponsored, maintained or contributed to, or required to be contributed to, by the Company or any Subsidiary of the Company for the benefit of any Employee (or any dependent or beneficiary thereof) of the Company or any Subsidiary of the Company or with respect to which the Company or any Subsidiary of the Company has any liability or obligation, whether actual or contingent.

"Pre-Closing Tax Period" means any taxable period ending on or before the Closing Date, and the portion of any Straddle Period that ends on or before the Closing Date.

"Pre-Closing Taxes" means any and all (a) Taxes of or with respect to the Company or any Subsidiary of the Company for or relating to any Pre-Closing Tax Period; and (b) any Liabilities for amounts that the Company or any Subsidiary of the Company has deferred pursuant to Section 2302 of the CARES Act; *provided* that for purposes of determining Pre-Closing Taxes, (i) in the case of a Straddle Period, (A) the amount of any Taxes based on or measured by income, payroll or receipts of the Company or any Subsidiary of the Company for the Pre-Closing Tax Period shall be determined based on an interim closing of the books as of the close of business on the Closing Date; and (B) the amount of other Taxes of the Company or any Subsidiary of the Company for a Straddle Period which relate to the Pre-Closing Tax Period shall be deemed to be the amount of such Tax for the entire taxable period multiplied by a fraction the numerator of which is the number of days in the taxable period ending on the Closing Date and the denominator of which is the number of days in the Straddle Period; (ii) the taxable year of any pass-through entity and controlled foreign corporation shall be deemed to terminate as of the end of the Closing Date (including for purposes of recognizing any income pursuant to Section 951 or Section 951A of the Code) and relevant items of income, gain,

deduction, loss or credit of such pass-through entity or controlled foreign corporation shall be allocated to the portion of the taxable year or period of such pass-through entity or controlled foreign corporation that ends as of the end of the Closing Date on a "closing of the books basis"; and (iii) the amount of Pre-Closing Taxes shall be determined (A) by excluding any Taxes attributable to any action taken by any Buyer or any of their respective Affiliates (including the Company or its Subsidiaries) on the Closing Date after the Closing outside the ordinary course of business; (B) in accordance with the past practices (including reporting positions, elections and accounting methods) of the Company in preparing its Tax Returns to the extent allowed under applicable Law; and (C) by taking into account any current Tax assets of the Company or its Subsidiaries, estimated Tax payments and overpayments of Taxes with respect to any Pre-Closing Tax Period, to the extent available to actually reduce the amount of Taxes payable with respect to the applicable Pre-Closing Tax Period.

"Privacy Requirements" means, solely to the extent applicable to the Company and its Subsidiaries, the provisions of the following that set forth privacy or data security requirements that apply to Personal Data: the Federal Trade Commission Act, 15 U.S.C. § 45; the Communications Act, 47 U.S.C. § 222 et seq.; the CAN-SPAM Act of 2003, 15 U.S.C. §§ 7701 et seq.; the Telephone Consumer Protection Act, 47 U.S.C. § 227; the Electronic Communications Privacy Act, 18 U.S.C. § 2510-22; the Stored Communications Act, 18 U.S.C. § 2701-12; California Online Privacy Protection Act, Cal. Bus. & Prof. Code § 22575, et seq.; amendments to and regulations promulgated by federal and state agencies in implementation of these laws and requirements; laws governing notification to consumers, Employees or other individuals and regulatory authorities following Data Breaches, Cal. Civ. Code § 1798.82, N.Y. Gen. Bus. Law § 899-aa, and Mass. Gen. Law 93H; federal, state, and local laws governing data security, Massachusetts Gen. Law Ch. 93H, 201 C.M.R. 17.00, and Nev. Rev. Stat. 603A; Cal Civ. Code § 1798.83; Video Privacy Protection Act, 18 U.S.C. 2710, and the Cable Act, 47 U.S.C. 551; local, state, and federal, and privacy, data protection, information security, or related laws relating to the collection, processing, storage, disclosure, disposal, or other handling of Personal Data; international laws, the European Union's Directive on Privacy and Electronic Communications (2002/58/EC), General Data Protection Regulation (2016/679), and all implementing regulations and requirements, and other similar Laws.

"Purchase Price Adjustment Escrow Amount" means [***].

"Record" means any form of reproduction, distribution, transmission, streaming or other communication of, or facilitation of access to, Recordings (whether or not in physical form) now or hereafter known (including reproductions of sound, alone or together with visual images), which is manufactured, distributed, transmitted, streamed or communicated primarily for personal use, home use, institutional use (e.g., library, school, etc.), jukebox use or use in means of transportation, including any computer-assisted media, application or technology or use as a so-called "ringtone" in any form.

"Recording" means any recording of sound or data used in the production of sound, whether or not coupled with a visual image, by any method and on any substance or material, whether now or hereafter known, which is used or useful in the recording, production or manufacture of Records or for any other use of sound, including temporary copies for so-called "caching" or "buffering".

"Recordings Artwork" means all so-called "album artwork" and other artwork primarily associated with any Catalog Master and that (a) are used by the Company or any Subsidiary of the Company; or (b) the Company or any Subsidiary of the Company have the right to use.

"Related Party" means, with respect to any Person: (a) any past, current or future Affiliate of such Person; (b) any Representative of such Person; or (c) any Representative of such Person's past, current or future Affiliates; *provided* that, (i) with respect to the Sellers, "Related Party" shall not include the Company; and (ii) with respect to the Buyers, "Related Party" shall include the Company.

"Representative" means, with respect to any Person, any past, current or future Employee, manager, managing member, equityholder, agent, partner (general or limited), member, attorney, accountant, advisor, consultant, trustee or other representative of such Person.

"Required Governmental Consents" means all of the approvals or consents of Governmental Authorities required to consummate the Contemplated Transactions and set forth on Schedule 1.1 of the Company Disclosure Schedules.

"Requisite Vote" has the meaning set forth in the Company Operating Agreement.

"Royalty Obligations" means (a) all mechanical, artist, producer and other royalties (including net profits and revenue shares and override royalties) in respect of any Company Work arising out of any Contract to which the Company was or is a party whether or not the Person entitled to receive such payment is recouped under the applicable Contract and (b) any union obligations in respect of any Company Work.

"Securities Act" means the Securities Act of 1933.

"Seller" means each of the Persons identified on Exhibit A (and collectively, the "Sellers").

"Seller-Affiliated Person" means the Sellers, any Affiliate of any Sellers (other than the Buyers and the Company), any manager, director, managing member, equityholder or Employee of any Seller or any Affiliate of the foregoing (other than the Buyers), and any immediate family member of any of the foregoing Persons.

"Seller Representative" means [***], who has been appointed, pursuant to the Board Consent, to represent the interests of the Company and the Sellers in connection with the Contemplated Transactions.

"Sellers Consent" means that certain consent entered into by and among the Sellers thereto (such Sellers to include (a) Sellers necessary to achieve a Requisite Vote pursuant to the Company Operating Agreement and (b) Sellers representing all of the issued and outstanding Common Units), in which (i) the Sellers (A) approve the Contemplated Transaction and each of the Transaction Documents; and (B) ratify the appointment of the Seller Representative by the Board Consent, substantially in the form attached hereto as Exhibit F.

"Sellers Consent Escrow Amount" means [***].

"Seller Releases" means those certain releases entered into by each of the Sellers thereto providing releases in favor of each Buyer, Merger Sub, the Company and their respective Related Parties, substantially in the form attached hereto as Exhibit H.

"Social Media Accounts" means any and all accounts, profiles, pages, feeds, registrations and other presences on or in connection with any: (a) social media or social networking website or online service; (b) blog or microblog; (c) mobile application; (d) photo, video or other content-sharing website; (e) virtual game world or virtual social world; (f) rating and review website; (g) wiki or similar collaborative content website; or (h) message board, bulletin board, or similar forum.

"[***]" means [***].

"[***]" means that certain agreement [***].

"[***]" means [***].

"Specified Loans" means the loans set forth in Schedule 5.19 of the Company Disclosure Schedules.

"Straddle Period" means any taxable period beginning on or before and ending after the Closing Date.

"Subsidiary" means, with respect to any specified Person, any corporation, company, general partnership, limited partnership, limited liability partnership, limited liability company, other legal entity or other Person of which such specified Person (either alone or together with any other Subsidiary of such specified Person) directly or indirectly: (a) owns more than fifty percent (50%) of the Equity Securities, the holders of which are generally entitled to vote for the election of the board of directors or other governing body of such legal entity; or (b) of which such specified Person controls the management of such Person.

"Target Working Capital" means [***].

"Tax", "Taxes", or "Taxing" means: (a) any federal, state, local or foreign net income, gross income, gross receipts, windfall profit, severance, property, production, sales, use, license, excise, franchise, employment, payroll, alternative or add-on minimum, ad valorem, value-added, transfer, stamp, or environmental tax, or any other any tax, levy, tariff, duty, governmental fee or charge (including withholding on amounts paid to or by any Person), imposed by any Governmental Authority, and any interest, penalty, addition to tax or additional amount imposed by the Governmental Authority with respect thereto; and (b) any liability for the payment of amounts determined by reference to amounts described in clause (a) as a result of being or having been a member of any group of entities that files, will file, or has filed Tax Returns on a combined, consolidated, unitary or similar basis, as a result of any obligation under any Contract (other than any Contract entered into in the ordinary course of business, the primary purpose of which is not Taxes), as a result of being a transferee or successor, or otherwise by operation of Law.

"Tax Return" means any return (including any information return, claim for refund, tax credit, incentive or benefit, or amended return), report, statement, declaration, estimate, schedule, notice, notification, form, election, certificate or other document or information of or with respect to any Tax which is filed with or submitted to, or required to be filed with or submitted to, any Governmental Authority, including any and all attachments, amendments and supplements thereto.

"Top Catalog Masters" means all Catalog Masters of each Top Label Artist.

"Top Label Artists" means the Label Artists identified with an asterisk (i.e., "*") on Exhibit C.

"Transaction Documents" means this Agreement, the Escrow Agreement, the Board Consent, the Sellers Consent, and the Seller Releases.

"Transfer" means any sale, transfer, assignment, pledge, lien, mortgage, exchange, hypothecation, grant of a security interest or other disposition or Encumbrance of an interest (whether directly or indirectly, with or without consideration, whether voluntarily or involuntarily or by operation of law) or the acts thereof. The terms "Transferee," "Transferor," "Transferring" and "Transferred," and other forms of the word "Transfer," shall have correlative meanings.

"Treasury Regulations" means the regulations promulgated under the Code.

"Working Capital" means, at any date, all Current Assets *minus* all Current Liabilities as of such date, determined in accordance with the Applicable Accounting Principles. Attached hereto as Exhibit D is a sample calculation of Working Capital.

"Working Capital Overage" means the amount by which the Closing Working Capital exceeds the Target Working Capital, if any.

"Working Capital Underage" means the amount by which the Target Working Capital exceeds the Closing Working Capital, if any.

1.2 Other Capitalized Terms. The following terms shall have the meanings specified in the indicated section of this Agreement:

Term	Section
Actual Royalty Payments	2.12(b)
Affiliate Arrangements	5.19
Agreement	Preamble
Allocation Schedule	2.13
Anti-discrimination Laws	5.17(e)
Assumption Conditions	2.10(b)
Audited Financial Statements	5.5(a)
Buyer 1	Preamble
Buyer 2	Preamble
Buyer-Related Party	2.10(a)
Buyers	Preamble
Certificate of Merger	2.3
Closing	2.2

Closing Date	2.2
Company	Preamble
Company 401(k) Plan	7.9(b)
Company Intellectual Property	5.18(a)
Conveyance Taxes	7.3(e)
Deemed Royalty Payments	1.1
Downward Adjustment Amount	2.9(d)
Effective Date	Preamble
Effective Time	2.3
Enforceability Exceptions	4.3
Escrow Account	3.2(c)
Estimated Closing Statement	2.8
Estimated Company Cash	2.8
Estimated Company Expenses	2.8
Estimated Company Indebtedness	2.8
Estimated Working Capital	2.8
Excess Claim Amount	2.10(i)
Exploit	1.1
Final Closing Statement	2.9(a)
Final Company Cash	2.9(a)
Final Company Expenses	2.9(a)
Final Company Indebtedness	2.9(a)
Final Working Capital	2.9(a)
Financial Statements	5.5(a)
FLSA	5.17(a)
Funds Flow	2.6
Government Antitrust Entity	7.6(d)(i)
Harassment Policies	5.17(f)
Interim Financial Statements	5.5(a)
Interim Period	7.5(a)
Latest Balance Sheet Date	5.5(a)
Lease	5.25(b)
Leases	5.25(b)
Material Contracts	5.13(a)
Merger	Recitals
Merger Sub	Preamble
Notice of Disagreement	2.9(b)
Outstanding Claims Amount	2.10(i)
Outstanding Claims Notice	2.10(i)
Patents	1.1
Pinnacle Pay-Off Letters	3.1(e)
Pre-Closing Flow-Through Returns	7.3(a)(i)
Privileged Communications	12.8(b)
R&W Insurance Policy	7.7
Registrations	1.1

Releasees	2.12(c)
Releasors	2.12(c)
Remaining Album	2.11(a)
Remaining [***] Escrow Amount	2.11(a)(iii)
Reserve	7.12
Retained Firm	12.8(a)
Securities	Recitals
Securities Law Permitted Encumbrances	1.1
Sellers Consent Claim	2.10(a)
Specific Reserve	7.12
Straddle Period Flow-Through Returns	7.3(a)(ii)
Surviving Company	2.1
Termination Date	9.1(b)
Trade Secrets	1.1
Trademarks	1.1
UBT Measurement Period	1.1
Unissued Buyer Distribution Agreement Statements	1.1
Unpaid Firm Financial Obligation Certificate	7.11
Upward Adjustment Amount	2.9(e)
WARN Act	5.17(d)

1.3 Interpretive Provisions. Unless the express context otherwise requires:

(a) the words "hereof," "herein," and "hereunder" and words of similar import, when used in this Agreement, shall refer to this Agreement as a whole and not to any particular provision of this Agreement;

(b) terms defined in the singular shall have a comparable meaning when used in the plural, and vice versa;

(c) the terms "Dollars" and "$" mean United States Dollars;

(d) references herein to a specific Section, Subsection, Recital, Schedule or Exhibit shall refer, respectively, to Sections, Subsections, Recitals, Schedules or Exhibits of this Agreement;

(e) wherever the word "include," "includes," or "including" is used in this Agreement, it shall be deemed to be followed by the words "without limitation";

(f) references herein to any gender shall include each other gender;

(g) references herein to any Person shall include such Person's heirs, executors, personal representatives, administrators, successors and assigns; *provided, however*, that nothing contained in this clause (g) is intended to authorize any assignment or Transfer not otherwise permitted by this Agreement;

(h) references herein to a Person in a particular capacity or capacities shall exclude such Person in any other capacity;

(i) references herein to any Contract (including this Agreement) shall mean such Contract as amended, restated, amended and restated, supplemented or modified from time to time in accordance with the terms thereof;

(j) with respect to the determination of any period of time, the word "from" shall mean "from and including" and the words "to" and "until" shall each mean "to but excluding";

(k) references herein to any Law shall mean such Law as amended, modified, codified, reenacted, supplemented or superseded in whole or in part, and in effect from time to time;

(l) references herein to any Law shall be deemed also to refer to all rules and regulations promulgated thereunder;

(m) the word "or" shall be disjunctive but not exclusive (i.e., unless the context requires otherwise, "or" will be interpreted to mean "and/or" rather than "either/or");

(n) any accounting term used but not defined herein shall be construed in accordance with GAAP;

(o) wherever any consent, approval, determination or similar decision is to be made in or at a particular Party's "discretion" under this Agreement, the word "discretion" shall be deemed to mean "sole, absolute and unfettered discretion"; and

(p) if the last day for the giving of any notice or the performance of any act required or permitted under this Agreement is a day that is not a Business Day, then the time for the giving of such notice or the performance of such action shall be extended to the next succeeding Business Day.

ARTICLE 2

THE TRANSACTIONS

2.1 The Merger. Pursuant to the terms and subject to the conditions of this Agreement, at the Effective Time, the Company and Merger Sub shall consummate the Merger in accordance with the Act pursuant to which (a) Merger Sub shall be merged with and into the Company and the separate existence of Merger Sub shall thereupon cease; (b) the Company shall continue as the surviving company in the Merger and shall continue to be governed by the Laws of the State of Delaware (the "Surviving Company"); (c) the separate existence of the Company with all its rights, privileges, immunities, powers and franchises shall continue unaffected by the Merger; and (d) the Company shall succeed to and assume all of the rights and obligations of Merger Sub. The Merger shall have the effects set forth in the applicable provisions of the Act.

2.2 The Closing. The closing of the Contemplated Transactions (the "Closing") shall take place remotely through the exchange (via email transmission) of documents and signatures on the second (2nd) Business Day following the satisfaction or waiver of the last condition in Article 8 to be satisfied or waived (other than those conditions that by their terms are to be satisfied at the Closing, but subject to the satisfaction or waiver thereof at the Closing) or at such other time and place as the Buyer Representative and the Seller Representative mutually agree in writing (the "Closing Date").

2.3 Effective Time and Effects of the Merger. Concurrently with the Closing on the Closing Date, the Parties shall file a Certificate of Merger in the form attached hereto as Exhibit E (the "Certificate of Merger") with the Secretary of State of the State of Delaware in accordance with the relevant provisions of the Act. The Merger shall become effective upon the filing of the Certificate of Merger or at such other time as is mutually agreed to by the Parties and specified in the Certificate of Merger (the time at which the Merger becomes effective is herein referred to as the "Effective Time").

2.4 The Surviving Company.

(a) Certificate of Formation. The certificate of formation of the Company as in effect immediately prior to the Effective Time shall be the certificate of formation of the Surviving Company immediately after the consummation of the Merger and until thereafter changed or amended as provided therein or by applicable Law.

(b) Operating Agreement. The operating agreement of Merger Sub as in effect immediately prior to the Effective Time shall be the operating agreement of the Surviving Company immediately after the consummation of the Merger and until thereafter changed or amended as provided therein or by applicable Law.

(c) Managers. The managers of Merger Sub immediately prior to the Effective Time shall be the managers of the Surviving Company, until the earlier of their

resignation or removal or until their respective successors are duly elected and qualified, as the case may be.

(d) Officers. The officers of the Company immediately prior to the Effective Time shall be the officers of the Surviving Company, until the earlier of their resignation or removal or until their respective successors are duly elected or appointed and qualified, as the case may be.

2.5 Conversion of Securities in the Merger. Upon the terms and subject to the conditions of this Agreement, at the Effective Time, by virtue of the Merger and without any action on the part of the Buyers and Merger Sub (or their respective equityholders) or the Company or the Sellers:

(a) All of the Securities issued and outstanding immediately prior to the Effective Time shall be canceled and extinguished and converted automatically into the right of the Sellers to receive their respective portion of the Merger Consideration in accordance with the Merger Consideration Letter.

(b) Each unit of Equity Securities of Merger Sub issued and outstanding immediately prior to the Effective Time will be converted into one (1) unit of Equity Securities of the Surviving Company.

(c) The Sellers, as the sole holders of Securities that were outstanding immediately prior to the Effective Time, shall cease to have any rights as an Equity Security holder of the Company, except the right to receive the Merger Consideration as set forth in this Agreement.

2.6 Closing Payments. At least three (3) Business Days prior to the Closing Date, the Seller Representative shall deliver to the Buyer Representative (a) a funds flow memorandum (the "Funds Flow") that shall include (i) the bank account for receipt of the Merger Consideration (the "Designated Account"), (ii) the amounts and bank accounts for the payment of the Estimated Company Expenses, and (iii) the amounts and bank accounts for the payment of the Company Indebtedness under the Pinnacle Loan and Security Agreement in accordance with the Pinnacle Pay-Off Letters and (b) the Merger Consideration Letter. At the Closing, the Buyer Representative shall pay, by wire transfer of immediately available cash funds, (x) an amount equal to the Closing Merger Consideration to the Designated Account and (y) an amount equal to the Estimated Company Expenses in the amounts and to the accounts designated by the Seller Representative in the Funds Flow, and thereafter the Seller Representative shall distribute the Closing Merger Consideration (net of any expenses incurred in connection with the Contemplated Transaction and not included in the Estimated Company Expenses) to the Sellers in accordance with the Merger Consideration Letter and provide evidence thereof to the Buyer Representative in form and substance acceptable to the Buyer Representative. [***].

2.7 Withholding. The Buyers and their respective agents shall be entitled to deduct and withhold from any amounts payable hereunder (including the Merger Consideration) to any Person such amounts as it is required to deduct and withhold under any provision of any Tax Law; *provided*, that the Buyers acknowledge that absent a change of Law after the date hereof, no withholding shall be required except for any withholding required to be made with respect to any Seller that does not deliver a duly executed and completed IRS Form W-9 in accordance with Section 3.1(c). To the extent that amounts are so deducted and withheld, such amounts shall be (a) deposited with the relevant Governmental Authority; and (b) to the extent so deposited, treated for all purposes of this Agreement as having been paid to the Person in respect of which such deduction and withholding was made.

2.8 Pre-Closing Merger Consideration Adjustment. At least three (3) Business Days prior to the Closing Date, the Seller Representative shall deliver to the Buyer Representative a statement (the "Estimated Closing Statement") setting forth an estimate as of Closing of (a) the Closing Working Capital (the "Estimated Working Capital") and any resulting Estimated Working Capital Overage or Estimated Working Capital Underage; (b) the Company Indebtedness (the "Estimated Company Indebtedness"); (c) the Company Cash (the "Estimated Company Cash"); and (d) the Company Expenses (the "Estimated Company Expenses"), in each case, together with relating supporting calculations. The amounts set forth in the Estimated Closing Statement shall be determined in accordance with the Applicable Accounting Principles (as applicable) and the relevant definitions set forth herein. The Seller Representative shall

consider in good faith any comments to the Estimated Closing Statement received from the Buyer Representative prior to the Closing.

2.9 Post-Closing Merger Consideration Adjustments.

(a) Final Closing Statement. As soon as practicable but in no event later than ninety (90) days after the Closing Date, the Buyer Representative shall deliver to the Seller Representative a statement (the "Final Closing Statement") setting forth (i) the Closing Working Capital; (ii) the Company Indebtedness; (iii) the Company Cash; (iv) the Company Expenses; and (v) the Net Adjustment Amount, if any. The amounts set forth in the Final Closing Statement shall be determined in accordance with the Applicable Accounting Principles (as applicable) and the relevant definitions set forth herein. The Final Closing Statement must set forth supporting calculations. If the Buyer Representative does not deliver a Final Closing Statement within such ninety (90) day period, the Estimated Closing Statement and the amounts reflected in the Estimated Closing Statement will be final, conclusive and binding on the Parties. As used herein: "Final Working Capital" means the Closing Working Capital as finally determined in accordance with this Section 2.9(a) or Section 2.9(b), as applicable, and any resulting Working Capital Overage or Working Capital Underage as finally determined in accordance with this Section 2.9(a) or Section 2.9(b); "Final Company Indebtedness" means the Company Indebtedness as finally determined in accordance with this Section 2.9(a) or Section 2.9(b), as applicable; "Final Company Cash" means the Company Cash as finally determined in accordance with this Section 2.9(a) or Section 2.9(b), as applicable; "Final Company Expenses" means the Company Expenses as finally determined in accordance with this Section 2.9(a) or Section 2.9(b), as applicable.

(b) Dispute. Within forty-five (45) days following receipt by the Seller Representative of the Final Closing Statement, the Seller Representative shall either inform the Buyer Representative in writing that the Final Closing Statement is acceptable, or deliver written notice (the "Notice of Disagreement") to the Buyer Representative of any dispute the Seller Representative has with respect to the Final Closing Statement or the amounts reflected therein. The Notice of Disagreement must describe in reasonable detail the items contained in the Final Closing Statement that the Seller Representative disputes. If the Seller Representative does not notify the Buyer Representative of a dispute with respect to the Final Closing Statement within such 45-day period, such Final Closing Statement and the amounts reflected in the Final Closing Statement will be final, conclusive and binding on the Parties. In the event a Notice of Disagreement is delivered to the Buyer Representative, the Buyer Representative and the Seller Representative shall negotiate in good faith to resolve such dispute and any written determination resulting from such good faith negotiations shall be final, conclusive and binding on the Parties. If the Buyer Representative and the Seller Representative, notwithstanding such good faith effort, fail to resolve such dispute within thirty (30) days after the Seller Representative delivers the Notice of Disagreement, then the Buyer Representative and the Seller Representative jointly shall engage the Arbitration Firm to resolve such dispute in accordance with the standards set forth in this Section 2.9(b). The Seller Representative and the Buyer Representative shall use commercially reasonable efforts to cause the Arbitration Firm to render a written decision resolving the matters submitted to the Arbitration Firm within thirty (30) days of the making of such submission. The scope of the disputes to be resolved by the Arbitration Firm shall be limited to whether the items in dispute that were included in the Notice of

Disagreement (i) were prepared in a manner consistent with the definitions of Closing Working Capital, Company Indebtedness, Company Cash, Company Expenses or Net Adjustment Amount, as the case may be; and (ii) were determined in accordance with this Agreement and were prepared in accordance with the Applicable Accounting Principles (as applicable), and the Arbitration Firm shall determine, on such basis, acting as expert, whether and to what extent, the Final Closing Statement and the amounts reflected therein, as applicable, require adjustment in order to comply with the terms of this Agreement and the Applicable Accounting Principles (as applicable). The Arbitration Firm is not to make any other determination. The Arbitration Firm's decision shall be based solely on written submissions by the Seller Representative and the Buyer Representative and their respective Representatives and each of the Seller Representative and the Buyer Representative shall have the opportunity to respond in writing to the other's written submission. The Arbitration Firm shall (A) address only those items in dispute in the Notice of Disagreement; and (B) may not assign a value greater than the greatest value for such item claimed by either party in the Final Closing Statement or the Notice of Disagreement (as applicable) or smaller than the smallest value for such item claimed by either party in the Final Closing Statement or the Notice of Disagreement (as applicable). Judgment may be entered upon the determination of the Arbitration Firm in any court having jurisdiction over the party against which such determination is to be enforced. The fees, costs and expenses of the Arbitration Firm shall be allocated between the Seller Representative, on the one hand, and the Buyer Representative, on the other hand, in the same proportion that the aggregate amount of the disputed items submitted to the Arbitration Firm that is unsuccessfully disputed by each such party (as finally determined by the Arbitration Firm) bears to the total amount of such disputed items so submitted.

(c) Access. For purposes of giving effect to the terms set forth in this Section 2.9, during the period from the Buyer Representative's delivery of the Final Closing Statement until final determination of the Net Adjustment Amount, notwithstanding anything to the contrary herein, the Buyer Representative shall, as may be reasonably requested by the Seller Representative, make available to the Seller Representative copies of all books and records of the Company and any Subsidiary of the Company, in each case, to the extent relating to the calculation of the amounts set forth in the Final Closing Statement and to the extent such Persons execute a customary confidentiality agreement if requested by the Buyer Representative in form and substance reasonably satisfactory to the Buyer Representative, and shall permit reasonable access at reasonable times (such access not to unreasonably disrupt the business and operations of the Company or any Subsidiary of the Company) to the Company's senior finance personnel and accountants, as may be reasonably requested in connection with the Seller Representative's review of the Final Closing Statement or the amounts reflected therein and the resolution of any disputes in connection therewith, in each case, to the extent such Persons execute a customary confidentiality agreement if requested by the Buyer Representative in form and substance reasonably satisfactory to the Buyer Representative.

(d) Downward Adjustment. If the Net Adjustment Amount is negative, then the Merger Consideration will be adjusted downward by the amount of the absolute value of such Net Adjustment Amount (the "Downward Adjustment Amount"), and the Seller Representative and the Buyer Representative shall promptly (but in any event within three (3) Business Days from the date on which the Net Adjustment Amount is finally determined pursuant to Section 2.9(b)) deliver a joint written instruction to the Escrow Agent directing the

Escrow Agent to release (i) to the Buyer Representative an amount equal to the Downward Adjustment Amount from the Purchase Price Adjustment Escrow Amount held in the Escrow Account to the account(s) designated in writing by the Buyer Representative to the Seller Representative and the Escrow Agent and (ii) to the Designated Account an amount equal to the balance of the Purchase Price Adjustment Escrow Amount from the Escrow Account and Seller Representative shall thereafter distribute such amount to the Sellers in accordance with the Merger Consideration Letter and provide evidence thereof to the Buyer Representative in form and substance acceptable to the Buyer Representative); *provided* that if the Seller Representative and the Buyer Representative fail to timely deliver the joint written instruction to the Escrow Agent, either the Seller Representative or the Buyer Representative shall have the right to deliver to the Escrow Agent and the Buyer Representative or the Seller Representative, as applicable, collectively (i.e., the Buyer Representative or the Seller Representative, as applicable, and the Escrow Agent shall be recipients of a single written notice addressed to both of them) the arbitration award rendered by the Arbitration Firm in accordance with Section 2.9(b) setting forth the final determination of the Net Adjustment Amount and the amount of the Purchase Price Adjustment Escrow Amount to be disbursed and to whom such amount is to be disbursed, and the Escrow Agent shall disburse all or part of the Purchase Price Adjustment Escrow Amount in accordance with such arbitration award.

(e) Upward Adjustment. If the Net Adjustment Amount is positive, then the Merger Consideration will be adjusted upward by the amount of such Net Adjustment Amount (the "Upward Adjustment Amount"), and (i) the Buyer Representative shall pay to the Designated Account (and Seller Representative shall thereafter distribute to the Sellers in accordance with the Merger Consideration Letter and provide evidence thereof to the Buyer Representative in form and substance acceptable to the Buyer Representative), an amount equal to the lesser of (A) the Upward Adjustment Amount and (B) [***] within three (3) Business Days from the date on which the Net Adjustment Amount is finally determined pursuant to Section 2.9(b) by wire transfer of immediately available funds (which, for the avoidance of doubt, shall not come from the Purchase Price Adjustment Escrow Amount); and (ii) the Buyer Representative and the Seller Representative shall promptly (but in any event within three (3) Business Days from the date on which the Net Adjustment Amount is finally determined pursuant to Section 2.9(b)) deliver a joint written instruction to the Escrow Agent directing the Escrow Agent to release and pay to the Designated Account the Purchase Price Adjustment Escrow Amount from the Escrow Account (and Seller Representative shall thereafter distribute such amount to the Sellers in accordance with the Merger Consideration Letter and provide evidence thereof to the Buyer Representative in form and substance acceptable to the Buyer Representative); *provided* that if the Seller Representative and the Buyer Representative fail to timely deliver the joint written instruction to the Escrow Agent, either the Seller Representative or the Buyer Representative shall have the right to deliver to the Escrow Agent and the Buyer Representative or the Seller Representative, as applicable, collectively (i.e., the Buyer Representative or the Seller Representative, as applicable, and the Escrow Agent shall be recipients of a single written notice addressed to both of them) the arbitration award rendered by the Arbitration Firm in accordance with Section 2.9(b) setting forth the final determination of the Net Adjustment Amount and the amount of the Purchase Price Adjustment Escrow Amount to be disbursed and to whom such amount is to be disbursed, and the Escrow Agent shall disburse all or part of the Purchase Price Adjustment Escrow Amount in accordance with such arbitration award.

(f) No Adjustment. If the Net Adjustment Amount is equal to zero ($0), there shall be no adjustment to the Merger Consideration pursuant to this Section 2.9, and the Buyer Representative and the Seller Representative shall promptly (but in any event within three (3) Business Days from the date on which the Net Adjustment Amount is finally determined pursuant to Section 2.9(b)) deliver a joint written instruction to the Escrow Agent directing the Escrow Agent to release and pay to the Designated Account the full Purchase Price Adjustment Escrow Amount from the Escrow Account (and the Seller Representative shall thereafter distribute such amount to the Sellers in accordance with the Merger Consideration Letter and provide evidence thereof to the Buyer Representative in form and substance acceptable to the Buyer Representative); *provided* that if the Seller Representative and the Buyer Representative fail to timely deliver the joint written instruction to the Escrow Agent, either the Seller Representative or the Buyer Representative shall have the right to deliver to the Escrow Agent and the Buyer Representative or the Seller Representative, as applicable, collectively (i.e., the Buyer Representative or the Seller Representative, as applicable, and the Escrow Agent shall be recipients of a single written notice addressed to both of them) the arbitration award rendered by the Arbitration Firm in accordance with Section 2.9(b) setting forth the final determination of the Net Adjustment Amount and the amount of the Purchase Price Adjustment Escrow Amount to be disbursed and to whom such amount is to be disbursed (in the case of this Section 2.9(f), the full Purchase Price Adjustment Escrow Amount to the Designated Account), and the Escrow Agent shall disburse the full Purchase Price Adjustment Escrow Amount to the Designated Account (and the Seller Representative shall thereafter distribute such amount to the Sellers in accordance with the Merger Consideration Letter and provide evidence thereof to the Buyer Representative in form and substance acceptable to the Buyer Representative) in accordance with such arbitration award.

2.10 Sellers Consent Adjustment.

(a) In connection with the Sellers Consent, the Buyer Representative shall pay the Sellers Consent Escrow Amount to the Escrow Account for the purpose of satisfying any and all Losses of any Buyer and its respective Related Parties and all predecessors, assigns and successors thereto (each such Person, a "Buyer-Related Party") to the extent caused by, arising out of, resulting from, relating to, or otherwise incurred by virtue of any Action brought by or on behalf of any Person (including any Seller or its Related Parties and all predecessors, assigns and successors thereto) in connection with (i) any action or inaction taken by the Seller Representative with respect to the Contemplated Transactions and the Transaction Documents (other than, for the avoidance of doubt, enforcing the rights of the Seller Representative or the Sellers with respect to the Contemplated Transactions and the Transaction Documents); (ii) any breach or failure to perform by a Seller of the Sellers Consent; (iii) the calculation, payment or distribution of the Merger Consideration including any Seller's portion of the Merger Consideration in accordance with the Merger Consideration Letter; or (iv) with respect to any alleged appraisal, dissenters, or similar rights in connection with the Transaction Documents and the Contemplated Transaction, in each case, absent Fraud and/or the breach of this Agreement or the Escrow Agreement by any Buyer-Related Party other than the Company or any Subsidiary of the Company (solely to the extent that such breach was the cause of, or resulted in, the event giving rise to the Losses (i.e., if an Action asserts both claims caused by or resulting from the breach of this Agreement or the Escrow Agreement by a Buyer-Related Party other than the Company or any Subsidiary of the Company and claims that were not caused by or resulting

from such breach, the Losses from such Action shall be allocated in fair and reasonable manner among such claims)) (each a "Sellers Consent Claim").

(b) A Buyer-Related Party seeking satisfaction of any Losses caused by, arising out of, resulting from, relating to, or otherwise incurred by virtue of any Sellers Consent Claim shall provide the Seller Representative with reasonably prompt notice of such Sellers Consent Claim. The failure to so notify the Seller Representative shall not affect the Buyer-Related Party's right to recover any of the Sellers Consent Escrow Amount hereunder, except to the extent such failure shall have materially prejudiced the Seller Representative (and then only to the extent of such prejudice). Seller Representative shall have the right, in its discretion and at its expense, to participate in and control the defense of such Sellers Consent Claim with counsel of the Seller Representative's choice reasonably satisfactory to the Buyer-Related Party; *provided* that the Seller Representative shall have the right to control the defense of such Sellers Consent Claim only if (i) the Sellers Consent Claim involves only money damages, and does not seek an injunction or other equitable or provisional relief; (ii) the Sellers Consent Claim does not involve criminal allegations, nor was it brought by a Governmental Authority; (iii) the Seller Representative assumes the defense of such Sellers Consent Claim in writing within fifteen (15) Business Days of receipt by the Seller Representative of notice of such Sellers Consent Claim; and (iv) if the Seller Representative assumes the defense of such Sellers Consent Claim, the Seller Representative conducts the defense of the Sellers Consent Claim actively and diligently, and agrees in writing to fully satisfy the Buyer-Related Party for any and all Losses (subject to the limits set forth in this Section 2.10, including being limited to the then remaining Sellers Consent Escrow Amount, if any), as applicable, in respect of such Sellers Consent Claim (the conditions set forth in the foregoing clauses (i) through (iv), collectively, the "Assumption Conditions").

(c) So long as the Seller Representative is conducting the defense of the Sellers Consent Claim in accordance with Section 2.10(b), (i) the Buyer-Related Party may participate in the defense of such Sellers Consent Claim and may employ separate counsel of its choice, at its expense (which shall not constitute Loss), for such purpose and (ii) the Seller Representative will not consent to the entry of any judgment on or enter into any settlement with respect to the Sellers Consent Claim without the prior written consent of the Buyer-Related Party other than any such judgment or settlement involving only the payment of money damages for which the Seller Representative agrees in writing to pay and that provides a full, unconditional release of the Buyer-Related Party; *provided* that, in no event shall the Seller Representative consent to the entry of any judgment on or enter into any settlement with respect to a Sellers Consent Claim without the prior written consent of the Buyer-Related Party (such consent not to be unreasonably withheld, conditioned or delayed) in the following circumstances: (A) the Sellers Consent Claim involves a Governmental Authority, or any material supplier, customer, or other partner to the business of the Buyer-Related Party; (B) settlement of, or an adverse judgment with respect to, the Sellers Consent Claim is, in the good faith judgment of the Buyer-Related Party, likely to establish a precedential custom or practice materially adverse to the continuing business interests or the reputation of the Buyer-Related Party; or (C) if, in the good faith judgment of the Buyer-Related Party, a material conflict of interest exists between the Buyer-Related Party and the Seller Representative related to the Sellers Consent Claim.

(d) In the event any of the Assumption Conditions are or become unsatisfied, then (i) the Buyer-Related Party may defend against the Sellers Consent Claim in any manner he, she, or it may deem appropriate; (ii) the Buyer-Related Party will not consent to the entry of any judgment on or enter into any settlement with respect to the Sellers Consent Claim without the prior written consent of the Seller Representative (such consent not to be unreasonably withheld, conditioned or delayed); and (iii) the Sellers Consent Escrow Amount will be used to satisfy any Losses the Buyer-Related Party may suffer caused by, resulting from, or arising out of the Sellers Consent Claim to the fullest extent provided in this Section 2.10.

(e) It is acknowledged and agreed that the denial or non-admission of any allegation by a Person of facts that, if true, would mean the breach of any provision of this Agreement (including in the context of a consent to the entry of a judgment or the settlement of any Sellers Consent Claim) shall not constitute evidence as to, and shall not be taken into consideration in determining, whether any Buyer-Related Party is entitled to satisfaction by the Sellers Consent Escrow Amount under this Section 2.10.

(f) The obligations of the Seller Representative pursuant to this Section 2.10 shall survive and continue following the execution of this Agreement until the entire Sellers Consent Escrow Amount has been released by the Escrow Agent. Such survival period is in lieu of, and the Parties expressly waive, any otherwise applicable statute of limitations, whether arising at law or in equity.

(g) Other than in the case of Fraud, the maximum satisfaction of Losses by a Buyer-Related Party for all Sellers Consent Claims, in the aggregate, shall not exceed an amount equal to the Sellers Consent Escrow Amount.

(h) If any Sellers Consent Claim results in any Losses to any Buyer-Related Party, the Buyer Representative shall deliver a notice to the Seller Representative and the Escrow Agent, collectively (i.e., the Seller Representative and the Escrow Agent shall be recipients of a single written notice addressed to both of them), directing the Escrow Agent to release and pay the applicable portion (which may be all) of the Sellers Consent Escrow Amount from the Escrow Account to the Buyer Representative, and the Escrow Agent shall release and pay such portion of the Sellers Consent Escrow Amount in accordance with such notice five (5) Business Days following the date that the Buyer Representative delivered the notice to the Seller Representative and the Escrow Agent if the Seller Representative does not deliver a written objection to the Escrow Agent and the Buyer Representative within such five (5) Business Day period. If the Seller Representative delivers a written objection to the Escrow Agent and the Buyer Representative within such five (5) Business Day period and the Buyer Representative and the Seller Representative, notwithstanding good faith effort, fail to agree upon the proper release of the applicable Sellers Consent Escrow Amount, then the Buyer Representative and the Seller Representative shall submit such dispute to arbitration pursuant to the Arbitration Provisions and the Escrow Agent shall release the applicable portion (if any) of the Sellers Consent Escrow Amount upon the earlier to occur of (i) the receipt by the Escrow Agent of joint written instructions from the Buyer Representative and the Seller Representative, in which case the Escrow Agent shall release and pay the applicable portion (if any) of the Sellers Consent Escrow Amount in accordance with the joint written instructions; and (ii) the receipt by the Escrow Agent from either party of an Award rendered pursuant to the Arbitration Provisions, in

which case the Escrow Agent shall release and pay the applicable portion (if any) of the Sellers Consent Escrow Amount in accordance with the Award.

(i) The Sellers Consent Escrow Amount shall be paid as follows:

(i) Five (5) Business Days following the six (6) month anniversary of the Closing Date, the Escrow Agent shall release and pay from the Escrow Account to the Designated Account an amount such that immediately following such payment the balance of the Sellers Consent Escrow Amount in the Escrow Account will be equal to [***] (and Seller Representative shall thereafter distribute such amount to the Sellers in accordance with the Merger Consideration Letter and provide evidence thereof to the Buyer Representative in form and substance acceptable to the Buyer Representative); *provided*, that if prior to the six (6) month anniversary of the Closing Date the Escrow Agent has received an Outstanding Claims Notice that exceeds [***] (such excess the "Excess Claim Amount"), the amount paid by the Escrow Agent to the Designated Account shall be reduced by an amount equal to the Excess Claim Amount.

(ii) Five (5) Business Days following the one (1) year anniversary of the Closing Date, the Escrow Agent shall release and pay to the Designated Account the remaining balance of the Sellers Consent Escrow Amount from the Escrow Account (and Seller Representative shall thereafter distribute such amount to the Sellers in accordance with the Merger Consideration Letter and provide evidence thereof to the Buyer Representative in form and substance acceptable to the Buyer Representative); *provided*, that, if prior to the one (1) year anniversary of the Closing Date the Escrow Agent has received an Outstanding Claims Notice, the Escrow Agent shall retain in the Escrow Account a portion of the remaining Sellers Consent Escrow Amount equal to the Outstanding Claims Amount and such amount shall be released and paid pursuant to the remainder of this Section 2.10(i).

(iii) Notwithstanding anything in this Section 2.10(i) to the contrary, if as of the six (6) month anniversary of the Closing Date and the one (1) year anniversary of the Closing Date, as applicable, there are any unresolved, pending, asserted or threatened Sellers Consent Claims, the Buyer Representative shall deliver a notice (the "Outstanding Claims Notice") to the Escrow Agent and the Seller Representative, collectively (i.e., the Seller Representative and the Escrow Agent shall be recipients of a single written notice addressed to both of them) setting forth a good faith estimate as to the potential amount of Losses associated with such Sellers Consent Claims (the "Outstanding Claims Amount") and such estimated amount (or, if the estimated amount exceeds the remaining Sellers Consent Escrow Amount, the remaining portion of the Sellers Consent Escrow Amount) shall, subject to Sections 2.10(i)(i) and (ii) above, remain in the Escrow Account until the earlier to occur of (i) the receipt by the Escrow Agent of joint written instructions from the Buyer Representative and the Seller Representative, in which case the Escrow Agent shall release and pay the applicable portion (if any) of the Sellers Consent Escrow Amount in accordance with the joint written instructions; and (ii) the receipt by the Escrow Agent from either party of an Award rendered pursuant to the Arbitration Provisions, in which case the Escrow Agent

shall release and pay the applicable portion (if any) of the Sellers Consent Escrow Amount in accordance with the Award.

(iv) If the Seller Representative and the Buyer Representative, notwithstanding good faith effort, fail to agree upon the amount of Sellers Consent Escrow Amount to be held or released from the Escrow Account, then the Buyer Representative and the Seller Representative shall submit such dispute to arbitration pursuant to the Arbitration Provisions and the Escrow Agent shall release the applicable portion (if any) of the Sellers Consent Escrow Amount upon the earlier to occur of (i) the receipt by the Escrow Agent of joint written instructions from the Buyer Representative and the Seller Representative, in which case the Escrow Agent shall release and pay the applicable portion (if any) of the Sellers Consent Escrow Amount in accordance with the joint written instructions; and (ii) the receipt by the Escrow Agent from either party of an Award rendered pursuant to the Arbitration Provisions, in which case the Escrow Agent shall release and pay the applicable portion (if any) of the Sellers Consent Escrow Amount in accordance with the Award.

2.11 [***].

(a) [***].

(b) [***].

2.12 Buyer Distribution Agreement.

(a) The Buyer Representative shall, on the Closing Date immediately prior to the Closing, pay to the Company an amount equal to the Net Distribution Agreement Payment Amount, by wire transfer of immediately available cash funds, to the Designated Account, and thereafter the Seller Representative shall distribute the Net Distribution Agreement Payment Amount to the Sellers in accordance with the Merger Consideration Letter and provide evidence thereof to the Buyer Representative in form and substance acceptable to the Buyer Representative. [***].

(b) For the avoidance of doubt, the Net Distribution Agreement Payment Amount and all third party payments, including Royalty Obligations, based on the Net Distribution Agreement Payment and the Unissued Buyer Distribution Agreement Statements shall be excluded for purposes of calculating Working Capital and Company Cash. For the avoidance of doubt, the Parties agree and acknowledge that the Deemed Royalty Payments are an estimate agreed to among the Parties for purposes of the calculation of the Net Distribution Agreement Payment but do not necessary reflect the actual payments, including Royalty Obligations, that the Company and each Subsidiary of the Company will be required to pay or credit on or after the Closing based on the Net Distribution Agreement Payment and the Unissued Buyer Distribution Agreement Statements (the "Actual Royalty Payments").

(c) Following the payment of the Net Distribution Agreement Payment Amount, the Sellers shall not be entitled to receive any additional payments in connection with the Buyer Distribution Agreement (regardless of any amounts actually received by any Buyer or any of its respective Related Parties at any time in connection with the Buyer Distribution

Agreement or otherwise). The Seller Representative, on behalf of itself and each of the Sellers, and its and their respective Related Parties and its and their respective successors and assigns (collectively, the "Releasors"), hereby unconditionally and irrevocably releases and discharges the Buyers, Merger Sub, the Company, their respective Related Parties and their respective successors and assigns (collectively, the "Releasees"), in each case from any and all Actions, Losses, payment rights, audit rights, rights to receive accounting statements, demands, liens, obligations, controversies, debts, costs, attorneys' fees, expenses, damages, judgments, Orders and Liabilities, of whatever kind or nature, at law, in equity or otherwise, whether now known or unknown, suspected or unsuspected, fixed or contingent or choate or inchoate, and whether or not concealed or hidden, which such Releasor ever had, now has or hereafter can, shall or may have against any Releasee for, upon or by reason of any matter, fact or circumstance occurring or arising at any time relating to the Buyer Distribution Agreement, other than for, upon or by reason of the Company's failure to pay any and all Actual Royalty Payments ("Excluded Claims") and the Buyers, Merger Sub, and the Company hereby agree to jointly and severally indemnify, defend and hold harmless the Releasors for all third party (including Label Artists, but, for the avoidance of doubt, not including any Sellers, the Company, any Subsidiaries of the Company, and any current or former Employee of the Company or any Subsidiary of the Company) Actions, Losses, payment rights, demands, obligations, controversies, costs, attorneys' fees, expenses, damages, judgments, Orders and Liabilities, of whatever kind or nature, at law, in equity or otherwise, related to, based on or in connection with the Excluded Claims.

2.13 Allocation of Merger Consideration. Within ninety (90) days following the Closing, the Seller Representative shall deliver to the Buyer Representative a draft schedule (the "Allocation Schedule") allocating the Merger Consideration (including, for purposes of this Section 2.13, any other consideration paid to the Designated Account and distributed to the Sellers, to the extent treated as part of the Merger Consideration for applicable Tax purposes) among the Company Assets. The Allocation Schedule shall be reasonable and shall be prepared in accordance with applicable Tax Law. The Seller Representative shall consult with the Buyer Representative regarding the draft Allocation Schedule and consider in good faith any reasonable comments of the Buyer Representative with respect to the draft Allocation Schedule that are submitted to the Seller Representative in writing within fifteen (15) days after the Buyer Representative receives the draft Allocation Schedule; *provided* that if the Buyers and the Sellers do not resolve any disagreement regarding the draft Allocation Schedule within thirty (30) days after the Seller Representative receives the draft Allocation Schedule, then the draft Allocation Schedule shall not be binding on either the Buyers or the Sellers, including for purposes of filing any applicable Tax forms and federal, state, local and foreign Tax Returns, and the Buyers and the Sellers may each prepare and utilize an Allocation Schedule acceptable to them.

ARTICLE 3

CLOSING ITEMS

3.1 Company Closing Items. At the Closing, except with respect to the Funds Flow and the Merger Consideration Letter, which shall have been delivered three (3) Business Day prior to the Closing; the Unpaid Firm Financial Obligation Certificate, which shall have been delivered one (1) Business Day prior to the Closing; and the Board Consent, which shall have

been delivered prior to the Effective Date, the Seller Representative shall have delivered to the Buyer Representative each of the following:

(a) the Employment Agreement, duly executed by the applicable employee;

(b) a good standing certificate of each of the Company and each Subsidiary of the Company from the Secretary of State of their respective state of formation, dated within ten (10) days prior to the Closing Date;

(c) either (i) a duly executed and completed IRS Form W-9 from each Seller that is a U.S. Person, certifying that, for U.S. federal income Tax purposes, each such Seller is not a foreign Person and is not subject to backup withholding; or (ii) a duly executed and completed applicable IRS Form W-8 from each Seller that is a foreign Person, together with a duly executed and completed certification as to such foreign Seller's share of partnership liabilities in accordance with Treasury Regulation Section 1.1446(f)-2(c)(2)(ii)(B) (*provided*, however, that the Buyers' and Merger Sub's sole remedy in the event that any Seller fails to deliver such IRS Form W-8 and certification or W-9 shall be to withhold from such Seller's portion of the Merger Consideration as required under applicable law pursuant to the terms of Section 2.7 in any Buyer's discretion);

(d) all third-party consents set forth on Schedule 3.1(d) of the Company Disclosure Schedules, in each case, in form and substance acceptable to the Buyer Representative in its reasonable discretion;

(e) evidence of the pay-off of, and the release and termination of all Encumbrances in connection with, the Pinnacle Loan and Security Agreement, in each case, in form and substance reasonably satisfactory to the Buyer Representative (collectively, the "Pinnacle Pay-Off Letters");

(f) evidence of the release and termination (and, as applicable, the pay-off) of the Affiliate Arrangements (including, for the avoidance of doubt, the Specified Loans), in each case, in form and substance reasonably satisfactory to the Buyer Representative;

(g) evidence of resignation by the managers of the Company, in each case, in form and substance reasonably satisfactory to the Buyer Representative;

(h) the Company Secretary's Certificate, duly executed by the Company;

(i) the Escrow Agreement, duly executed by the Seller Representative and the Escrow Agent;

(j) the Funds Flow;

(k) the Merger Consideration Letter;

(l) the Unpaid Firm Financial Obligation Certificate;

(m) the Sellers Consent, duly executed by the applicable Sellers and the Seller Representative;

(n) the Seller Releases, duly executed by the applicable Sellers;

(o) the Board Consent, duly executed by the board of managers of the Company;

(p) a duly executed and completed certification from the Company that no withholding is required under Section 1445 of the Code and Treasury Regulation Section 1.1445-11T(d)(1) in accordance with Treasury Regulation Section 1.1445-11T(d)(2); and

(q) evidence of the exercise of the tail policy on the existing directors & officers and cybersecurity policies, in each case, in form and substance reasonably satisfactory to the Buyer Representative and in accordance with Section 7.8 hereof.

3.2 Buyers Closing Items. At the Closing, the Buyer Representative shall have delivered (or caused to have been delivered) each of the following:

(a) to the Seller Representative an amount in cash equal to (i) the Closing Merger Consideration to the Designated Account (such amount to be distributed to the Sellers in accordance with the Merger Consideration Letter and Seller Representative to provide evidence thereof to the Buyer Representative in form and substance acceptable to the Buyer Representative), (ii) the Estimated Company Expenses in the amounts and to the accounts designated in the Funds Flow, and (iii) the Net Distribution Agreement Payment Amount to the Designated Account (such amount to be distributed to the Sellers in accordance with the Merger Consideration Letter and Seller Representative to provide evidence thereof to the Buyer Representative in form and substance acceptable to the Buyer Representative);

(b) to the applicable payees set forth in the Pinnacle Pay-Off Letters, the Company Indebtedness under the Pinnacle Loan and Security Agreement in accordance with the Pinnacle Pay-Off Letters;

(c) to the Escrow Agent for deposit in an escrow account with respect to the Escrow Amount (the "Escrow Account"), an amount in cash equal to the Escrow Amount to the account(s) designated in the Escrow Agreement or otherwise designated in writing by the Escrow Agent prior to the Closing Date, to be held by the Escrow Agent and distributed by the Escrow Agent in accordance with the terms of the Escrow Agreement and the applicable provisions of this Agreement;

(d) to the applicable Employee, the Employment Agreement, duly executed by Elektra Music Group Inc.;

(e) to the Seller Representative, a good standing certificate of Buyer 1 from the Secretary of the State of Delaware, dated within ten (10) days prior to the Closing Date;

(f) to the Seller Representative, a good standing certificate of Buyer 2 from the Secretary of the State of Delaware, dated within ten (10) days prior to the Closing Date;

(g) to the Seller Representative, the Buyer 1 Secretary's Certificate, duly executed by Buyer 1;

(h) to the Seller Representative, the Buyer 2 Secretary's Certificate, duly executed by Buyer 2;

(i) to the Seller Representative, the Merger Sub Secretary's Certificate, duly executed by the Merger Sub; and

(j) to the Seller Representative, the Escrow Agreement, duly executed by the Buyer Representative.

ARTICLE 4

REPRESENTATIONS AND WARRANTIES REGARDING EACH SELLER

Except as set forth on the Company Disclosure Schedules (construed in accordance with Section 12.3), with respect to each Seller the Company hereby represents and warrants to the Buyers that the statements contained in this Article 4 are true and correct as of the date of this Agreement and as of the Closing Date (except to the extent such representations and warranties expressly relate to another date (in which case as of such other date)):

4.1 Organization. If such Seller is a legal entity, such Seller is duly formed, validly existing and in good standing under the Laws of its formation. Such Seller (a) has the requisite power and authority to own, lease and operate its assets and properties and to conduct its business as presently conducted; and (b) has all requisite power and authority and legal right to own the Securities and consummate the Contemplated Transactions. There is no pending or threatened in writing to such Seller or, to the Knowledge of the Company, otherwise threatened dissolution, liquidation, bankruptcy, reorganization or insolvency of such Seller.

4.2 Authority. Such Seller has the requisite legal capacity, power and authority to execute, deliver and perform any Transaction Documents to which it is a party, to perform its obligations thereunder and to consummate the Contemplated Transactions. The execution, delivery and performance by such Seller of any Transaction Documents to which it is a party and the consummation of the Contemplated Transactions by such Seller have been duly and validly authorized by all necessary action on the part of such Seller, and no other proceeding, consent or authorization on the part of such Seller, its board of directors or similar governing body or its equityholders is necessary to authorize the execution, delivery and performance by such Seller of any Transaction Document to which it is a party or the consummation of the Contemplated Transactions by such Seller.

4.3 Binding Obligation. Any Transaction Documents to which such Seller is a party have been duly and validly executed and delivered by such Seller. Assuming that each such Transaction Document has been duly executed and delivered by the other parties thereto, each such Transaction Document to which such Seller is a party constitutes a legal, valid and binding obligation of such Seller, enforceable against such Seller in accordance with its terms, except to the extent that the enforceability thereof may be limited by: (a) applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium or similar applicable Laws

affecting the enforcement of creditors' rights and remedies; and (b) general principles of equity (collectively, the "Enforceability Exceptions").

4.4 No Conflicts. The execution, delivery and performance by such Seller of any Transaction Documents to which it is a party and the consummation of the Contemplated Transactions by such Seller do not and will not (as applicable): (a) if such Seller is a legal entity, conflict with, result in a breach of, violate, or constitute a default under, or constitute an event that, after notice or lapse of time or both, would result in a conflict with, breach of, violation of, or constitute a default under, any provision of the Organizational Documents of such Seller; (b) materially conflict with, result in a material breach of, violate, or constitute a default under, or constitute an event that, after notice or lapse of time or both, would result in a conflict with, material breach of, violation of, or constitute a default under, any provision of any Law or Order applicable to such Seller or the property or assets of such Seller or the Company or any of the Company Assets; and (c) materially conflict with, result in a breach of, violate, constitute a default under, or result in the creation or imposition of any Encumbrance (other than Permitted Encumbrances) on, or constitute an event that, after notice or lapse of time or both, would result in a conflict with, breach of, violation of, constitute a default under, or result in the creation or imposition of any Encumbrance (other than Permitted Encumbrances) on the Securities or the Company Assets.

4.5 No Governmental Authorizations. Other than the Required Governmental Consents, no authorization, consent, approval, Order or other action by, and no notice to or designation, declaration or filing with, any Governmental Authority or other Person will be required to be obtained or made by such Seller in connection with the execution, delivery and performance by such Seller of any Transaction Documents to which it is a party or the consummation of the Contemplated Transactions by such Seller.

4.6 The Securities. At Closing, the Securities owned by such Seller represent one hundred percent (100%) of such Seller's issued and outstanding Equity Securities of the Company. At the Closing, such Seller will hold of record, own beneficially and have good and valid title to such Securities, free and clear of all Encumbrances (other than Securities Law Permitted Encumbrances).

4.7 No Actions. There are no Actions pending or threatened in writing to such Seller or, to the Knowledge of the Company, otherwise threatened against such Seller by or before any Governmental Authority which seek to prevent such Seller from consummating, or would impair such Seller's ability to consummate, the Contemplated Transactions or that would reasonably be expected to adversely affect the ability of such Seller to perform its obligations under any Transaction Document to which it is a party. There is no investigation by any Governmental Authority that is pending or threatened in writing to such Seller or, to the Knowledge of the Company, otherwise threatened against such Seller or otherwise affecting such Seller, which would have an adverse effect on such Seller's performance under any Transaction Documents, to which such Seller is a party or by which it is bound, or on the consummation of the Contemplated Transactions.

4.8 No Orders. Such Seller is not subject to any pending or outstanding Order that prohibits or otherwise restricts the ability of the such Seller to consummate fully the

Contemplated Transactions or otherwise perform its obligations pursuant to any Transaction Document to which it is a party.

ARTICLE 5

REPRESENTATIONS AND WARRANTIES REGARDING THE COMPANY

Except as set forth on the Company Disclosure Schedules (construed in accordance with Section 12.3), the Company hereby represents and warrants to the Buyers that the statements contained in this Article 5 are true and correct as of the date of this Agreement and as of the Closing Date (except to the extent such representations and warranties expressly relate to another date (in which case, as of such other date)):

5.1 Organization and Authority.

(a) The Company and each Subsidiary of the Company is duly formed, validly existing and in good standing under the Laws of the state of its formation. The Company and each Subsidiary of the Company has the requisite power and authority to (i) execute and deliver this Agreement and the Transaction Documents to which the Company is, or is specified to be, a party and to perform the Company's obligations hereunder and thereunder and to consummate the Contemplated Transactions; (ii) own, lease and operate the Company Assets; and (iii) conduct the Company Business. The Company and each Subsidiary of the Company has been qualified, licensed or registered to transact business and is in good standing (or the equivalent thereof) in each jurisdiction in which the ownership, use or leasing of the Company Assets or the conduct or nature of the Company Business makes such licensing, qualification, or registration necessary, except to the extent the failure to be qualified, licensed or registered would not, individually or in the aggregate, be material to the Company and each Subsidiary of the Company taken as a whole. There is no pending or threatened in writing to the Company or, to the Knowledge of the Company, otherwise threatened dissolution, liquidation, bankruptcy, reorganization or insolvency of the Company and any Subsidiary of the Company.

(b) The execution, delivery and performance by the Company of this Agreement and each other Transaction Document to be entered into by the Company at Closing and the consummation of the Contemplated Transactions have been duly and validly authorized by all necessary action of the Company, and no other acts or proceedings on the part of the Company, its board of directors or similar governing body or its equityholders are necessary to authorize the execution, delivery or performance of this Agreement or any of the Transaction Documents or the consummation of the Contemplated Transactions. This Agreement has been, and each such other Transaction Document on the Closing Date will be, duly and validly executed and delivered by the Company and constitutes or will constitute a valid and legally binding obligation of the Company, enforceable against the Company in accordance with this Agreement's and each Transaction Document's respective terms, subject to the Enforceability Exceptions.

5.2 Capitalization of the Company; Subsidiaries; Organizational Documents.

(a) The Securities constitute one hundred percent (100%) of the authorized, issued and outstanding Equity Securities of the Company. Schedule 5.2(a) of the Company Disclosure Schedules sets forth: (i) a complete and accurate list of the authorized, issued and outstanding Equity Securities of the Company; and (ii) as of immediately prior to Closing, the record and beneficial owner(s) of all of the authorized, issued and outstanding Equity Securities of the Company. Except as set forth on Schedule 5.2(a) of the Company Disclosure Schedules, there are no other Equity Securities of the Company authorized, issued, reserved for issuance or outstanding, and there are no outstanding options, warrants, convertible or exchangeable securities, subscriptions, rights, stock appreciation rights, calls, commitments, or Contracts relating to the Equity Securities of the Company to which the Company is a party or is bound requiring the issuance, delivery or sale of Equity Securities of the Company.

(b) Except as set forth on Schedule 5.2(b) of the Company Disclosure Schedules, the Company does not have, and has never had, any authorized, issued or outstanding stock appreciation, phantom stock, profit participation or similar rights. The Company does not have, and has never had, any authorized, issued or outstanding bonds, debentures, notes or other evidence of Indebtedness the holders of which have the right to vote (or that are convertible into, exchangeable for, or evidencing the right to subscribe for Equity Securities having the right to vote) with the holders of Equity Securities of the Company on any matter. As of immediately prior to Closing, other than this Agreement and the Transaction Documents, there will be no Contracts with any party other than a Seller to which the Company is a party or is bound to: (i) repurchase, redeem or otherwise acquire any of the Securities; or (ii) vote or dispose of any of the Securities, except as set forth on Schedule 5.2(b) of the Company Disclosure Schedules. As of immediately prior to Closing, no Person will have any right of first/last offer, right of first/last refusal or preemptive right in connection with any future offer, sale or issuance of any of the Securities, except as set forth on Schedule 5.2(b) of the Company Disclosure Schedules.

(c) All of the Securities are duly authorized, validly issued, fully paid and non-assessable.

(d) Except as set forth on Schedule 5.2(d) of the Company Disclosure Schedules, the Company does not have any Subsidiary. Schedule 5.2(d) of the Company Disclosure Schedules sets forth the Company's ownership of the Equity Securities of each Subsidiary of the Company. All of the issued and outstanding Equity Securities of each such Subsidiary owned by the Company are duly authorized and validly issued, free and clear of any and all Encumbrances (other than Securities Law Permitted Encumbrances). Except as set forth on Schedule 5.2(d) of the Company Disclosure Schedules, there are no other Equity Securities of any such Subsidiary issued, reserved for issuance or outstanding and no outstanding options, warrants, convertible or exchangeable securities, subscriptions, rights (including any preemptive rights or rights of first refusal), stock appreciation rights, calls or commitments to which any such Subsidiary is a party or may be bound requiring the issuance or sale of any equity interests of such Subsidiary.

(e) The Seller Representative has made available to the Buyer Representative true, complete and accurate copies of the Organizational Documents of the Company and each Subsidiary of the Company.

5.3 No Conflicts. The execution, delivery and performance of this Agreement and the other Transaction Documents and the consummation of the Contemplated Transactions will not: (a) conflict with, result in a breach of, violate, or constitute a default under, or constitute an event that, after notice or lapse of time or both, would result in a conflict with, breach of, violation of, or constitute a default under, any provision of the Organizational Documents of the Company or any Subsidiary of the Company; (b) materially conflict with, result in a breach of, violate, or constitute a default under, or constitute an event that, after notice or lapse of time or both, would result in a conflict with, breach of, violation of, constitute a default under, or accelerate the performance required under, or result in the termination of or give any Person the right to terminate, any material Contract to which the Company and or any Subsidiary of the Company is a Party; (c) materially conflict with, result in a breach of, violate, or constitute a default under, or constitute an event that, after notice or lapse of time or both, would result in a conflict with, breach of, violation of, or constitute a default under, any provision of any Law or Order applicable to the Company, any Subsidiary of the Company, or any of the Company Assets; or (d) materially conflict with, result in a breach of, violate, constitute a default under, or result in the creation or imposition of any Encumbrance (other than Permitted Encumbrances) on, or constitute an event that, after notice or lapse of time or both, would result in a conflict with, breach of, violation of, constitute a default under, or result in the creation or imposition of any Encumbrance on the Company Assets or any Material Contract (other than Permitted Encumbrances).

5.4 No Governmental Authorizations. Other than the Required Governmental Consents, no authorization, consent, approval, Order or other action by, and no notice to or designation, declaration or filing with, any Governmental Authority will be required to be obtained or made by the Company in connection with the execution, delivery or performance by the Company of this Agreement and the other Transaction Documents to which it is a party or the consummation of the Contemplated Transactions by the Company. No "business combination," "fair price," "moratorium," "control share acquisition" or other similar anti-takeover statute, Law or regulation is applicable to the Contemplated Transactions.

5.5 Financial Statements.

(a) Schedule 5.5(a) of the Company Disclosure Schedules contains copies of (i) the audited consolidated balance sheet of the Company and each Subsidiary of the Company, and the related audited consolidated statements of income, statements of changes in retained earnings and members' equity, statement of operations, and statements of cash flows for the fiscal years ended December 31, 2019 and December 31, 2020, in each case together with the report thereon of Berdon LLP, independent certified public accountants, and including the notes thereto (collectively, the "Audited Financial Statements"); and (ii) an unaudited consolidated balance sheet of the Company and each Subsidiary of the Company as of September 30, 2021 (the "Latest Balance Sheet Date") and the related unaudited consolidated statement of income, statement of operations and statement of members' equity and cash flows for the nine (9) months then ended, prepared by Company (collectively, the "Interim Financial Statements" and, together with the Audited Financial Statements, the "Financial Statements"). Each of the Financial Statements (A) has been prepared from the books and records of the Company and each Subsidiary of the Company; (B) fairly presents, in all material respects, the consolidated financial position, results of operations and cash flows of the Company and each Subsidiary of

the Company as of the dates and for the periods indicated; and (C) has been prepared in accordance with GAAP applied consistently throughout the periods covered thereby subject, in the case of the Interim Financial Statements, to (i) normal and recurring year-end adjustments (if any) which are not material individually or in the aggregate, (ii) absence of footnote disclosures (which if presented would not differ materially from those presented in the audited Financial Statements), and (iii) the exceptions described in Schedule 5.5(a) of the Company Disclosure Schedules.

(b) The Company and each Subsidiary of the Company has implemented and maintains a system of "internal controls over financial reporting" (as defined in the Securities Act) sufficient to provide reasonable assurance (i) regarding the reliability of the Company's and each Subsidiary of the Company's financial reporting and the preparation of financial statements for external purposes in accordance with GAAP; (ii) that receipts and expenditures of the Company and each Subsidiary of the Company are being made only in accordance with the authorization of the Company's and each Subsidiary of the Company's respective management and directors (as applicable); and (iii) regarding prevention or timely detection of the unauthorized acquisition, use or disposition of the Company's and each Subsidiary of the Company's respective assets that could have a material effect on the Company's or any Subsidiary of the Company's financial statements. Since the Latest Balance Sheet Date, there have been no changes in the "internal controls over financial reporting" of the Company or any Subsidiary of the Company that have materially affected, or would reasonably be likely to materially affect, the internal controls over financial reporting of the Company or any Subsidiary of the Company.

(c) Except as set forth on Schedule 5.5(c) of the Company Disclosure Schedules, none of the Company, any Subsidiary of the Company or its or their independent certified public accounting firm has identified any significant deficiencies or material weaknesses in the Company's or any Subsidiary of the Company's internal controls and, to the Knowledge of the Company, nothing has come to the attention of the Company or any Subsidiary of the Company that has caused the Company or any Subsidiary of the Company to believe that there are or may be material weaknesses or significant deficiencies in such internal controls. Since the Latest Balance Sheet Date, no complaints from any source regarding accounting, internal controls or auditing matters have been received by the Company or any Subsidiary of the Company which, if the allegations underlying such complaints were true, would, individually or in the aggregate, be reasonably likely to be material to the Company or any Subsidiary of the Company, and the Company and each Subsidiary of the Company have not received any complaints through the Company's or any Subsidiary of the Company's whistleblower hotline or equivalent system for receipt of Employee concerns regarding possible violations of applicable Law. None of the Company, any Subsidiary of the Company or its or their independent certified public accounting firm has identified or been made aware of (i) any fraud, whether or not material, that involves any of the Company or any Subsidiary of the Company nor its or their management or other Employees or other Persons who have a role in the preparation of financial statements or the internal accounting controls utilized by the Company and each Subsidiary of the Company; or (ii) any claim or allegation regarding the foregoing.

5.6 Absence of Certain Changes or Events. Except as expressly contemplated by this Agreement or as set forth on Schedule 5.6 of the Company Disclosure Schedules, during the period from December 31, 2020 to the date of this Agreement, (a) other than in connection with the Contemplated Transactions, the Company and each Subsidiary of the Company has operated its business only in the ordinary course of business consistent with past practice; (b) there has been no Material Adverse Effect; and (c) neither the Company nor any Subsidiary of the Company has failed to maintain, abandoned, subjected to any Encumbrance, other than Permitted Encumbrances, or permitted to lapse, any material tangible or intangible asset (other than, in the case of this clause (c), in the ordinary course of business consistent with past practice).

5.7 Accounts Receivable; Accounts Payable.

(a) The accounts receivable of the Company and each Subsidiary of the Company reflected on the Interim Financial Statements and the accounts receivable arising after the Latest Balance Sheet Date and on or prior to the date of this Agreement (i) are valid claims (*provided* that, it is understood and agreed that the collectability of such accounts receivable may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting the enforcement of creditors' rights generally); and (ii) arose in bona fide arm's length transactions in the ordinary course of business consistent with past practice. Since the Latest Balance Sheet Date, the Company and each Subsidiary of the Company has collected its respective accounts receivable in the ordinary course of business consistent with past practice and has not accelerated any such collections.

(b) The accounts payable of the Company and each Subsidiary of the Company reflected on the Interim Financial Statements and the accounts payable arising after the date thereof and on or prior to the date of this Agreement arose in bona fide arm's length transactions in the ordinary course of business consistent with past practice and the Company and each Subsidiary of the Company has paid its respective accounts payable and notes payable in the ordinary course of business consistent with past practice.

5.8 No Undisclosed Liabilities. Except as set forth on Schedule 5.8 of the Company Disclosure Schedules, neither the Company nor any Subsidiary of the Company have any Indebtedness (excluding, for the purposes of this Section 5.8, any Indebtedness in respect of royalty obligations or any other ordinary course obligations relating to the Company Works) or Liabilities and whether or not of a type required to be set forth on a balance sheet of the Company or any Subsidiary of the Company prepared in accordance with GAAP or which would have a material impact on the Company, any Subsidiary of the Company or its or their operations, other than (i) Liabilities set forth in or reserved against in the Interim Financial Statements as of the Latest Balance Sheet Date; (ii) Liabilities incurred in the ordinary course of business consistent with past practice after the Latest Balance Sheet Date; (iii) Liabilities arising under the terms of any Contract or Permit binding upon the Company, other than as a result of breach or default under such Contract or Permit; and (iv) Company Expenses.

5.9 Compliance with Laws. The Company and each Subsidiary of the Company is, and for the past five (5) years has been, in compliance in all material respects with all Laws and Orders applicable to the Company, any Subsidiary of the Company, the Company Business, or

any of the Company Assets. Neither the Company nor any Subsidiary of the Company has received notice from any Governmental Authority that the Company or any Subsidiary of the Company is in material violation of or is not in material compliance with any applicable Law or Order or of any obligation to bear any cost for any remedial Action. There is no pending or threatened in writing to Company, or, to the Knowledge of the Company, otherwise threatened, external or internal investigation related to any potential violation of Law or Order in connection with the Company, any Subsidiary of the Company, the Company Business, or any of the Company Assets, nor has the Company identified information that would lead a reasonable Person to believe that there exists any material violation of a Law or Order in connection with the Company, any Subsidiary of the Company, the Company Business, or any of the Company Assets.

5.10 Permits. The Company and each Subsidiary of the Company has all material Permits necessary for: (a) the lawful conduct of the Company Business as presently conducted; and (b) the lawful ownership, operation, use and maintenance of the Company Assets. All such Permits are valid and in full force and effect and are being complied with in all material respects, and there has occurred no material violation of or default under any such Permit by the Company or any Subsidiary of the Company. There are no Actions pending or threatened in writing to the Company or, to the Knowledge of the Company, otherwise threatened that would reasonably be expected to result in the termination, revocation, suspension or restriction of any Permit or the imposition of any material fine, material penalty, material sanction or other material Liability for violation of any Law or Order relating to any Permit. None of the Permits held by the Company or any Subsidiary of the Company shall be affected in any material respect by the consummation of the Contemplated Transactions. Such Permits are sufficient for the Buyers to carry on the Company Business from and after the Closing as presently conducted.

5.11 No Actions. Except as set forth on Schedule 5.11 of the Company Disclosure Schedules, there are no, and for the past five (5) years there have been no, Actions pending, threatened in writing to the Company, or, to the Knowledge of the Company, otherwise threatened against the Company, any Subsidiary of the Company, or otherwise relating to any of the Company Assets (including, for the avoidance of doubt, any Company Intellectual Property owned by or exclusively licensed to the Company or a Subsidiary of the Company or any Company Works), the Company Business, this Agreement or the Contemplated Transactions. Except as set forth in Schedule 5.11 of the Company Disclosure Schedules, to the Knowledge of the Company, no event has occurred or circumstances exist that would reasonably be expected to give rise to or serve as a basis for any such Action, including with respect to any accounting, revenue calculation or allocation, or payments under any recording, production, distribution, manufacturing, joint venture or profit-split Contracts to which the Company or any Subsidiary of the Company is a party or which is included in the Company Assets. Except as set forth on Schedule 5.11 of the Company Disclosure Schedules, there are no pending Actions in which any Seller is a plaintiff relating to the Company, any Subsidiary of the Company, the Company Business, or the Company Assets.

5.12 No Orders. Neither the Company nor any Subsidiary of the Company is subject to any pending or outstanding Order and there are no unsatisfied judgments, penalties or awards against, affecting or relating to the Company Business or the Company Assets. There is no investigation by any Governmental Authority that is pending or threatened in writing to the

Company or, to the Knowledge of the Company, otherwise threatened against or affecting the Company, the Company Business, or the Company Assets.

5.13 Contracts; Company Works.

(a) On a sub-section by sub-section basis, Schedule 5.13(a) of the Company Disclosure Schedules sets forth the following Company Contracts (such listed Contracts, collectively, the "Material Contracts"):

(i) Contracts with Top Label Artists;

(ii) Contracts, other than non-exclusive master use/synchronization or compilation licenses or side artist or featured artists label waivers entered into in the ordinary course of business, which give any Person other than the Company or any Subsidiary of the Company exclusive or non-exclusive rights to distribute, sell or otherwise Exploit Records embodying any Catalog Master in any territory other than rights retained by Label Artists in the ordinary course of business;

(iii) Contracts under which the Company or any Subsidiary of the Company has any profit or other revenue participation or royalty obligations (including in connection with any advance) to any Person in respect of the Exploitation of any Company Works of any Top Label Artist (excluding all mechanical royalties and publishing royalties and letters of direction accommodated in the ordinary course of business;

(iv) Contracts to which the Company or any Subsidiary of the Company is a party, which obligate the Company or any Subsidiary of the Company to make any expenditures or pay any fees or any other monies or consideration of any kind (other than royalties or profit or other revenue participation, but including any advances against royalties or profit or other revenue participations), in each case in excess of $100,000, to any Person;

(v) Contracts relating to the incurrence or guaranty of, or obligation for, any Indebtedness or mortgaging, pledging or otherwise placing an Encumbrance on any portion of any Company Asset;

(vi) Contracts relating to the title to, or ownership, lease, use, sale, exchange or Transfer of, any leasehold or other interest in any real or personal property owned or leased by the Company or any Subsidiary of the Company;

(vii) Contracts relating to any partnership, joint venture or similar arrangement to pursue a shared business project or purpose (other than royalties or profit or other revenue participations and ordinary course recorded music revenue sharing Contracts);

(viii) Contracts under which the Company or any Subsidiary of the Company would incur any change-in-control payment, transaction bonus or similar

Liability to any of its Employees by reason of any Transaction Document or the Contemplated Transactions;

(ix) Contracts for the employment or service of any individual on a full-time, part-time, consulting, independent contractor, or other basis, with annual base compensation in excess of $175,000 per year, excluding offer letters which provide for at-will employment and no severance obligations;

(x) Contracts involving aggregate consideration in excess of $100,000 (other than royalties or profit or other revenue participations) and which, in each case, cannot be cancelled by the Company or any Subsidiary of the Company without penalty or without notice, under which the Company or any Subsidiary of the Company subcontracts work to third parties;

(xi) Contracts comprising any Plan, including any bonus, pension, profit sharing, retirement or other form of deferred compensation plan;

(xii) Contracts relating to any equity purchase, equity option, phantom equity or similar plan;

(xiii) Contracts involving any interest rate, currency or commodity derivative or hedging transaction;

(xiv) Contracts (A) relating to the disposition or acquisition, directly or indirectly, by the Company or any Subsidiary of the Company of a substantial portion of the Company Asset or any Equity Security, whether via merger, stock or asset purchase or otherwise; (B) granting to any Person any preferential rights to purchase the Company Business, any Equity Security, or any portion of the Company Assets; or (C) that are a letter of intent or similar arrangement involving the Company or any Subsidiary of the Company;

(xv) Contracts, other than any Label Artist Agreement with a Top Label Artist, under which the Company or any Subsidiary of the Company has, directly or indirectly, made (or agreed to make) advances (other than advances against royalties or profit or other revenue participations), loans, extensions of credit or capital contributions to, or other investment in, any other Person;

(xvi) Contracts involving any Top Label Artist relating to any option exercises or notices with respect thereto;

(xvii) Contracts (other than Organizational Documents and employment agreements) with any Seller-Affiliated Person;

(xviii) Contracts for capital expenditures in excess of $100,000;

(xix) Contracts granting any covenant-not-to-sue or limiting or restricting in any material respect the Company’s right to use or exercise rights in any

Intellectual Property (other than name, likeness, image, photo, and biography restrictions) in Label Artist Agreements);

(xx) Contracts which contain non-competition, non-solicitation, no-poach, non-disparagement or other restrictive provisions restricting the Company, the Company Business or the Company Assets (other than ordinary course restrictions (*i.e.*, name, likeness, image, photo, and biography restrictions, remix, editing or alteration restrictions, "grand rights" or dramatization rights restrictions, "demo", "sample" or similar restrictions) in Label Artist Agreements);

(xxi) Contracts: (A) which purport to limit or restrict the ability of the Company to enter into or engage in any market or line of business; (B) which contain any so-called "most favored nations" obligations on the part of the Company or establish an exclusive sale or purchase obligation with respect to any product or any geographic location; (C) which include any "key man," "of the essence," "personal services," "lock" or other similar provisions, in each case for the benefit of a party other than the Company or any Subsidiary of the Company; or (D) which include any change of control or other similar provisions;

(xxii) collective bargaining agreements relating to any Company Works or Contracts with any guild, labor union, labor organization or association; and

(xxiii) Contracts with or involving a minor (including Contracts with any Person who was a minor at the time of contracting) which were not judicially ratified without modification.

(b) Prior to the Closing Date, the Seller Representative has supplied the Buyer Representative with, or the Seller Representative has given the Buyer Representative access to, a true and complete copy of each Material Contract, including all amendments and other modifications thereto.

(c) All Material Contracts are valid, subsisting Contracts, in full force and effect and binding upon the parties thereto. Neither the Company nor any Subsidiary of the Company is (and is not claimed to be, as applicable) in material breach of or material default under any Material Contract and, to the Knowledge of the Company, no other party to any such Material Contract is (or is claimed to be) in material breach or material default thereunder. Except as set forth on Schedule 5.13(c) of the Company Disclosure Schedules, no party to any of the Material Contracts has exercised (or notified the Company that it intends to exercise) any termination rights with respect thereto. Each Material Contract will, following the Closing, continue to be in full force and effect and enforceable in accordance with its terms, subject to the Enforceability Exceptions. Other than the rights of the Company or any Subsidiary of the Company in and to the Company Works, there is no material Company Owned Intellectual Property or material Intellectual Property exclusively licensed to the Company or any Subsidiary of the Company that is subject to any Contract (i) granting a license, sublicense or other Contract pursuant to which the Company or any Subsidiary of the Company grants any non-affiliated Person a right or license to use any such Company Owned Intellectual Property or Intellectual Property or (ii) granting a license, sublicense or other Contract pursuant to which any non-

affiliated Person grants the Company or any Subsidiary of the Company a right or license to use any such Company Owned Intellectual Property or Intellectual Property owned by such other Persons, other than commercial off-the-shelf software licensed in the ordinary course of business.

(d) No Company Work has passed into the public domain. The Company or a Subsidiary of the Company has obtained, and the Company Assets include, all mechanical and other licenses and permissions (including sample clearances and label waivers) necessary for the Company or a Subsidiary of the Company to Exploit the Company Works in connection with the Company Business as conducted immediately prior to the Closing.

(e) The list of Catalog Masters set forth on Schedule 5.13(e)(i) of the Company Disclosure Schedules constitutes all Recordings in which any of the Company or a Subsidiary of the Company has any right or interest immediately prior to Closing and Schedule 5.13(e)(ii) specifies, with respect to each Top Artist, whether the rights to such Top Artist Recordings are (i) via ownership or exclusive license (including distribution rights); (ii) worldwide or less than worldwide; and (iii) with respect to any exclusive licenses, when such licenses or rights held by the Company or any Subsidiary of the Company expire.

(f) Set forth on Schedule 5.13(f) of the Company Disclosure Schedules is a true, correct and complete: (i) list of all Contracts, other than non-exclusive master use/synchronization or compilation licenses or side artist or featured artists waivers entered into in the ordinary course of business, pursuant to which the Company or any Subsidiary of the Company has granted to any Person any rights in and to any Top Catalog Master that remain in effect other than rights in and to any Top Catalog Master retained by a Label Artist in the ordinary course of business; and (ii) a list of all Contracts pursuant to which the Company or any Subsidiary of the Company has acquired, obtained or has otherwise been granted any rights or interests of any kind in and to any Top Catalog Master.

(g) Except as set forth in Schedule 5.13(g) of the Company Disclosure Schedules, there are no Actions pending or threatened in writing to the Company or, to the Knowledge of the Company, otherwise threatened, against the Company or any Subsidiary of the Company alleging that any Company Work or the Exploitation thereof are, or at any time have been, infringing, misappropriating or otherwise violating any Intellectual Property of another Person or otherwise adversely affecting the rights of any Person, or that the Company's or any Subsidiary of the Company's rights to any Company Work are invalid or unenforceable.

(h) Except as disclosed on Schedule 5.13(h) of the Company Disclosure Schedules, as of the Closing Date: (i) the Company or a Subsidiary of the Company owns good, valid and marketable title (or any applicable foreign Law equivalent) in or valid exclusive license or other right to use the Company Works, and is the sole owner of all such owned items, free and clear of all Encumbrances (other than Permitted Encumbrances); (ii) each Company Work is of sufficient technical quality to enable the Company or a Subsidiary of the Company to continue to Exploit such Company Work after the Closing in the same manner as Exploited by the Company or a Subsidiary of the Company prior to the Closing; (iii) the Company or a Subsidiary of the Company has all licenses, consents and third party rights necessary to manufacture, promote, sell, advertise and distribute the Catalog Masters in accordance with and subject to terms of the

Company Contracts, in a manner consistent with its current practice; (iv) no Company Work, nor any packaging, advertising, publicity, promotion or Exploitation related thereto violates or infringes upon any copyright, trademark or other Intellectual Property of any other Person; and (v) neither the Company nor any Subsidiary of the Company is party to (A) any settlement or covenant not to sue; or (B) Order that restricts its exclusive ability to Exploit the Company Works in accordance with and subject to terms of the Company Contracts.

(i) The consummation of the Contemplated Transactions will not cause the loss or impairment of rights, or the requirement to pay additional amounts pursuant to the terms of the Material Contracts, with respect to the ownership or Exploitation of the Top Catalog Masters.

(j) The Company and each Subsidiary of the Company has complied in all material respects with all requirements under any applicable collective bargaining agreements to which the Company or a Subsidiary of the Company is a party that relate to the Company Works, if any. The Company or a Subsidiary of the Company has paid or caused to be paid (i) all participations and royalties; and (ii) all amounts payable under all applicable collective bargaining agreements with any union or guild, in each case due and payable by or on behalf of the Company or a Subsidiary of the Company and has established reserves for all such amounts that should be accrued in accordance with GAAP and is reflected on the Financial Statements. Except as set forth on Schedule 5.13(j) of the Company Disclosure Schedules and other than audits by Label Artist in the ordinary course of business consistent with past practice, there are no claims that have been asserted or threatened in writing to the Company or, to the Knowledge of the Company, are otherwise threatened by any such guild or union or any Person who is entitled to any participations or royalties, against any Company Work.

(k) The Company and each Subsidiary of the Company has paid or fulfilled, or caused to be paid or fulfilled, all material obligations with respect to all material Company Works required to be performed or fulfilled by the Company or any Subsidiary of the Company as of the Closing Date.

(l) Schedule 5.13(l) of the Company Disclosure Schedules sets forth, as of the most recent accounting period for the applicable Label Artist, a true and complete list of any unrecouped advance (or similar) balances (whether or not written off by the Company or any Subsidiary of the Company), in respect of any Label Artist, which would otherwise be subject to recoupment (whether or not written off by the Company or any Subsidiary of the Company) by the Company or any Subsidiary of the Company.

5.14 Relationship with On-Roster Label Artists. No On-Roster Label Artist has informed the Company or a Subsidiary of the Company of such On-Roster Label Artist's intent to terminate such On-Roster Label Artist's relationship with the Company or a Subsidiary of the Company and, to the Knowledge of the Company, no On-Roster Label Artist intends to terminate such On-Roster Label Artist's relationship with the Company or a Subsidiary of the Company or any entity furnishing rights to the Company or a Subsidiary of the Company on behalf of such On-Roster Label Artist. None of the On-Roster Label Artists has terminated or canceled (or threatened in writing to the Company or, to the Knowledge of the Company,

otherwise threatened to the Company or a Subsidiary of the Company terminate or cancel) any Contracts between such Label Artist and the Company or a Subsidiary of the Company.

5.15 Taxes.

(a) The Company has always been since the time of its formation classified as either a disregarded entity or a partnership for U.S. federal and relevant state income tax purposes. Schedule 5.15(a) of the Company Disclosure Schedules sets forth the current classification of each Subsidiary of the Company for U.S. federal and relevant state income tax purposes and, if an entity classification election under Treasury Regulations Section 301.7701-3 has been filed with respect to such entity within the preceding five (5) years, the date and type of such election.

(b) All income and other material Tax Returns required to be filed by the Company and each of its Subsidiaries have been timely filed and such Tax Returns are complete and accurate in all material respects and all Taxes required to be paid by the Company and each of its Subsidiaries (whether or not shown on any Tax Return) have been paid.

(c) No extension of any statute of limitations on the assessment of Taxes, or time within which to file any Tax Return, with respect to the Company or any of its Subsidiaries, other than automatic extensions granted by operation of Law, is currently in effect, and none has been requested by any Governmental Authority.

(d) No claim has been made by any Governmental Authority in any jurisdiction in which a Tax Return has not been filed, or Taxes have not been paid, by the Company or any of its Subsidiaries that such a Tax Return must be filed or Taxes paid in such jurisdiction.

(e) Except as set forth on Schedule 5.15(e) of the Company Disclosure Schedules, no Governmental Authority has given written notice of any intention to commence an audit or other proceeding, or assert any deficiency or claim for additional Taxes relating to the Company or any of its Subsidiaries and no such audit or proceeding is currently ongoing. There is no audit or proposed deficiency for unpaid Taxes threatened in writing relating to the Company or any of its Subsidiaries.

(f) The charges, accruals and reserves for Taxes with respect to the Company and its Subsidiaries reflected on the books of the Company and its Subsidiaries (excluding any provision for deferred income taxes) are adequate to cover their Liabilities for Taxes accruing through the end of the last period for which the Company and its Subsidiaries have recorded items on their books, and since the end of the last period for which the Company and its Subsidiaries have recorded items on their books, neither the Company nor any of its Subsidiaries have incurred any Liability for Taxes, engaged in any transaction, or taken any other action, other than in the ordinary course of business consistent with past practice.

(g) There are no Encumbrances for Taxes on any of the Company Assets other than Permitted Encumbrances.

(h) Neither the Company nor any of its Subsidiaries (i) is a party to, or bound by, or has any obligation under, any Tax sharing Contract; (ii) has any other obligation to indemnify any other Person with respect to Taxes that will be in effect after the Closing (other than an obligation arising under a commercial Contract the primary subject of which is not Taxes); (iii) has ever been a member of an affiliated group filing a consolidated U.S. federal income Tax Return or any other group of entities filing Tax Returns on a combined, consolidated, unitary or similar basis; (iv) is a party to any "closing agreement" (as described in Section 7121(a) of the Code or any corresponding or similar provision of state, local or non-U.S. Law); or (v) has any material liability for Taxes of any Person as a transferee or successor or by operation of Law.

(i) There are no rulings, requests for rulings or closing agreements relating to Taxes for which the Company or any of its Subsidiaries may be liable that could affect the Company's or such Subsidiary's liability for Taxes for any taxable period ending after the Closing Date.

(j) Neither the Company nor any of its Subsidiaries will be required to include any item of income in, or exclude any item of deduction from, taxable income for any taxable period (or portion thereof) ending after the Closing Date as a result of any: (i) change in (or use of an improper) method of accounting for a taxable period ending on or prior to the Closing Date under Section 481(a) of the Code (or any corresponding or similar provision of state, local or non-U.S. Law); (ii) intercompany transaction; (iii) installment sale made prior to the Closing Date; or (iv) prepaid amount received or deferred revenue realized on or prior to the Closing Date.

(k) Neither the Company nor any of its Subsidiaries is participating in, or has ever consummated or participated in, a "Listed Transaction" within the meaning of Section 6707A(c) of the Code or United States Treasury Regulations Section 1.6011-4(b), or any transaction requiring disclosure under a corresponding or similar provision of state, local, or non-U.S. Law.

(l) There are no Tax credits, Tax grants or similar amounts related to Taxes that are or could be subject to clawback or recapture as a result of (i) the transactions contemplated by this Agreement; or (ii) a failure by the Company or any of its Subsidiaries to satisfy one or more requirements on which the credit, grant or similar amount is or was conditioned.

(m) Neither the Company nor any of its Subsidiaries has, or has ever had, any direct or indirect ownership interest in any corporation, partnership (including any arrangement treated as a partnership for tax purposes), joint venture or other entity (other than the Company's interest in the Subsidiaries listed on Schedule 5.2(d) of the Company Disclosure Schedules). Neither the Company nor any of its Subsidiaries (i) currently owns, or has ever owned, an interest in any "passive foreign investment company" (within the meaning of Section 1297 of the Code) or (ii) is, or has ever been, a United States shareholder (within the meaning of Section 951(b) of the Code) of a controlled foreign corporation (within the meaning of Section 957 of the Code).

(n) Neither the Company nor any of its Subsidiaries (i) has or has ever had a permanent establishment in any country other than the country of its organization; (ii) has ever engaged in a trade or business in any country other than the country in which it is organized that subjected it to Tax in such country; or (iii) is, or has ever been, subject to income Tax in a jurisdiction outside the country in which it is organized.

(o) The Company and each of its Subsidiaries have complied in all respects with all escheat and unclaimed property Laws.

(p) The Company and each of its Subsidiaries have (i) to the extent applicable, materially complied with all legal requirements in order to defer the amount of the employer's share of any "applicable employment taxes" under Section 2302 of the CARES Act; (ii) to the extent applicable, materially complied with all legal requirements and duly accounted for any available tax credits under Sections 7001 through 7005 of the Families First Coronavirus Response Act; and (iii) not received or claimed any tax credits under Section 2301 of the CARES Act.

5.16 Employee Benefit Plans.

(a) Schedule 5.16 of the Company Disclosure Schedules contains a true and complete list of each Plan as of the date hereof.

(b) The Company has made available to the Buyer Representative true and complete copies of the following with respect to each Plan, as applicable: (i) the plan document (or, with respect to any unwritten Plan, a written summary of its material terms) and any related trust or other funding or insurance Contract, including any amendments thereto; (ii) the most recent summary plan description and summary of material modifications thereto; (iii) the most recent annual report required to be filed with any Governmental Authority and any related actuarial report and financial statements; (iv) the most recent determination or opinion letter, if any, issued by the Internal Revenue Service; and (v) any material correspondence with a Governmental Authority during the preceding three (3) years.

(c) Each Plan has been maintained, operated and administered in all material respects in accordance with its terms and applicable Law, including but not limited to ERISA and the Code. None of the Company or any Subsidiary of the Company has any material Liability under Chapter 43 of the Code or in connection with a violation of the Patient Protection and Affordable Care Act of 2010 or the Health Care and Education Reconciliation Act of 2010.

(d) Each Plan that is intended to be qualified under Section 401(a) of the Code has received a favorable determination letter or is entitled to rely on an opinion letter from the IRS as to its qualified status and, to the Knowledge of the Company, no facts or circumstances exist that would reasonably be expected to adversely affect the qualified status of any such Plan.

(e) There are no pending or threatened in writing to the Company or, to the Knowledge of the Company, otherwise threatened, Actions or other claims (other than routine claims for benefits in the ordinary course) or audits, inquiries or investigations by any Governmental Authority with respect to any Plan.

(f) No Plan is, and none of the Company, any Subsidiary of the Company or any ERISA Affiliate sponsors, maintains, contributes to or is required to contribute to, or has in the past six (6) years sponsored, maintained, contributed to or been required to contribute to, or has any Liability with respect to, any (i) plan that is subject to Title IV of ERISA or Section 302 of ERISA or Section 412 of the Code; (ii) multiemployer pension plan (within the meaning of Section 3(37) of ERISA); (iii) multiple employer plan (within the meaning of Section 4063 of ERISA); or (iv) multiple employer welfare arrangement (within the meaning of Section 3(42) of ERISA).

(g) No Plan provides health, life insurance or other welfare benefits (i) after retirement or other termination of employment or service, other than for continuation coverage required under Section 4980B of the Code or similar Law; or (ii) to any Person who is not a current or former employee of the Company (or a dependent thereof). None of the Company, any Subsidiary of the Company or any ERISA Affiliate has any material Liability on account of a violation of Section 4980B of the Code or Part 6 of Subtitle B of Title I of ERISA.

(h) Each Plan that is subject to Section 409A of the Code complies in all material respects with the requirements of Section 409A of the Code.

(i) Except as set forth on Schedule 5.16(i) of the Company Disclosure Schedules, neither the execution and delivery of this Agreement nor the consummation of the Contemplated Transactions will (either alone or in conjunction with any other event): (i) entitle any Employee of the Company or any Subsidiary of the Company to any increase in compensation or benefits or to any transaction, severance, retention bonus or similar payment or benefit; or (ii) result in the acceleration of the time of payment, funding or vesting of any compensation or benefits due to such Employee. Neither the execution and delivery of this Agreement nor the consummation of the Contemplated Transactions will (either alone or in conjunction with any other event) result in any payment or benefit that will be characterized as an "parachute payment" (as defined in Section 280G(b) of the Code). None of the Company or any Subsidiary of the Company has any obligation to make a "gross-up" or similar payment in respect of any Taxes that may become payable under Section 4999 or 409A of the Code.

5.17 Employee and Labor Matters.

(a) Schedule 5.17(a) of the Company Disclosure Schedules sets forth a list that is true, correct and complete in all material respects of the Company's Employees (but excluding any independent contractor that is not expected to continue providing services subsequent to the Closing Date), setting forth each such Employee's: (i) identification number; (ii) status as an employee (and whether such employment is full-time, part-time, permanent or temporary) or independent contractor; (iii) date of hire or engagement; (iv) job title; (v) base compensation rate, including any planned changes thereto; (vi) whether such Employee is retained on a salaried basis or on an hourly, piecework or other non-salaried basis, and if so, the particulars of such non-salaried basis; (vii) whether such Employee's employment or engagement is at-will or subject to an employment agreement or consulting agreement; (viii) work location; (ix) any incentive compensation or non-cash compensation, including any planned changes thereto; and (x) whether such Employee is exempt or non-exempt from overtime requirements under the Fair Labor Standards Act of 1938, as amended (the "FLSA").

No Employee has informed the Company of his/her intent to resign their employment or terminate their engagement.

(b) No labor strike, dispute, walk-out, work stoppage, slow-down or lockout involving the Employees of the Company or any Subsidiary of the Company is pending or, to the Knowledge of the Company, threatened, and no such strike, dispute, walkout, work stoppage, slow-down or lockout has occurred within the past five (5) years. There are no unfair labor practice charges pending before the National Labor Relations Board or any other Governmental Authority, nor are there any grievances, complaints, claims or judicial or administrative proceedings, in each case, which are pending or, to the Knowledge of the Company, threatened, by or on behalf of any Employees of the Company or any Subsidiary of the Company.

(c) The Company and each Subsidiary of the Company are in compliance in all material respects with all applicable Laws respecting employment and employment practices or the engagement of labor, including terms and conditions of employment, wages, hours of work, worker classification (including classification as an independent contractor), occupational safety and health, pay equity, discrimination in employment, disability, leaves of absence, plant closings and layoffs, immigration, labor relations, withholding of Taxes or other sums as required by the appropriate Governmental Authority, Title VII of the Civil Rights Act of 1964, as amended, the Equal Pay Act of 1967, as amended, the Age Discrimination in Employment Act of 1967, as amended, the Americans with Disabilities Act, as amended, and the FLSA, in each such case, and the related rules and regulations adopted by applicable agencies responsible for the administration of such Laws. Neither the Company nor any Subsidiary of the Company is (or was in the past five (5) years) a party to, or otherwise bound by, any consent decree with or citation by any Governmental Authority relating to Employees or employment practices.

(d) During the five (5) years prior to the Effective Date, neither the Company nor any Subsidiary of the Company has engaged in or effectuated any "plant closing" or Employee "mass layoff" (in each case, as defined in the Worker Adjustment Retraining and Notification Act of 1988, as amended, or any similar state or local statute, rule or regulation (collectively, the "WARN Act")) affecting any site of employment or one or more facilities or operating units within any site of employment or facility of the Company or any Subsidiary of the Company nor have the Company or any Subsidiary of the Company planned or announced any reduction-in-force or similar event during the ninety (90) days prior to the Closing Date that, when aggregated with enough similar other events, could result in any obligation on behalf of the Company or its Subsidiaries under the WARN Act.

(e) There are no Actions pending or threatened in writing to the Company or, to the Knowledge of the Company, otherwise threatened, involving the Company or any Subsidiary of the Company relating to any current or former Employees or other employment matter. Without limiting the generality of the foregoing, there are no Actions pending or threatened in writing to the Company or, to the Knowledge of the Company, otherwise threatened, initiated or pending against (i) the Company or any Subsidiary of the Company or, to the Knowledge of the Company, their respective directors, officers, manager and Employees; or (ii) to the extent applicable and to the Knowledge of the Company, the Company's or any Subsidiary of the Company's respective agents, consultants or independent contractors acting on behalf of the Company or any Subsidiary of the Company, in each case related to violations, or

alleged violations, of Title VII of the Civil Rights Act of 1964, regulations promulgated thereunder or equivalent, similar or other workplace misconduct-related state or local laws (collectively, "Anti-discrimination Laws").

(f) The Company and each Subsidiary of the Company has adopted and has had in force at all times since November 1, 2013 the written policy or policies regarding harassment, discrimination and bullying set forth on Schedule 5.17(f) of the Company Disclosure Schedules (collectively, the "Harassment Policies"). Except as set forth on Schedule 5.17(f) of the Company Disclosure Schedules, there have been no allegations, reports, investigations or incidents of any violation, or alleged violation, made in writing to the Company or, to the Knowledge of the Company, otherwise made, by (i) the Company or any Subsidiary of the Company or, to the Knowledge of the Company, their respective directors, officers, managers and Employees; or (ii) to the extent applicable and to the Knowledge of the Company, the Company's or any Subsidiary of the Company's respective agents, consultants or independent contractors acting on behalf of the Company or any Subsidiary of the Company, of the Harassment Policies or any predecessor policy thereof.

(g) (i) The Company and each Subsidiary of the Company and, to the Knowledge of the Company, their respective directors, officers, managers and Employees; and (ii) to the extent applicable and to the Knowledge of the Company, the Company's and each Subsidiary of the Company's respective agents, consultants or independent contractors acting on behalf of the Company or any Subsidiary of the Company, have complied with the Harassment Policies and Anti-discrimination Laws. Neither the Company nor any Subsidiary of the Company has terminated any director, officer, manager or Employee of the Company or any Subsidiary of the Company related to any violation or alleged violation of the Harassment Policies and Anti-discrimination Laws and, to the Knowledge of the Company, there are no facts existing relating to any violation or alleged violation of the Harassment Policies and Anti-discrimination Laws that could reasonably be expected to bring the Company or any Subsidiary of the Company into public contempt or ridicule or be injurious to the business or reputation of the Company or any Subsidiary of the Company or any of their respective executives in a material way.

5.18 Intellectual Property.

(a) All Intellectual Property (excluding all Company Works) used by the Company or any Subsidiary of the Company in the operation of the Company Business (excluding the Company Works, the "Company Intellectual Property") is either: (i) solely and exclusively owned by the Company or a Subsidiary of the Company and was developed and created by Employees thereof acting within the scope of their employment or by third parties who either were acting within the scope of their employment or who granted valid, enforceable, perpetual and irrevocable assignments to the Company or a Subsidiary of the Company to such Owned Intellectual Property, all of which Employees and third parties have assigned all of their right, title and interest therein to the Company or a Subsidiary of the Company; or (ii) duly and validly licensed to the Company or a Subsidiary of the Company for use in the manner currently used by the Company or a Subsidiary of the Company in the conduct the Company Business, as presently used by the Company and each Subsidiary of the Company. The Company and each Subsidiary of the Company has taken all necessary actions to maintain and protect each item of

the material Company Intellectual Property and, other than obtaining Registrations, the Company Works.

(b) Each of: (i) the Registrations and pending applications for Registrations used or held for use by the Company or any Subsidiary of the Company in connection with the Company Business; (ii) the Trademarks included in the Company Assets; and (iii) the Domain Names used or held for use by the Company or any Subsidiary of the Company in connection with the Company Business and included in the Company Assets: (A) is owned exclusively by the Company or a Subsidiary of the Company, free and clear of any and all Encumbrances (other than Permitted Encumbrances); and (B) is valid and in full force and effect.

(c) All of the Registrations included in the Company Intellectual Property and the Company Works, if any, are valid, subsisting and enforceable, subject to the Enforceability Exceptions; [***]. Without limiting the generality of the foregoing, no Company Intellectual Property has expired or been cancelled, abandoned, passed into the public domain or otherwise terminated, and payment of all renewal and maintenance fees, costs and expenses in respect thereof, and all filings related thereto, have been duly made. The Company or a Subsidiary of the Company exclusively owns and possess all right, title and interest in and to the Owned Intellectual Property free and clear of any Encumbrances (other than Permitted Encumbrances). To the Knowledge of the Company, there are no facts, circumstances or information that: (i) would render any Company Intellectual Property or Company Works invalid or unenforceable (other than the Enforceability Exceptions); or (ii) would adversely affect any pending application for any Registrations of the Company Intellectual Property or Company Works. Schedule 5.18(c) of the Company Disclosure Schedules contains an accurate and complete list of all Registrations owned by Company or any Subsidiary of the Company for which there are pending applications, registrations, office actions and other open items requiring a response to be filed with a Governmental Authority within the ninety (90) days following Closing, specifying as to each (x) the nature of and details about such required response, (y) the Governmental Authority to which the response must be made along with the date by the response must be filed, and (z) any applicable registration, certificate or application number.

(d) Original certificates or, to the extent not in the Company's possession or control, true and correct copies of all Trademark, service mark, trade name and Registrations or applications included in the Company Assets have been delivered to the Buyer Representative.

(e) Schedule 5.18(e) of the Company Disclosure Schedules sets forth an accurate and complete list of (i) all Registrations owned by Company or any Subsidiary of the Company and (ii) all Social Media Accounts registered by or on behalf of the Company or any Subsidiary of the Company, indicating, as applicable, the application date, registration date, filing number, registration number, title, jurisdiction, and name(s) of all current applicant(s) and registered owner(s) and, for Internet domain names, the registrant, registrar, and expiration date, and for Social Media Accounts, the registrant. Schedule 5.18(e) of the Company Disclosure Schedules also set forth an accurate and complete list of all unregistered Company Intellectual Property that is material to operation of the Company Business as currently conducted specifying as to each the owner thereof (including any other Person who possesses any ownership interest therein).

(f) The Company Intellectual Property and Company Works are sufficient and comprise all Intellectual Property necessary for the Buyers to carry on the Company Business in all material respects immediately after the Closing Date as presently conducted by the Company. The execution, delivery and performance of this Agreement, and the consummation of the Contemplated Transactions, will not, with or without notice or the lapse of time or both: (i) breach any Contract governing any Company Intellectual Property or Company Works; (ii) cause any loss of, or forfeiture or termination of (or give rise to a right of forfeiture or termination of), any Company Intellectual Property or Company Works; (iii) in any way impair the right to use or Exploit, or bring any action for the unauthorized use or disclosure, infringement, or misappropriation of, any Company Intellectual Property or Company Works; (iv) result in any other Person receiving (or give any other Person the right or option to modify or terminate) any Contract, covenant not to sue, immunity or other rights with respect to any Company Intellectual Property or Company Works, or result in the Company or a Subsidiary of the Company not having any such rights to the same extent as it would had such execution, delivery, performance, or consummations not taken place; (v) cause or require the Company or a Subsidiary of the Company to be bound by, or subject to, any non-compete, non-solicit or other restriction on the operation or scope of its businesses; (vi) cause or require the Company or a Subsidiary of the Company (or accelerate any obligation of the Company or a Subsidiary of the Company) to pay any royalties or other amounts to any other Person that the Company or a Subsidiary of the Company would not otherwise have been required to pay; or (vii) result in any other Person having (or give or purport to give any other Person) the right or option to a Contract, covenant not to sue, immunity or other rights with respect to the Intellectual Property of any Buyer.

(g) None of the Company Intellectual Property or Company Works is subject to a current right of any other Person to terminate any right in any Company Intellectual Property or Company Works, including pursuant to 17 U.S.C. Sections 203 or 304(c), and neither the Company nor any Subsidiary of the Company has received any notice of any exercise or intent to exercise any right of termination.

(h) All use of the Social Media Accounts complies with and has complied in all material respects with: (i) all terms and conditions, terms of use, terms of service and other Contracts applicable to such Social Media Accounts; and (ii) applicable Law.

(i) Except as set forth on Schedule 5.18(i) of the Company Disclosure Schedules, the Company and the Subsidiaries of the Company and the operation of their respective businesses as conducted since December 1, 2015 do not and has not: (i) infringe (directly, indirectly, contributorily, vicariously or by inducement) or misappropriate (directly, indirectly, contributorily, vicariously, or by inducement) any Intellectual Property of any other Person; (ii) violate any right of any other Person (including any right to privacy or publicity), (iii) defame any other Person; or (iv) engage in or constitute unfair competition or trade practices under the laws of any jurisdiction. To the Knowledge of the Company, no other Person is infringing (directly, indirectly, contributorily, vicariously, or by inducement), misappropriating (directly, indirectly, contributorily, vicariously, or by inducement), using or disclosing in an unauthorized manner any Company Intellectual Property or Company Works.

(j) Each current or former employee, consultant and contractor of the Company or a Subsidiary of the Company that created or otherwise materially contributed (in whole or in part) to Company Owned Intellectual Property or Company Works owned or purported to be owned by the Company or any Subsidiary(ies) of Company has executed an agreement that (i) contains a work-made-for hire (as defined in Section 101 of the United States Copyright Act) in favor of the Company or a Subsidiary of the Company, (ii) assigns all right, title and interest in and to all work product created by such employee, consultant and contractor to such Company or Subsidiary of the Company and (iii) contains disclosure and use obligations that protect the use and disclosure of the confidential information of the Company or a Subsidiary of the Company.

5.19 Affiliate Transactions. Except as set forth in Schedule 5.19 of the Company Disclosure Schedules, as of the Closing, no Seller-Affiliated Person: (a) owns or has any interest in any Company Asset or any other asset or property that is used in connection with the Company Business; (b) has filed any Action or has any cause of action against the Company, a Subsidiary of the Company, or with respect to the Company Assets; (c) owes money to, or is owed money by, the Company or a Subsidiary of the Company; (d) controls any Person that has a material business relationship with the Company, a Subsidiary of the Company, or the Company Business; or (e) other than Organizational Documents and employment agreements, is a party to or the beneficiary of any Contract with the Company or a Subsidiary of the Company. The arrangements described in this Section 5.19 (including, for the avoidance of doubt, the Specified Loans) are collectively referred to as the "Affiliate Arrangements".

5.20 No Brokers. Other than LionTree, no broker, finder or other Person has acted for or on behalf of the Sellers, the Company or a Subsidiary of the Company in connection with this Agreement or the Contemplated Transactions, and no broker, finder or other Person is entitled to any broker's, finder's or other advisory or similar fee or commission or costs, expenses or similar payments in connection therewith based on any arrangements or Contract made by the Company or a Subsidiary of the Company or any action taken by them. Any and all fees, costs, expenses or amounts payable to LionTree are due and payable solely and exclusively by the Sellers upon consummation of the Contemplated Transactions and shall not be the obligation or Liability of the Company or any Buyer.

5.21 Absence of Certain Payments.

(a) None of the Company, a Subsidiary of the Company or, to the Knowledge of the Company, any Employee of the Company or a Subsidiary of the Company who is not also a Seller (on behalf of the Company or any Subsidiary of the Company), has, directly or indirectly, used any corporate funds for unlawful contributions, gifts, entertainment or other unlawful expenses relating to political activity, or made any direct or indirect unlawful payments to foreign or domestic government officials or employees or to foreign or domestic political parties or campaigns from corporate funds, established or maintained any unlawful or unrecorded funds, made any bribe, rebate, payoff, influence payment, kickback or other similar unlawful payment or agreed to give any gift or similar benefit to any customer, supplier, governmental employee or other Person, which would subject the Company or a Subsidiary of the Company to any Action or Losses in connection with any Action.

(b) Except as set forth on Schedule 5.21(b) of the Company Disclosure Schedules, none of the Company or any Subsidiary of the Company maintains or conducts, or has maintained or conducted, any business, investment, operation or other activity in the conduct of the Company Business and the ownership, operation or use of the Company Assets in or with: (i) any country or Person targeted by any of the economic sanctions of the United States of America administered by the United States Treasury Department's Office of Foreign Assets Control; (ii) any Person appearing on the list of Specially Designated Nationals and Blocked Persons issued by the United States Treasury Department's Office of Foreign Assets Control; or (iii) any country or Person designated by the United States Secretary of the Treasury pursuant to the USA PATRIOT Act as being of "primary money laundering concern."

(c) The Company and each Subsidiary of the Company have been in and is in compliance in all material respects with the United States Foreign Corrupt Practices Act of 1977, the United Kingdom Bribery Act of 2010, and any other anti-corruption or anti-bribery Laws of any jurisdiction where such Person does business.

5.22 Privacy and Data Security.

(a) The Company and each Subsidiary of the Company is and has been in compliance in all material respects with Company Privacy Policies, if any, with all applicable Privacy Requirements and with all applicable Contractual obligations relating to data privacy and security, including third-party privacy policies which the Company has been Contractually obligated to comply with. The consummation of the Contemplated Transactions will not result in any material violation of any Company Privacy Policy, any Contractual obligations relating to data privacy and security, or the Privacy Requirements. Neither the Company nor any Subsidiary of the Company transfers Personal Data internationally except where such transfers comply with Privacy Requirements and Company Privacy Policies. Neither the Company nor any Subsidiary of the Company has received a written notice (including any enforcement notice), letter, or complaint alleging noncompliance or potential noncompliance with any Privacy Requirements or Company Privacy Policies and has not been subject to any proceedings relating to noncompliance or potential noncompliance with Privacy Requirements or the Company's or any Subsidiary of the Company's processing of Personal Data.

(b) Neither the Company nor any Subsidiary of the Company has suffered or is suffering a Data Breach. To the Knowledge of the Company, no third party that processed Personal Data on the Company's or any Subsidiary of the Company's behalf has suffered a Data Breach involving the Company's or any Subsidiary of the Company's Personal Data or other Company Asset. Neither the Company nor or any Subsidiary of the Company's has notified, or been required to notify, any Person or Governmental Authority of any Data Breach. None of the Company, any Subsidiary of the Company and any third party acting at the direction or authorization of the Company or any Subsidiary of the Company has paid any perpetrator of any actual or threatened Data Breach or cyber attack, including, but not limited to a ransomware attack or a denial-of-service attack.

5.23 Company Accounts. Schedule 5.23 of the Company Disclosure Schedules sets forth: (a) a true and complete list of all bank and savings accounts, certificates of deposit and safe deposit boxes of the Company or any Subsidiary of the Company, all information with respect thereto including banking institution and account representative, and those Persons authorized to sign thereon; (b) true and complete copies of all borrowing, depository and transfer resolutions and those Persons entitled to act thereunder; and (c) a true and complete list of all powers of attorney granted by the Company and those Persons authorized to act thereunder.

5.24 No Acceleration of Collections. None of the Company or any of its respective Affiliates has requested or caused any payor who would, in the ordinary course of business consistent with past practice or pursuant to any Contractual obligation, make a payment after the Closing Date to the Company or to any of their respective Affiliates in respect of any of the Company Assets, to make such payment earlier than the ordinary due date.

5.25 Real Property.

(a) Neither the Company nor any Subsidiary of the Company owns, or has ever owned, any real property.

(b) Schedule 5.25(b) of the Company Disclosure Schedules sets forth a true, correct and complete list of all leases or other Contracts to which the Company or any Subsidiary of the Company is a party for the use or occupancy, now or in the future, of any real property, including all master or superior leases, and including all amendments, supplements, modifications, extensions, restatements, renewals, guaranties, and other related Contracts with respect thereto (each a "Lease" and collectively, the "Leases"). The Company has provided the Buyer Representative with true, correct and complete copies of all Leases. Neither the Company nor any Subsidiary of the Company is a party to any sublease. Other than the Leases, neither the Company nor any Subsidiary of the Company has any other direct or indirect interest in real property, whether owned, leased or otherwise.

(c) Each Lease is in full force and effect and enforceable against the Company and each Subsidiary of the Company (as applicable) party to such Lease and, to the Knowledge of the Company, each other party thereto in accordance with its terms, in each case subject to the Enforceability Exceptions. Neither the Company nor any Subsidiary of the Company is, and to the Knowledge of the Company, no other party to any of the Leases is, in material breach or material violation of, or in default of, any of the Leases.

5.26 Insurance

(a) Set forth in Schedule 5.26(a) of the Company Disclosure Schedules is a true, correct and complete list of all insurance policies of property, fire and casualty, product liability, general liability, workers' compensation, errors & omissions, directors & officers and other forms of insurance held by the Company and each of Subsidiary of the Company, including those under which the Company or any Subsidiary of the Company is a named insured or otherwise the beneficiary of coverage, which list includes the name of the insurance company and insured, the type of policy, the decelerations page and the policy number for each such insurance policy.

(b) The policies listed in Schedule 5.26(b) of the Company Disclosure Schedules (i) are in full force and effect; (ii) all premiums and retained losses within deductibles or self-insured retentions due with respect thereto have been paid or accrued; and (iii) no written notice of termination, cancellation or non-renewal of any insurance policy has been received by the Company or any Subsidiary of the Company with respect to any such policy. The Company and each Subsidiary of the Company has complied in all respects with the terms and provisions of such insurance policies and neither the Company nor any Subsidiary of the Company, and to the Knowledge of the Company, no insurance company, is in default with respect to its obligations under any of such insurance policies.

(c) Set forth in Schedule 5.26(c) of the Company Disclosure Schedules is a true, correct and complete list of all insurance claims submitted to any Person in the past five (5) years in connection with any policy set forth on Schedule 5.26(c) of the Company Disclosure Schedules, including a detailed explanation of the outcome of each such claim.

(d) Set forth in Schedule 5.26(d) of the Company Disclosure Schedules is a true, correct and complete list of all insurance claims submitted to any Person in the past five (5) years in connection with any policy set forth on Schedule 5.26(d) of the Company Disclosure Schedules that were either (i) rejected by the insurance provider; or (ii) were not and have not been paid by the insurance provider.

5.27 No Other Representations or Warranties. Except for the representations and warranties expressly set forth in Article 4 or this Article 5 (as modified by the Company Disclosure Schedules), and except in the event of any Action arising out of, involving or otherwise in respect of Fraud, none of the Company, any Subsidiary of the Company, any Seller, any of their respective Affiliates, or any other Person on their behalf, makes any express or implied representation or warranty (and there is and has been no reliance by the Buyers or any of their respective Affiliates or representatives on any such representation or warranty) with respect to the Company, any Subsidiary of the Company, or their respective businesses or with respect to any other information provided, or made available, to the Buyer Representative, the Buyers or their respective representatives or Affiliates in connection with the Contemplated Transactions, including the accuracy or completeness thereof. Without limiting the foregoing, neither the Company nor any other Person will have or be subject to any liability or other obligation to the Buyer Representative, the Buyers or their respective representatives or Affiliates or any other Person resulting from the Buyer Representative's, the Buyers' or their respective representatives' or Affiliates' use of any information, documents, projections, forecasts or other material made

available to the Buyers or their respective representatives or Affiliates, including any information made available in the electronic data room maintained by the Company for purposes of the Contemplated Transactions, teaser, marketing material, confidential information memorandum, management presentations, functional "break-out" discussions, responses to questions submitted on behalf of the Buyers or their respective representatives or in any other form in connection with the Contemplated Transactions, unless and to the extent any such information is expressly included in a representation or warranty contained in Article 4 or this Article 5 (as modified by the Company Disclosure Schedules) and except in the event of any Action arising out of, involving or otherwise in respect of Fraud.

ARTICLE 6

REPRESENTATIONS AND WARRANTIES OF THE BUYERS AND MERGER SUB

The Buyers and Merger Sub hereby jointly and severally represent and warrant to the Company and the Sellers, that the statements contained in this Article 6 are true and correct as of the date of this Agreement and as of the Closing Date (except to the extent such representations and warranties expressly relate to another date (in which case, as of such other date)):

6.1 Organization. The Buyers are duly formed, validly existing and in good standing (or the equivalent thereof) under the Laws of the State of Delaware. The Merger Sub is duly formed, validly existing and in good standing (or the equivalent thereof) under the Laws of the State of Delaware. Each of the Buyers, Merger Sub and the Surviving Company has the requisite power and authority to own, lease and operate its assets and properties and to conduct its business as presently conducted, except where the failure to have such requisite power and authority would not, individually or in the aggregate, reasonably be expected to prevent the performance of the Buyers, Merger Sub or the Surviving Company of any of its respective obligations under this Agreement, and to consummate the Contemplated Transactions. There is no pending or threatened in writing or, to the Knowledge of the Buyers, otherwise threatened dissolution, liquidation, bankruptcy or insolvency of the Buyers, Merger Sub and the Surviving Company. Merger Sub was formed solely for the purpose of effecting the Contemplated Transactions and has not engaged in any business activities or conducted any operations other than in connection with the Contemplated Transactions. Buyer 2 is, and will be as of the Closing, a wholly owned subsidiary of WMG Acquisition Corp and WMG Acquisition Corp is, and will be as of the Closing, treated as a regarded corporation for U.S. federal income Tax purposes.

6.2 Authority. Each of the Buyers, Merger Sub and the Surviving Company has the requisite legal capacity, power and authority to execute, deliver and perform this Agreement and the other Transaction Documents to which it is a party and to consummate the Contemplated Transactions. The execution, delivery and performance by the Buyers, Merger Sub and the Surviving Company of this Agreement and the other Transaction Documents to which it is a party and the consummation of the Contemplated Transactions have been duly and validly authorized by all necessary action on the part of the Buyers, Merger Sub and the Surviving Company, and no proceeding, consent or authorization on the part of the Buyers, Merger Sub and the Surviving Company, its board of directors or similar governing body or its equityholders is necessary to authorize the execution, delivery and performance of this Agreement or any other

Transaction Document to which it is a party and the consummation by the Buyers of the Contemplated Transactions.

6.3 Binding Obligation. This Agreement and the other Transaction Documents to which the Buyers, Merger Sub or the Surviving Company is a party have been duly executed and delivered by the Buyers, Merger Sub and the Surviving Company, as applicable. Assuming that each such Transaction Document has been duly executed and delivered by the other parties thereto, as applicable, each such Transaction Document constitutes a legal, valid and binding obligation of the Buyers, Merger Sub and the Surviving Company, enforceable against the Buyers, Merger Sub and the Surviving Company in accordance with its terms, except to the extent that the enforceability thereof may be limited by the Enforceability Exceptions.

6.4 No Conflicts. The execution, delivery and performance by the Buyers, Merger Sub and the Surviving Company of this Agreement and the other Transaction Documents to which it is a party and the consummation of the Contemplated Transactions by the Buyers, Merger Sub and the Surviving Company do not and will not: (a) conflict with, result in a breach of, violate, or constitute a default under, or constitute an event that, after notice or lapse of time or both, would result in a conflict with, breach of, violation of, or constitute a default under, any provision of the Organizational Documents of the Buyers, Merger Sub or the Surviving Company; (b) conflict with, result in a breach of, violate, or constitute a default under, or constitute any event that, after notice or lapse of time or both, would result in a conflict with, breach of, violation of, constitute a default under, or accelerate the performance required under, or result in the termination of or give any Person the right to terminate, any Contract to which the Buyers, Merger Sub or the Surviving Company is a party or by which the Buyers, Merger Sub or the Surviving Company is bound and which would be reasonably expected to prevent the Buyers, Merger Sub or the Surviving Company from consummating, or would impair the Buyers', Merger Sub's or the Surviving Company's ability to consummate, the Contemplated Transactions or that would reasonably be expected to adversely affect the ability of the Buyers, Merger Sub or the Surviving Company to perform its obligations under this Agreement or any other Transaction Document to which it is a party; or (c) conflict with, result in a breach of, violate, or constitute a default under, or constitute an event that, after notice or lapse of time or both, would result in a conflict with, breach of, violation of, or constitute a default under, any provision of any Law or Order applicable to the Buyers, Merger Sub and the Surviving Company or their respective assets or properties.

6.5 No Governmental Authorizations. Other than the Required Governmental Consents, no authorization, consent, approval or other action by, and no notice to or designation, declaration or filing with, any Governmental Authority will be required to be obtained or made by the Buyers, Merger Sub or the Surviving Company in connection with the execution, delivery and performance by the Buyers, Merger Sub or the Surviving Company of this Agreement and the other Transaction Documents to which it is a party or the consummation of the Contemplated Transactions by the Buyers, Merger Sub or the Surviving Company.

6.6 No Actions. There are no Actions pending or threatened in writing or, to the Knowledge of the Buyers, otherwise threatened against the Buyers, Merger Sub or the Surviving Company by or before any Governmental Authority which seeks to prevent the Buyers, Merger Sub and or Surviving Company from consummating, or would impair the Buyers', Merger Sub's

and the Surviving Company's ability to consummate, the Contemplated Transactions or that would reasonably be expected to adversely affect the ability of the Buyers, Merger Sub or the Surviving Company to perform its obligations under this Agreement or any other Transaction Document to which it is a party.

6.7 No Orders. None of the Buyers, Merger Sub and the Surviving Company is subject to any pending or outstanding Order that prohibits or otherwise restricts the ability of the Buyers, Merger Sub or the Surviving Company to consummate the Contemplated Transactions or otherwise perform its obligations pursuant to this Agreement or any other Transaction Document to which it is a party.

6.8 No Brokers. No broker, finder or other similar Person has acted for or on behalf of the Buyers, Merger Sub or the Surviving Company in connection with this Agreement or the Contemplated Transactions, and no broker, finder or other similar Person is entitled to any broker's, finder's or other advisory or similar fee or commission or costs, expenses or similar payments in connection therewith based on any arrangements or Contract made by the Buyers, Merger Sub or the Surviving Company or any of its Affiliates or any action taken by the Buyers, Merger Sub or the Surviving Company.

ARTICLE 7

COVENANTS

7.1 Public Announcements.

(a) The Buyer Representative, on the one hand, and the Company and the Seller Representative, on the other hand, shall mutually agree in writing in advance with respect to the timing and content of any initial press release or public announcement concerning the Contemplated Transactions. None of the Company, the Sellers or any of their respective Related Parties, on the one hand, or the Buyers or any of their respective Related Parties, on the other hand, shall issue or cause the publication of any press release or other public announcement or statement with respect to the terms and conditions of this Agreement, including its existence, or the Contemplated Transactions without the prior written consent of the Buyer Representative, the Company and the Seller Representative, and no such Person shall disclose or otherwise make available to any third party any such information (other than to its respective directors, officers, attorneys, advisors, Affiliates, auditors, financing sources, or other Representatives, in their capacity as such, on a need-to-know basis; *provided* that the disclosing Person shall be liable in the event any of its permitted recipients disclose any information that the disclosing Person would be prohibited from disclosing pursuant to this provision). Notwithstanding the foregoing, following the Effective Date and prior to any public announcement of the Contemplated Transactions, the Seller Representative may contact the Label Artists (and their personal managers or similar professional advisors) and the Employees of the Company and disclose the Contemplated Transactions, *provided*, that during such period, (a) any Buyer or any Buyer's direct or indirect parent companies shall be permitted to make such disclosure consistent with Section 7.1(b); and (b) the Seller Representative shall meaningfully consult with the Buyer Representative about the contents of any contemplated disclosure to any Label Artist (or their

personal managers or similar professional advisors) and the Employees of the Company or any Subsidiary of the Company prior to such disclosure.

(b) Nothing herein will prohibit any Party or its Related Parties (including, for purposes of this Section 7.1, any Buyer's direct or indirect parent companies) from issuing any press release or making any public announcement to the extent that such disclosure (x) is required by applicable Law, the applicable rules of any securities exchange, a Governmental Authority or Order (including, with respect to any Buyer, such Laws, rules, regulations or Governmental Authorities applicable to the Buyer or its Affiliates); or (y) is required or recommended pursuant to or in connection with any Buyer's or its Affiliates' equity, debt, bond or other financing arrangements; *provided*, that, solely with respect to the foregoing subclause (y), any such disclosures will be made in a manner that (1) is blended with other intended uses of such financing proceeds (*e.g.*, other acquisitions and/or other general corporate purposes), (2) does not identify the Company, any Subsidiary of the Company, any Seller, any Label Artist, or the Contemplated Transaction, and (3) would not lend itself to identifying the Company, any Subsidiary of the Company, any Seller, any Label Artist, or the Contemplated Transaction; *provided, further*, that, solely with respect the foregoing subclause (y), such disclosures may reference (A) that the Contemplated Transaction involves recorded music assets, (B) incremental revenue of any Buyer anticipated in connection with the Contemplated Transaction, and (C) incremental EBITDA of any Buyer anticipated in connection with the Contemplated Transaction. The Seller Representative will have a reasonable opportunity to review and comment on such disclosure, and the Buyer Representative will in good faith work with the Seller Representative and any Buyer's underwriters on a mutually agreed balance of disclosure that will preserve confidentiality of the transaction but satisfy applicable securities law considerations.

7.2 Confidentiality. None of the Company, the Seller, Seller-Affiliated Person or any of their respective Related Parties, on the one hand, or the Buyers or any of their respective Related Parties, on the other hand, shall disclose, or cause the disclosure of, this Agreement, its existence or any of its terms and conditions; *provided* that such Person may disclose any such confidential information to its respective directors, officers, attorneys, advisors, Affiliates (including, for purposes of this Section 7.2 any Buyer's direct or indirect parent companies), auditors or other Representatives, in their capacity as such, on a need-to-know basis; *provided, further*, that the disclosing Person shall be liable in the event any of its permitted recipients disclose any information that the disclosing Person would be prohibited from disclosing pursuant to this provision. Nothing herein will prohibit any Party or its Related Parties (including, for purposes of this Section 7.2, any Buyer's direct or indirect parent companies) from making such disclosure (a) to the extent that such disclosure is required by applicable Law, the applicable rules of any securities exchange, a Governmental Authority or a valid Order (including, for purposes of this Section 7.2, any Buyer's direct or indirect parent companies); (b) as permitted by Section 7.1(b); or (c) in connection with the Required Governmental Consents.

7.3 Tax Matters.

(a) Filing of Tax Returns.

(i) The Seller Representative shall prepare and timely file, or cause to be prepared and timely filed, all Tax Returns of the Company with respect to flow-

through income Taxes that are imposed on the Sellers that cover a Pre-Closing Tax Period other than a Straddle Period, including any such Tax Returns filed after the Closing Date (the "Pre-Closing Flow-Through Returns"). The Seller Representative shall submit a copy of each such Pre-Closing Flow-Through Return, and any other material Tax Return required to be filed by, on behalf of, or with respect to, the Company or any of its Subsidiaries on or prior to the Closing Date, to the Buyer Representative for the Buyer Representative's review and comment no less than twenty (20) Business Days (in the case of any Pre-Closing Flow-Through Return, or a reasonable amount of time, in the case of any other material Tax Return) prior to the due date for timely filing of such Tax Return, or if the due date is within twenty (20) Business Days of the date of this Agreement, as promptly as practical after the date of this Agreement, and shall consider in good faith any of Buyer Representative's comments thereon.

(ii) The Buyer Representative shall prepare and timely file, or cause to be prepared and timely filed, all Tax Returns, other than Pre-Closing Flow-Through Returns, that are required to be filed by or with respect to the Company or any of its Subsidiaries after the Closing Date, including any Tax Returns of the Company with respect to flow-through income Taxes that cover a Straddle Period (a "Straddle Period Flow-Through Return"); *provided*, that to the extent that any such material Tax Return relates to a Pre-Closing Tax Period, the Buyer Representative shall provide such Tax Return to the Seller Representative for review and approval (such approval not to be unreasonably withheld conditioned or delayed) no less than twenty (20) Business Days (in the case of any Straddle Period Flow-Through Return, or a reasonable amount of time, in the case of any other material Tax Return) prior to the due date for timely filing of such Tax Returns, or if the due date is within twenty (20) Business Days of the Closing Date, as promptly as practical after the Closing Date, and the Sellers shall remit or cause to be remitted to the Company or the Buyers any Pre-Closing Taxes to the extent not taken into account for purposes of determining Indebtedness. In the event that Buyers and Sellers have any disagreement regarding a Straddle Period Flow-Through Return (or any other material Tax Return reporting Pre-Closing Taxes), the Buyers and the Sellers shall endeavor in good faith to resolve such disagreement within twenty (20) days of the Seller Representative's receipt of such draft Tax Return, and any disputes remaining after such period shall be submitted to the Arbitration Firm for resolution in accordance with the procedures set forth in Section 2.9(b) (to the extent applicable).

(b) Cooperation/Disputes.

(i) Following the Closing, the Seller Representative, the Company and the Buyer Representative shall reasonably cooperate, and shall cause their respective Affiliates, Employees, auditors and other Representatives to reasonably cooperate, in preparing and filing all Tax Returns and in resolving all disputes and audits relating to Taxes of the Company and any taxable income passed through the Company, including by making available to each other all records necessary in connection with Taxes, furnishing the other party with copies of all correspondence received from any Governmental Authority in connection with any Tax audit or information request and making Employees available on a mutually convenient basis to provide additional

information or explanation of any material provided hereunder or to testify at proceedings relating to such dispute or audit.

(ii) The Seller Representative shall control all disputes and audits of any Tax Returns of the Company relating to flow-through income Taxes that are imposed on the Sellers that cover a Pre-Closing Tax Period, other than any such dispute or audit with respect to a Straddle Period, and the Buyers and their respective Affiliates shall take all necessary actions to permit the Seller Representative to exercise such control; *provided* that, the Seller Representative shall (A) notify the Buyer Representative of such dispute or audit (and, if the Buyer Representative receives notice of any such dispute or audit, it shall timely notify the Seller Representative of such dispute or audit); (B) allow the Buyer Representative to participate in such dispute or audit using the Buyer Representative's own counsel or advisers at the expense of the Buyer Representative; and (C) provide the Buyer Representative with copies of all material correspondence and a reasonable opportunity to review and comment on any submissions related to such dispute or audit, and consider in good faith any comments thereon. The Buyer Representative shall control all other disputes and audits relating to the Company or any of its Subsidiaries; *provided* that to the extent that any such dispute or audit relates to a Straddle Period, the Buyer Representative shall (W) notify the Seller Representative of such dispute or audit (and, if the Seller Representative receives notice of any such dispute or audit, it shall timely notify the Buyer Representative and the Company of such dispute or audit); (X) allow the Seller Representative to participate in such dispute or audit using the Seller Representative's own counsel or advisers at the expense of the Seller Representative; (Y) provide the Seller Representative with copies of all material correspondence and a reasonable opportunity to review and comment on any submissions related to such dispute or audit, and consider in good faith any comments thereon; and (Z) not compromise or settle any dispute or audit arising with respect to a Straddle Period Flow-Through Return without the prior written consent of the Seller Representative, such consent not to be unreasonably withheld, conditioned or delayed.

(c) With respect to any Pre-Closing Tax Period or Straddle Period to which the Partnership Audit Rules apply, unless otherwise agreed in writing by the Buyer Representative and the Seller Representative, the Company shall make the election under Section 6226(a) of the Code with respect to the alternative to payment of imputed underpayment, and the Parties and their Affiliates shall take any action such as filings, disclosures and notifications necessary to effectuate such election.

(d) Post-Closing Action. The Buyers shall not (and shall cause the Company not to) amend any Tax Return relating to the Company for any Pre-Closing Tax Period (or portion thereof) or take any other action with respect to any Pre-Closing Tax Period (or portion thereof) that may reasonably be expected to result in any new or increase in Tax for which a Seller would be liable without the Seller Representative's prior written consent, such consent not to be unreasonably withheld.

(e) Conveyance Taxes. All sales, use, value added, transfer, stamp, registration, documentary, excise, real property transfer or gains, or similar Taxes incurred as a result of the Contemplated Transactions ("Conveyance Taxes") shall be borne fifty percent

(50%) by the Sellers and fifty percent (50%) by the Buyers. The Sellers and the Buyers agree to cooperate to jointly file all Tax Returns related to Conveyance Taxes, and all change of ownership and similar statements required to be filed in connection with the Contemplated Transactions.

(f) Section 754 Election. The Parties agree that the Company shall, and the Parties hereto agree to cause the Company to, make and have in effect for the Company's taxable year that includes the Closing Date an election under Section 754 of the Code and any comparable provisions of state or local applicable Law.

(g) Survival. Notwithstanding anything to the contrary in this Agreement (including Article 10), the obligations of the Parties set forth in this Section 7.3 shall survive the Closing until they have been satisfied.

7.4 Further Assurances. In connection with this Agreement and the other Transaction Documents and the Contemplated Transactions, the Company (and shall cause its Subsidiaries to) and the Seller Representative shall use commercially reasonable efforts and in good faith cooperate with the Buyer Representative to execute and promptly and expeditiously deliver any additional documents and instruments and perform any additional acts that may be necessary or reasonably appropriate to effectuate and perform the provisions of this Agreement and to consummate and make effective the Contemplated Transactions.

7.5 Interim Operations of the Company.

(a) The Company, and to the extent within the Seller Representative's control, the Seller Representative, covenant and agree that except as otherwise contemplated by this Agreement or applicable Law or as approved by the Buyer Representative in writing (such approval not to be unreasonably withheld, conditioned or delayed), at all times from and after the Effective Date until the earlier to occur of the Closing and the date this Agreement is terminated in accordance with Article 9 (such period, the "Interim Period"), the Company will and, to the extent within the Seller Representative's control, the Seller Representative will cause the Company and each Subsidiary of the Company to (i) conduct its business in the ordinary course of business consistent with past practice; and (ii) use commercially reasonable efforts to preserve in all material respects its business organization and maintain in all material respects existing relations and goodwill with its key customers, suppliers, Employees, Label Artists (including the Top Label Artists) and other Persons with whom the Company transacts material business.

(b) The Company and, to the extent within the Seller Representative's control, the Seller Representative, covenant and agree that, to the fullest extent permitted by applicable antitrust and competition Laws, except as otherwise expressly contemplated by this Agreement, as required by applicable Laws or as approved by the Buyer Representative in writing (such approval not to be unreasonably withheld, conditioned or delayed), during the Interim Period, the Company will not and, to the extent within the Seller Representative's control, the Seller Representative will cause the Company and each Subsidiary of the Company not to:

(i) adopt or propose any change to its or their Organizational Documents;

(ii) adopt or propose a plan to (A) merge or consolidate itself with any other Person; (B) organize any other Person, joint venture or any business organization or division thereof; (C) restructure, reorganize, recapitalize or completely or partially liquidate itself; (D) acquire any capital stock or Equity Securities of any other Person; (E) acquire any rights, assets or properties of any other Person other than in the ordinary course of business consistent with past practice; or (F) acquire any fee interest in real property;

(iii) issue, sell, deliver, redeem, pledge, lease, dispose of, grant, transfer, purchase or otherwise create or subject to any Encumbrance (other than any Permitted Encumbrance), or authorize the issuance, sale, delivery, redemption, pledge, lease, disposition, grant, transfer, purchase or creation of any Encumbrance (other than any Permitted Encumbrance) of, any Equity Securities of the Company, or grant or enter into any options, warrants, rights, Contracts or commitments with respect to the issuance of any Equity Securities of the Company, or amend any terms of any such Equity Securities or Contracts;

(iv) (A) incur or assume any Indebtedness (other than ordinary course borrowings under the Pinnacle Loan and Security Agreement without material modification to the terms of such agreement including any increase in amount available for borrowing) or guarantee or otherwise become liable for Indebtedness of another Person, issue or sell any debt securities or warrants or other rights to acquire its debt securities; or (B) cancel, release, amend, or assign any Indebtedness owed to the Company;

(v) create or incur any Encumbrance (other than Permitted Encumbrances) (including on any Company Assets);

(vi) enter into, become subject to, amend, modify, terminate, waive, allow to lapse, release or assign any material right, claim or benefit under, or accelerate any provision of, any Material Contract, except expirations of Contracts in accordance with their terms in the ordinary course of business consistent with past practice;

(vii) either (A) sell, assign, transfer or exclusively license any Company Intellectual Property or any Company Works (other than to the Buyers or any of their respective Affiliates); or (B) intentionally permit any Registration of any Company Intellectual Property or any Company Works to lapse or to be abandoned, invalidated, dedicated to the public, or disclaimed, or otherwise become unenforceable;

(viii) make any advance (or similar) payment to any Person (other than in accordance with the terms and conditions (existing as of the Effective Date or otherwise in the ordinary course of business consistent with past practice) under any applicable Label Artist Agreement);

(ix) enter into, amend, modify or terminate any Company Contract other than in the ordinary course of business consistent with past practice with respect to Company Contracts that are not Material Contracts, or cancel, modify or waive any debts

or claims or waive any rights held by the Company or any Subsidiary of the Company thereunder;

(x) sign (as such term is customarily understood in the music industry) any Person who, upon signing, would be governed by any Company Contract; *provided* that the Company may sign a Person if such signing does not create a firm financial obligation of the Company or any of its Subsidiaries either individually in excess of $750,000 or in the aggregate in excess of $1,500,000;

(xi) drop (as such term is customarily understood in the music industry) any Label Artist or fail to exercise any option(s) under, in connection with or pursuant to any Label Artist Agreement;

(xii) effect, directly or indirectly, any recapitalization, reclassification, distribution, equity split or like change in its capitalization;

(xiii) declare, authorize, make, set aside or pay any dividends or other distributions on or in respect to any of its Equity Securities (other than with respect to cash dividends or distributions (including tax distributions) to the holders of Equity Securities of the Company);

(xiv) make any capital investments in, or any loans, capital contributions or advances to, any Person;

(xv) enter into, amend or modify any Contract, or otherwise enter into or effect any transaction, with (A) any Affiliate of the Company or any Seller; (B) any director, officer or manager of the Company or any Seller; (C) any family member of any Person described in clause (B); or (D) any Affiliate of any Person described in clause (B) or (C);

(xvi) except as required by GAAP or applicable Law: (A) change any annual Tax accounting period; (B) consent to any extension or waiver of the limitation period applicable to any material Tax claim or Tax assessment; (C) make or change any material Tax election; (D) adopt or change any method of Tax accounting; (E) prepare or file any Tax Return in manner materially inconsistent with past practice, other than the preparation and filing of Pre-Closing Flow-Through Returns; (F) file any material amended Tax Return; (G) settle or otherwise compromise any material claim or dispute relating to Taxes; (H) initiate or enter into any closing, voluntary disclosure or similar agreement relating to Taxes; (I) surrender any right to claim a refund of a material amount of Taxes or a material offset or other reduction in Liability for Taxes; or (J) request any ruling or similar guidance with respect to Taxes;

(xvii) commence, waive or release any material rights, pay discharge, agree to settle, settle or compromise any pending or threatened Action other than as does not or will not (A) involve payments in excess of $300,000 with respect to any individual Action and $1,500,000 in the aggregate; (B) subject the Company to any non-monetary or injunctive relief or any criminal penalties; (C) omit a complete and unconditional release of the Company and all customary related parties from all Liability arising out of

such Action; or (D) materially restrict the operations of the business of the Company after the Closing Date;

(xviii) create any new Subsidiary;

(xix) write off as uncollectable any notes or accounts receivable (including any unrecouped advances or similar amounts);

(xx) cancel or reduce any insurance coverage;

(xxi) except as required by Law establish, adopt, enter into, amend, terminate or provide discretionary benefits under any Plan (or any plan, program, policy, agreement or arrangement that would be a Plan if in effect on the Effective Date);

(xxii) (A) other than for "cause", terminate the employment of any Employee of the Company having (1) a title of Vice President or more senior, or (2) annual base compensation in excess of $175,000 per year; or (B) hire, promote, demote or materially alter the duties of any Employee of the Company having (1) a title of Vice President or more senior, or (2) annual base compensation in excess of $175,000 per year;

(xxiii) enter into, terminate (other than for "cause"), or amend in any material respect, any employment Contract with any Employee of the Company having (A) a title of Vice President or more senior; or (B) annual base compensation in excess of $175,000 per year;

(xxiv) sell, transfer, assign, convey, lease, license or otherwise dispose of or subject to any Encumbrance (other than any Permitted Encumbrance) any material Company Asset (or any interest therein), other than in the ordinary course of business consistent with past practice;

(xxv) (A) except as set forth on Schedule 7.5(b)(xxv) of the Company Disclosure Schedules, increase, fund, or accelerate the time of payment or vesting of compensation or benefits (including change in control, severance or termination pay) of any Employee of the Company or any Subsidiary of the Company, other than as required by any Plan in force as of the date hereof; or (B) establish, amend, provide discretionary benefits under or terminate any Plan (or any arrangement that would be a Plan if in effect as of the date hereof);

(xxvi) implement or announce any "plant closing" or "mass lay off" (as defined in the WARN Act);

(xxvii) enter into any collective bargaining agreement, works council agreement or other Contract with any labor union or employee representative body;

(xxviii)enter into any new line of business or abandon or discontinue any existing line of business;

(xxix) enter into any Contract that involves the payment by the Company, in each case, of fixed (or committed) amounts in excess of $1,500,000; or

(xxx) authorize or enter into any Contract or otherwise make any commitment to do any of the foregoing.

(c) During the Interim Period, other than as expressly permitted by and in accordance with Sections 7.5(a) and 7.5(b), or in connection with obtaining the Sellers Consent, the Company agrees not to, and agrees to not permit any Subsidiary of the Company and its and their respective Representatives to: (i) directly or indirectly solicit, initiate, encourage or facilitate (including by way of furnishing any non-public information or providing assistance or access to properties or assets) any inquiries or any proposal or offer (A) relating to any (1) Indebtedness for borrowed money (for the avoidance of doubt, other than pursuant to Section 7.5(b)(iv)) or equity financing of the Company or any Subsidiaries of the Company or (2) acquisition or purchase of the equity or any substantial portion of the assets of the Company or any Subsidiary of the Company; or (B) enter into any merger, amalgamation or other business combination, share purchase transaction, or equity or debt financing (for the avoidance of doubt, other than pursuant to Section 7.5(b)(iv)) with the Company or any Subsidiary of the Company; (C) enter into any other extraordinary business transaction involving or otherwise relating to the Company or any Subsidiary of the Company or their respective assets; or (D) acquire any equity, debt or other securities in any Person or acquire any assets of any Person; (ii) participate directly or indirectly in or enter into any discussions, conversations, negotiations or other communications regarding, furnish to any other Person any information with respect to, or cooperate with or encourage any effort or attempt by any other Person to seek to do, any of the foregoing; (iii) grant any Person any waiver or release under any standstill or similar agreement with respect to any class of securities of the Company or any Subsidiary of the Company; (iv) enter into or propose any agreement, arrangement or understanding with any Person requiring the Company to abandon, terminate or fail to consummate the Contemplated Transaction; or (v) enter into or propose any agreement, arrangement, understanding, term sheet or letter of intent with any Person with respect to any of the foregoing.

7.6 Filings; Other Actions; Notification.

(a) Cooperation. Subject to the terms and conditions set forth in this Agreement, during the Interim Period, the Parties shall cooperate with each other and shall use (and shall cause their respective Subsidiaries to use) their respective reasonable best efforts to take or cause to be taken all actions, and do or cause to be done all things, reasonably necessary, proper or advisable on their part under this Agreement and applicable Laws to obtain all necessary actions, waivers, consents and approvals from any Governmental Authority and any other Person and the preparation and making of all necessary registrations, notices, reports and other filings and the taking of all steps as may be necessary to obtain an approval or waiver from, or to avoid an action or proceeding by, any Governmental Authority. Subject to applicable Laws relating to the exchange of information, each Party shall have the right to review in advance, and to the extent practicable each shall consult with each other on and consider in good faith the views of each other in connection with, all of the information relating to such Party or any of their respective Subsidiaries or Affiliates, as the case may be, that appears in any filing made with, or written materials submitted to any Governmental Authority in connection with the

Contemplated Transactions. In exercising the foregoing rights, each of the Parties shall act reasonably and as promptly as practicable.

(b) Information. The Parties shall each, upon written request by the other, furnish the other with all information concerning itself, its Subsidiaries, directors, officers, managers and equityholders and such other matters as may be reasonably necessary or advisable in connection with any statement, filing, notice or application made by or on behalf of such Parties or any of their respective Subsidiaries to any Governmental Authority in connection with the Contemplated Transactions.

(c) Status. Subject to applicable Laws and as required by any Governmental Authority, the Parties shall each keep the other reasonably apprised of the status of matters relating to the consummation of the Contemplated Transactions, including promptly furnishing the other with copies of notices or other communications received by any Party, as the case may be, or any of its Subsidiaries, from any Governmental Authority with respect to the Contemplated Transactions.

(d) Antitrust Matters. Subject to the terms and conditions set forth in this Agreement, without limiting the generality of the undertakings pursuant to this Section 7.6, the Parties (with respect to clauses (i), (ii) and (iii)) and the Buyers (with respect to clause (iv)) agree to take or cause to be taken the following actions:

(i) promptly provide to each and every federal, state, local or foreign court or Governmental Authority with jurisdiction over enforcement of any applicable antitrust or competition Laws ("Government Antitrust Entity") non-privileged information and documents requested by any Government Antitrust Entity or that are necessary, proper or advisable to permit consummation of the Contemplated Transactions;

(ii) use their respective reasonable best efforts to prepare and file as promptly as practicable (to the extent not already filed) with any applicable Government Antitrust Entity all documentation to effect all necessary filings, notices, petitions, statements, registrations, submissions of information, applications and other documents. In furtherance and not in limitation of Section 7.6(d)(i), each Party shall make any required filing as promptly as practicable (to the extent not already filed) with the applicable Government Antitrust Entity with respect to the Contemplated Transactions and shall supply as promptly as practicable any additional information and documentary material that may be requested pursuant to the review, clearance or approval by such Government Antitrust Entity of any of the Contemplated Transactions;

(iii) (A) promptly notify the other Party of any written or oral communication to that Party from any Government Antitrust Entity and, subject to applicable Law, permit the other Party to review in advance any proposed written communication to any Government Antitrust Entity, in each case concerning the review, clearance or approval by such entity of the Contemplated Transactions; (B) to the extent permitted by such Government Antitrust Entity, give the other Party the opportunity to attend and participate in meetings with such Government Antitrust Entity; and (C) furnish

the other Party with copies of all correspondence, filings, and communications (and memoranda setting forth the substance thereof) between it and its Affiliates and its respective Representatives on the one hand, and any Government Antitrust Entity or members of such Government Antitrust Entity's staff on the other hand, concerning the review, clearance or approval of the Contemplated Transactions under any applicable antitrust or competition Laws, except to the extent prohibited by applicable Laws or the instructions of such Government Antitrust Entity; *provided*, that a Party shall be permitted to remove any commercially sensitive information, any information necessary to comply with Contractual arrangements, any information to address reasonable privilege concerns, or any references to address valuation concerns, in each case, before sharing with the other Party, or such Party's legal counsel may share complete versions on an outside-counsel-only basis with the other Party's legal counsel; and

(iv) make the prompt use of its reasonable best efforts to avoid or eliminate any impediment under any antitrust Laws that may be asserted by any Government Antitrust Entity.

7.7 R&W Insurance Policy. The Buyers shall obtain, at or prior to the Closing, a transaction representations and warranties insurance policy from Liberty Surplus Insurance Corporation (together with an excess representations and warranties insurance policy from DUAL North America) (the "R&W Insurance Policy"). The Company shall, and shall cause its Related Parties (including the Subsidiaries of the Company) to, at the sole cost of Buyers, cooperate in good faith and take all reasonable action necessary to assist the Buyers in obtaining the R&W Insurance Policy, including (a) furnishing upon request to the Buyer Representative or the R&W Insurance Policy provider any customary information related to the Company that is reasonably required or requested in connection therewith; (b) executing and delivering to the Buyer Representative or R&W Insurance Policy provider any customary documents or materials that are reasonably required or requested in connection therewith; and (c) doing such other customary acts and things consistent herewith, all as the Buyer Representative may reasonably request for the purpose of carrying out the intent of this Section 7.7. From and after the Effective Date, the Buyers shall not amend the R&W Insurance Policy with respect to any provision relating to the insurer's waiver of subrogation rights against the Sellers (other than in the event of Fraud). All fees and expenses (including all premium, underwriting or diligence fees, and surplus line or premium Tax or other applicable Tax, fee or surcharge owing to the insurers) of the R&W Insurance Policy shall be borne by the Buyers. The failure of the Buyers to obtain the R&W Insurance Policy shall not release the Buyer Representative, the Buyers, or Merger Sub of any of their respective obligations pursuant to this Agreement, including their obligation to consummate the Contemplated Transactions, nor shall it increase the liability of the Seller Representative or any Seller. Any amounts payable from the Escrow Account pursuant to Sections 2.9, 2.10 and 2.11 shall be net of any net proceeds actually and indefeasibly received (after deduction of the costs of recovery, if any) under the R&W Insurance Policy.

7.8 Directors' and Officers' Indemnification and Exculpation. Following the Closing, the Buyers and the Surviving Company agree that all rights to indemnification and exculpation for acts or omissions occurring prior to the Closing now existing in favor of the current or former members, managers, directors, officers or Employees of the Company who have the right to indemnification or exculpation by the Company as provided in its

organizational documents or otherwise shall survive the Contemplated Transactions and shall continue in full force and effect in accordance with their terms for a period of not less than six (6) years from the Closing. The Company shall, prior to the Closing, exercise (i.e., engage the insurer and secure coverage under) the tail policy on the existing directors & officers and cybersecurity policies at no cost to any Buyer, such that the directors & officers tail policy shall extend for six (6) years and the cybersecurity policy shall extend for three (3) years. Evidence of the exercise of each such tail policy, in each case, shall be delivered to the Buyer Representative at Closing in form and substance reasonably satisfactory to the Buyer Representative. If, following the Closing, the Buyers, the Surviving Company or their respective successors or assigns (a) shall consolidate with or merge into any other unaffiliated Person and shall not be the continuing or surviving corporation or entity of such consolidation or merger or (b) shall transfer all or substantially all of its properties and assets to any unaffiliated Person, then, and in each such case, proper provisions shall be made so that the successors and assigns of the Buyers (as applicable) or the Surviving Company shall assume all of the obligations of the Buyers (as applicable) and the Surviving Company set forth in this Section 7.8. Notwithstanding anything in this Agreement to the contrary including this Section 7.8, and notwithstanding anything in any other Contract to the contrary including the Organizational Documents of the Company and its Subsidiaries or any employment or other Contract, none of the Buyers, the Surviving Company, their respective Subsidiaries or their respective Affiliates shall be obligated to defend, indemnify or hold harmless any current or former members, managers, directors, officers or Employees of the Company or its Subsidiaries, in their capacity as such or as equity holders of the Company, for or with respect to any Action arising out of, relating to or in connection with the Contemplated Transactions.

7.9 Employee Matters.

(a) The Buyers shall use commercially reasonable efforts to cause to be (a) waived all limitations as to pre-existing conditions and exclusions with respect to the Buyers' medical, dental and vision plans, with respect to participation and coverage requirements applicable to the Continuing Employees under any welfare plan of the Buyers or their respective Subsidiaries in which such employees may be eligible to participate after the Closing, to the extent that such conditions and exclusions would have been waived or satisfied under the corresponding welfare plan in which any such Employee participated immediately prior to the Closing, and to the extent that such waiting periods would be satisfied under the applicable employee benefit plan or arrangement maintained by the Buyers or their respective Subsidiaries as a result of such Continuing Employee's length of service and (b) provided to each such Continuing Employee credit for all service recognized under a corresponding employee benefit plan or arrangement maintained by the Buyers or their respective Subsidiaries for purposes of determining eligibility to participate (including with respect to waiting periods) and vesting under each employee benefit plan, program or arrangement of the Buyers or their respective Subsidiaries in which such employees are eligible to participate after the Closing, and for purposes of determining the amount of benefits under any severance or vacation plan, program or arrangement of the Buyers or their respective Subsidiaries.

(b) No later than the day immediately preceding the Closing Date, the Company shall take all action as is necessary to terminate the 300 Entertainment 401(k) Plan (the "Company 401(k) Plan") effective no later than the date immediately preceding the Closing

Date. At least three (3) days prior to taking such action, the Company shall provide the Buyer Representative with a draft of the applicable resolutions terminating the Company 401(k) Plan, and all other documentation associated with such termination, and shall consider in good faith all comments provided by the Buyer Representative.

(c) Without limiting the generality of Section 12.7, nothing in this Agreement is intended to or shall (a) be treated as an amendment to, or be construed as amending, any Plan or other benefit or compensation plan or arrangement, (b) prevent any Buyer or its Affiliates from terminating or amending any Plan or any other benefit or compensation plan or arrangement or (c) prevent any Buyer or its Affiliates, on or after the Closing Date, from terminating the employment of any Continuing Employee for any reason. Nothing in this Section 7.9 shall confer any rights or remedies (including third-party beneficiary rights) on any current or former director, Employee, consultant or independent contractor of the Company (including with respect to any continued right to employment or engagement), the Buyers or any of their respective Affiliates or any beneficiary or dependent thereof or any other Person other than the parties hereto.

(d) If and only to the extent the following amounts are included in Company Indebtedness as reflected in the Estimated Closing Statement, following the Closing, the Seller Representative shall have the right to allocate among, and cause the Company to pay to, Employees of the Company (including the Seller Representative), bonuses in an amount not to exceed (i) [***] in the case of the earned and unpaid bonuses which amount shall be inclusive of all employer-side taxes payable with respect thereto; (ii) [***] in the case of the find & sign/mind bonuses which amount shall be inclusive of all employer-side taxes payable with respect thereto; and (iii) [***] in the case of the special bonuses which amount shall be inclusive of all employer-side taxes payable with respect thereto.

7.10 Termination of Affiliate Arrangements. The Company and each Subsidiary of the Company shall cause all Affiliate Arrangements, other than those set forth on Schedule 7.10, to be terminated effective as of and conditioned upon the Closing, with no further liability or obligation of the Company or any Subsidiary of the Company thereafter. Without limiting the foregoing, all directors, officers, managers and Employees of the Company and each Subsidiary of the Company shall pay off in full, as of the Closing, any loans made by the Company or any Subsidiary of the Company to such directors, officers, managers and Employees, including, for the avoidance of doubt, the Specified Loans. Evidence of the release and termination (and, as applicable, the pay-off in full) of the Affiliate Arrangements (including, for the avoidance of doubt, the Specified Loans), in each case, shall be delivered to the Buyer Representative at Closing in form and substance reasonably satisfactory to the Buyer Representative.

7.11 Unpaid Firm Financial Obligations. The Company shall deliver to the Buyer Representative one (1) Business Day prior to the Closing a certificate setting forth a true and complete list of each unpaid firm financial obligation (but only if such obligation is currently payable or payable in the future without regard to the exercise of an option for an additional contract period) that (a) in the case of A&R-related obligations, are in excess of $750,000 and (b) in the case of marketing spend obligations, are in excess of $500,000, in each case, in respect of any Label Artist, which would otherwise be payable by the Company or any Subsidiary of the Company (the "Unpaid Firm Financial Obligation Certificate"). This Section 7.11 shall not

apply (i) to the condition set forth in Section 8.2(b) for purposes of determining whether or not the Company has performed and complied in all material respects with all covenants required to be performed or complied with by the Company under this Agreement on or prior to the Closing; or (ii) to the condition set forth in Section 8.2(c) and, for the avoidance of doubt, no Seller or Seller-Affiliated Person shall have any Liability based on, related to, or in connection with the Unpaid Firm Financial Obligation Certificate or the information provided, or failed to be provided, thereon (other than with respect to information otherwise provided in connection with the Contemplated Transactions (including pursuant to any Transaction Documents) for which, and to the extent, the Seller or Seller-Affiliated Person are otherwise subject to Liability).

7.12 Reserve Account. The Seller Representative acknowledges that the Sellers Consent provides for a reserve (the "Reserve") of approximately [***] to initially be retained in the Designated Account and to be utilized in the discretion of the Seller Representative for, among other things, expenses, liabilities and indebtedness. The Seller Representative shall not, nor shall the Seller Representative permit, [***] of the Reserve (the "Specific Reserve") to be released from the Designated Account until the earlier of (a) if [***] and/or [***] (each an "Investment" and collectively the "Investments") (including any equity ownership of Investments owned by the Company or any Subsidiary of the Company) is monetized after the Closing Date in a manner that results in the Company or any Subsidiary of the Company receiving cash in an amount not less than [***], in which case the Specific Reserve shall no longer be restricted pursuant to this Section 7.12; or (b) ninety (90) days following the Closing Date, in which case the entire Specific Reserve shall promptly (but in any event within two (2) Business Days) be released to the Buyer Representative by wire transfer of immediately available cash funds to an account or accounts designated by the Buyer Representative; *provided*, that, if either or both of the Investments are monetized during such ninety (90) day period and less than [***] is received by the Company or any of its Subsidiaries in the aggregate with respect thereto, an amount equal to such difference shall be released from the Specific Reserve promptly (but in any event within two (2) Business Days) to the Buyer Representative by wire transfer of immediately available cash funds to an account or accounts designated by the Buyer Representative and the balance of the Specific Reserve shall no longer be restricted pursuant to this Section 7.12.

ARTICLE 8

CONDITIONS

8.1 Conditions to Each Party's Obligation to Consummate the Contemplated Transactions. The respective obligations of each Party to consummate the Contemplated Transactions are subject to the satisfaction or written waiver by the Buyer Representative and the Seller Representative, at or prior to the Closing, of the following conditions:

(a) Regulatory Consents. (i) All of the approvals or consents of Governmental Authorities required to consummate the Contemplated Transactions and set forth on Schedule 8.1(a) of the Company Disclosure Schedules, if any, shall have been obtained; and (ii) all other Required Governmental Consents, if any, shall have been obtained (including the expiration or termination of any applicable waiting periods under the Hart Scott Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations thereunder).

(b) Litigation. No court or other Governmental Authority of competent jurisdiction shall have enacted, issued, promulgated, enforced or entered any Laws or issued any Orders that is in effect and permanently enjoins or otherwise prohibits the consummation of the Contemplated Transactions.

8.2 Conditions to Obligations of the Buyers. The obligations of the Buyers to consummate the Contemplated Transactions are also subject to the satisfaction at or prior to the Closing of the following conditions (any or all of which may be waived in whole or in part by the Buyers):

(a) Representations and Warranties of the Company. (i) The representations and warranties of the Company set forth in this Agreement (other than the Company Fundamental Representations) shall be true and correct in all respects (without regard to any reference to materiality, Material Adverse Effect or similar phrase) as of the Effective Date and as of the Closing Date as though made on and as of such date (except to the extent that any such representation and warranty expressly speaks as of an earlier date, in which case as of such earlier date), except where the failure of any such representations and warranties to be true and correct (without giving effect to any qualification as to materiality contained therein) does not constitute a Material Adverse Effect; and (ii) the Company Fundamental Representations shall be true and correct in all respects as of the Effective Date and as of the Closing Date as though made on and as of such date (except to the extent that any such representation and warranty expressly speaks as of an earlier date, in which case as of such earlier date).

(b) Performance of Obligations of the Company. The Company shall have performed and complied in all material respects with all agreements, obligations, covenants and conditions required to be performed by it under this Agreement on or prior to the Closing Date.

(c) Closing Deliveries. The Company shall have made, or stand ready at the Closing to make, the deliveries required to be made by the Sellers pursuant to Section 2.8 and Section 3.1 (other than Section 3.1(c)).

8.3 Conditions to Obligations of the Company. The obligation of the Company to consummate the Contemplated Transactions is also subject to the satisfaction at or prior to the Closing of the following conditions (any or all of which may be waived in whole or in part by the Seller Representative):

(a) Representations and Warranties of the Buyers. (i) The representations and warranties of the Buyers set forth in this Agreement (other than the Buyers Fundamental Representations) shall be true and correct in all respects (without regards to any reference to materiality or similar phrase) as of the Effective Date and as of the Closing Date as though made on and as of such date (except to the extent that any such representation and warranty expressly speaks as of an earlier date, in which case as of such earlier date), except where the failure of any such representations and warranties to be true and correct (without giving any effect to any qualification as to materiality contained therein) would not, individually or in the aggregate, prevent, materially delay or materially impair the consummation of the Contemplated Transactions or otherwise prevent the Buyers from performing its obligations under this Agreement; and (ii) the Buyers Fundamental Representations shall be true and correct in all

respects as of the Effective Date and as of the Closing Date as though made on and as of such date (except to the extent that any such representation and warranty expressly speaks as of an earlier date, in which case as of such earlier date).

(b) Performance of Obligations of the Buyers. The Buyers shall have performed and complied in all material respects with all agreements, obligations, covenants and conditions required to be performed by the Buyers under this Agreement on or prior to the Closing Date.

(c) Closing Deliveries. The Buyers shall have made, or stands ready at the Closing to make, the deliveries required to be made by the Buyers pursuant to Section 3.2.

ARTICLE 9

TERMINATION

9.1 Termination. This Agreement may be terminated at any time prior to the Closing:

(a) by written agreement of the Buyer Representative and the Seller Representative;

(b) by either the Buyer Representative or the Seller Representative, by giving written notice of such termination to the other Parties, if (i) the Closing shall not have occurred on or prior to the day that is twelve (12) calendar days following the Effective Date (the "Termination Date"); or (ii) any Order permanently restraining, enjoining or otherwise prohibiting the consummation of the Contemplated Transactions shall become final and non-appealable; *provided, however*, that the right to terminate this Agreement pursuant to this Section 9.1(b) shall not be available to any Party whose failure to fulfill any obligation under this Agreement shall have been the cause of, or shall have resulted in, the failure of the Closing to occur on or prior to the Termination Date;

(c) by the Seller Representative if there has been a breach of any representation, warranty, covenant or agreement made by the Buyers in this Agreement, or any such representation and warranty shall have become untrue after the Effective Date, such that Section 8.3(a) or 8.3(b) would not be satisfied and such breach or condition is not curable or, if curable, is not cured within the earlier of (i) thirty (30) days after written notice thereof is given by the Seller Representative to the Buyer Representative; and (ii) the Termination Date; *provided, however*, that the right to terminate this Agreement pursuant to this Section 9.1(c) shall not be available to the Seller Representative if the Company is then in material breach of any representation, warranty agreement or covenant contained herein; or

(d) by the Buyer Representative if there has been a breach of any representation, warranty, covenant or agreement made by the Company in this Agreement, or any such representation and warranty shall have become untrue after the Effective Date, such that Section 8.2(a) or 8.2(b) would not be satisfied and such breach or condition is not curable or, if curable, is not cured within the earlier of (i) thirty (30) days after written notice thereof is given by the Buyer Representative to the Seller Representative; and (ii) the Termination Date; *provided, however*, that the right to terminate this Agreement pursuant to this Section 9.1(d) shall

not be available to the Buyer Representative if the Buyers are then in material breach of any representation, warranty agreement or covenant contained herein.

9.2 Effect of Termination and Abandonment. In the event of termination of this Agreement pursuant to this Article 9, this Agreement shall become void and of no effect with no Liability to any Person on the part of the Buyers, Merger Sub, the Company, or the Sellers (or of any of their respective Representatives or Affiliates); *provided*, *however*, and notwithstanding anything in the foregoing to the contrary, that (a) no such termination shall relieve the Buyers, or Merger Sub, on the one hand, or the Seller Representative, the Sellers or the Company, on the other hand, of any Liability to the other Parties, as applicable, resulting from Fraud, criminal activity or the breach of this Agreement prior to such termination; and (b) the provisions set forth in Section 7.2, this Section 9.2 and in Article 12 shall survive the termination of this Agreement.

ARTICLE 10

NO SURVIVAL

10.1 No Survival. None of the representations, warranties, covenants or agreements in this Agreement or in any instrument delivered pursuant to this Agreement shall survive the Closing and all rights, claims and causes of action (whether in contract or in tort or otherwise, or whether at law or in equity) with respect thereto shall terminate at the Closing, except (a) Article 12 shall survive the Closing; and (b) for those covenants and agreements that by their terms apply or are to be performed, in whole or in part, at or after the Closing (including the indemnification requirements related to Excluded Claims set forth in Section 2.12(c)), shall survive the Closing in relevant part in accordance with their respective terms. The Buyers acknowledge and agree that neither the Company nor the Sellers shall have any obligation or liability for any Losses incurred by the Buyers or any of their respective Affiliates, successors or assigns for any inaccuracy or breach of any of the Company's representations, warranties, covenants or agreements in this Agreement that by their terms are to be performed prior to the Closing other than (x) for Fraud; (y) to terminate this Agreement in accordance with Article 9; or (z) to enforce this Agreement in accordance with Section 12.11. For the avoidance of doubt, the survival periods set forth in this Section 10.1 shall not control with respect to a R&W Insurance Policy in respect of the representations and warranties contained in this Agreement purchased by the Buyers or one of their respective Affiliates, which shall contain survival periods that shall control for purposes thereunder.

ARTICLE 11

BUYER REPRESENTATIVE

11.1 Acknowledgement. By signing this Agreement, each Buyer shall be deemed to have irrevocably constituted or appointed the Buyer Representative as the representative and true and lawful attorney-in-fact (which appointment each Buyer acknowledges is irrevocable and constitutes a power coupled with an interest), and by execution of this Agreement, the Buyer Representative hereby accepts such appointment to act on behalf of such Buyer as its agent and attorney-in-fact, with full power of substitution, to act in its name, place and stead in connection with the Contemplated Transactions. The power of attorney granted in this Section 11.1 by each

Buyer may be delegated by the Buyer Representative and shall survive the death or incapacity of any such Buyer. The Company, the Seller Representative, and the Sellers are entitled to rely on the actions of the Buyer Representative taken on behalf of the Buyers in connection with the Contemplated Transactions. By signing this Agreement, each Buyer shall be deemed to have authorized and empowered the Buyer Representative, on its behalf and in its name, to:

(a) act for and on behalf of each Buyer in any and all capacities and to do and perform every act and thing required or permitted to be done, in the reasonable judgment of the Buyer Representative, in connection with the Contemplated Transactions;

(b) give and receive all notices or documents given or to be given to or by the Buyers pursuant hereto or in connection herewith and to give and receive and accept service of legal process in connection with any suit or proceeding arising under this Agreement;

(c) engage counsel and such accountants and other advisors for the Buyers and incur such other expenses on behalf of the Buyers in connection with the Contemplated Transactions as the Buyer Representative may deem appropriate;

(d) take such action on behalf of Buyers as the Buyer Representative may deem appropriate in respect of any amendment, waiver or consent with respect to this Agreement; *provided* that the consent of the applicable Buyer will be required with respect to taking any action in connection with such Buyer's indemnity obligation;

(e) take such other action as the Buyer Representative is authorized to take under this Agreement;

(f) make all determinations required or permitted under this Agreement;

(g) represent each Buyer or both of them as a group in all litigation and negotiate or enter into settlements and compromises relating to any disputes arising in connection with the Contemplated Transactions; and

(h) take all relevant action in all such other matters as the Buyer Representative may deem necessary or appropriate to consummate the Contemplated Transactions.

11.2 Indemnification of Buyer Representative. The Buyers shall indemnify the Buyer Representative for and shall hold the Buyer Representative harmless against any loss, liability or expense incurred by the Buyer Representative or any of its Affiliates and any of their respective Representatives, in each case relating to the Buyer Representative's conduct as the Buyer Representative, including all out-of-pocket expenses incurred for legal fees or otherwise, other than losses, liabilities or expenses resulting from the Buyer Representative's gross negligence or willful misconduct in connection with its performance under this Agreement. The costs of such indemnification (including the costs and expenses of enforcing this right of indemnification) shall be obligations of the Buyers. The Buyer Representative may, in all questions arising under this Agreement, rely on the advice of counsel and for anything done, omitted or suffered in good faith by the Buyer Representative in accordance with such advice, the Buyer Representative shall not be liable to the Buyers or any other Person. In no event shall the Buyer Representative be

liable hereunder or in connection herewith for any indirect, punitive, special or consequential damages.

11.3 Reliance.

(a) In the performance of its duties hereunder, the Buyer Representative shall be entitled to (i) rely upon any document or instrument reasonably believed to be genuine, accurate as to content and signed by any Buyer or any party hereunder and (ii) assume that any Person purporting to give any notice in accordance with the provisions hereof has been duly authorized to do so.

(b) The Buyers acknowledge and agree that the Seller Representative, the Sellers, and the Sellers' respective Related Parties are entitled to rely on the actions of the Buyer Representative or any duly authorized officer thereof taken on behalf of the Buyers in connection with the Contemplated Transactions, including, for the avoidance of doubt, with respect to this Agreement and any other Transaction Document. As such, the Seller Representative, the Sellers, and the Sellers' respective Related Parties shall be entitled to, amongst other things: (a) rely upon any document or instrument reasonably believed to be genuine, accurate as to content and signed by the Buyer Representative or any duly authorized officer thereof; and (b) assume that any decision, act, consent or instruction of the Buyer Representative or any duly authorized officer thereof shall constitute a decision of the Buyers and shall be final, binding and conclusive upon the Buyers.

(c) The Seller Representative, on behalf of itself and the Sellers, and the Company acknowledge and agree that the Buyer Representative, the Buyers, Merger Sub and their respective Related Parties are entitled to rely on the actions of the Seller Representative taken on behalf of the Sellers in connection with the Contemplated Transactions, including, for the avoidance of doubt, with respect to this Agreement and any other Transaction Document. As such, the Buyer Representative, the Buyers, Merger Sub and their respective Related Parties shall be entitled to, amongst other things: (a) rely upon any document or instrument reasonably believed to be genuine, accurate as to content and signed by the Seller Representative; and (b) assume that any decision, act, consent or instruction of the Seller Representative shall constitute a decision of the Sellers and shall be final, binding and conclusive upon the Sellers.

ARTICLE 12

MISCELLANEOUS

12.1 Fees, Costs and Expenses. Except as expressly provided in this Agreement, all fees, costs and expenses incurred in connection with this Agreement and the Contemplated Transactions shall be paid by the Party incurring such fees, costs and expenses.

12.2 Amendment and Waiver. This Agreement may not be amended, supplemented or modified except by an instrument in writing signed by the Parties. No failure or delay on the part of any Party or any assignee thereof, in exercising any power, right or remedy under this Agreement, shall operate as a waiver thereof, nor shall any single or partial exercise of any such power, right or remedy preclude any further exercise thereof, or the exercise of any other power,

right or remedy. Any waiver of any provision of this Agreement by any Party shall only be effective if in writing and shall not be construed as a waiver of any subsequent breach or failure of the same provision or any other provision of this Agreement.

12.3 Entire Agreement; Company Disclosure Schedules. This Agreement (including the Exhibits, Annexes and the Company Disclosure Schedules, which are deemed for all purposes to be part of this Agreement) and the other Transaction Documents: (a) contain all of the terms, conditions, representations, warranties, covenants and agreements agreed upon or made by the Parties relating to the subject matter of this Agreement; and (b) supersede all prior and contemporaneous agreements, negotiations, correspondence, undertakings, letters of intent, term sheets, and communications of the Parties or their Representatives, oral or written, relating to such subject matter. Notwithstanding anything to the contrary contained in the Company Disclosure Schedules or in this Agreement, the information and disclosures contained in any Company Disclosure Schedule shall only be deemed to be disclosed and incorporated by reference in any other Company Disclosure Schedule as though fully set forth in such Company Disclosure Schedule for which applicability of such information and disclosure is reasonably apparent on its face from the text of such disclosure. For the avoidance of doubt, the Confidentiality Agreement shall terminate automatically and without any further action or consent of any Person, and be of no further force or effect, immediately following the Closing.

12.4 Headings. The headings contained in this Agreement are intended solely for convenience and shall not affect the rights and obligations of the Parties.

12.5 Notices. Any notice or other communication required or permitted under this Agreement shall be deemed to have been duly given and made: (a) if in writing and served by personal delivery upon the Party for whom it is intended; (b) if delivered by electronic mail with receipt confirmed (including by receipt of confirmatory electronic mail from recipient); or (c) if delivered by certified mail, registered mail or courier service to the Party at the address set forth below, with copies sent to the Persons indicated:

If to the any Buyers, the Buyer Representative or, following the Closing, the Company, to:

Warner Music Inc.
1633 Broadway
New York, NY 10019
Attention: Paul Robinson, EVP & General Counsel; Thomas Marcotullio, SVP & Chief Counsel, M&A and Corporate Law
Email: [***]

with a copy to:

Sidley Austin LLP
1999 Avenue of the Stars, 17th Floor
Los Angeles, California 90067
Attention: Matthew C. Thompson
Email: [***]

If to the Seller Representative or, prior to the Closing, the Company, to:

[***]
c/o Theory Entertainment LLC
112 Madison Ave - 4th Floor
New York, NY 10013
Email: [***]

with copies to:

Skadden, Arps, Slate, Meagher & Flom LLP
300 South Grand Ave., Suite 3400
Los Angeles, California 90071
Attention: David C. Eisman and Glen G. Mastroberte
Email: [***]

Such addresses may be changed, from time to time, by means of a notice given in the manner provided in this Section 12.5.

12.6 Binding Effect; Assignment. Subject to this Section 12.6, this Agreement shall be binding upon and shall inure to the benefit of the Parties and their permitted successors and assigns. Neither Party may assign or delegate, by operation of law, through a change in control or otherwise, all or any portion of its rights, interests or obligations under this Agreement without the prior written consent of the other Party; *provided* that, notwithstanding the foregoing, (a) a change in control or similar transaction (whether by sale of all or substantially all of the assets of a Person or the acquisition of more than 50% of the voting power of the outstanding Equity Securities of a Person, in each case, by another Person(s) by means of any transaction or series of related transactions and including by reorganization, merger or consolidation) involving any Buyer or one or more of any Buyer's direct or indirect parent entities shall not trigger the foregoing anti-assignment provision; (b) in connection with any internal reorganization of any Buyer or an Affiliate of any Buyer for tax or other business or corporate purposes, any Buyer may assign this Agreement or any of its rights, benefits, interests or obligations under this Agreement, in whole or in part, to one or more Affiliates of any Buyer, in each case, without the prior consent of any other Party; and (c) any Buyer may collaterally assign, Transfer, hypothecate or pledge this Agreement and all or any portion of its respective rights, benefits or interests contained in this Agreement in connection with the incurrence of Indebtedness, which assignment, Transfer, hypothecation or pledge, or a foreclosure resulting in a Transfer with resect thereto, shall not require the prior written consent of any other Party, but, in the case of each of clause (a), (b) and (c), no such assignment shall limit or affect the Buyers' obligations hereunder.

12.7 Third-Party Beneficiaries. Nothing in this Agreement, express or implied, is intended to or shall confer any legal or equitable rights, remedies or claims of any nature upon any Person that is not a Party or a permitted successor or assignee of a Party, except that (a) the Non-Recourse Parties shall have the right to enforce their rights under Section 12.12 and (b), for the avoidance of doubt, the Seller Representative shall have the right to enforce the rights of all Sellers pursuant to this Agreement.

12.8 Certain Legal Representation Matters.

(a) In any dispute or proceeding arising under or in connection with this Agreement or the Contemplated Transactions, the Sellers and their Affiliates shall have the right, at their election, to retain the firm of Skadden, Arps, Slate, Meagher & Flom LLP (the "Retained Firm") to represent them in such matter and the Buyers hereby irrevocably consent to, and waive any conflict associated with, any such representation in any such matter. The Buyers, Merger Sub, the Company, and the Sellers acknowledge and agree that the Retained Firm has acted as counsel for the Company and the Sellers in connection with this Agreement. The Parties agree, on behalf of themselves and their respective Affiliates, that the fact that the Retained Firm has represented the Sellers and/or the Company prior to the Closing shall not prevent the Retained Firm from representing the Sellers (or any of its Affiliates) in connection with any matters involving this Agreement, including any disputes between any of the Parties that may arise after the Closing. The Buyers, Merger Sub, the Company, and the Sellers, on behalf of themselves and their respective Affiliates, hereby waive any actual or potential conflict of interest relating to the Retained Firm's representation of the Sellers and the Company in the Contemplated Transactions.

(b) The Buyers, on behalf of themselves and their respective Affiliates, hereby irrevocably acknowledge and agree that all attorney-client communications between, on the one hand, the Sellers and/or the Company (and their respective directors, officers, employees, Affiliates, controlling persons and other Representatives) and, on the other hand, their counsel, including the Retained Firm, that relate to the negotiation, preparation, execution and delivery of this Agreement or the other Transaction Document or any schedule, certificate or other document delivered pursuant hereto or thereto or in connection with the Contemplated Transactions or in connection with the Closing and that are subject to the attorney-client privilege in accordance with applicable Laws (collectively, "Privileged Communications"), shall be deemed privileged communications as to which such privilege may only be waived by the Seller Representative and neither the Buyers, Merger Sub, the Company nor any Person purporting to act on behalf of or through the Buyers, Merger Sub, or the Company shall seek to obtain any Privileged Communications by any process, other than in connection with any third party or any investigation conducted by a Governmental Authority.

(c) This Section 12.8 is for the benefit of the Sellers and their Affiliates and such Persons are intended third-party beneficiaries of this Section 12.8. This Section 12.8 shall be irrevocable, and no term of this Section 12.8 may be amended, waived or modified without the prior written consent of the Seller Representative.

12.9 Governing Law. This Agreement and any claim, controversy or cause of action (whether in contract or tort) that may be based upon, arise out of or relate to this Agreement or the negotiation, execution or performance of this Agreement (including any claim or cause of action based upon, arising out of or related to any representation or warranty made in or in connection with this Agreement or as an inducement to enter into this Agreement), shall be exclusively governed by and construed in accordance with the internal Laws of the State of New York, without giving effect to the principles of conflict of laws to the extent such principles would require or permit the application of the Laws of another jurisdiction.

12.10 WAIVER OF JURY TRIAL; Consent to Jurisdiction.

(a) EACH OF THE PARTIES AGREES TO WAIVE ITS RESPECTIVE RIGHTS TO A JURY TRIAL IN CONNECTION WITH ANY MATTER RELATED TO THIS AGREEMENT OR THE CONTEMPLATED TRANSACTIONS. EACH PARTY FURTHER REPRESENTS AND WARRANTS THAT IT HAS REVIEWED THIS WAIVER WITH ITS LEGAL COUNSEL AND THAT IT KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL.

(b) Each Party agrees to submit itself/himself to the sole and exclusive jurisdiction of the federal or state courts located in New York County in any controversy, claim or dispute related to the Transaction Documents or any agreement or instrument contemplated thereby. Each Party hereby irrevocably and unconditionally agrees not to commence any Action relating to such a controversy, claim or dispute except in such courts and that all claims in respect of such controversy, claim or dispute will be heard and determined in such courts (and the courts hearing appeals from such courts). The Parties hereby irrevocably waive, to the fullest extent permitted by applicable Law, any objection which they may now or hereafter have to the laying of venue of any such dispute brought in such court or any defense of inconvenient forum in connection therewith. The Parties agree that a final judgment in any controversy, claim or dispute will be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by Law. Each Party further agrees that service of process in any action related to the Transaction Documents may, among other methods, be served upon the Parties by delivering or mailing such process in accordance with Section 12.5; any such delivery or mailing of service shall be deemed to have the same force and effect as personal service within the State of New York. Nothing contained in this Section 12.10 shall preclude any Buyer from joining the Company or Subsidiary of the Company in an action brought by another Person against any Buyer in any jurisdiction, although any Buyer's failure to join the Company in any such action in one instance shall not constitute a waiver of any of the Buyer's rights with respect thereto or with respect to any subsequent action brought by a third party against any Buyer. Nothing contained herein shall constitute a waiver of any other remedies available to any Buyer.

12.11 Injunctive or Other Relief. Each Party acknowledges and agrees on behalf of itself and its Affiliates that the rights afforded herein are unique and that any violation of this Agreement may cause irreparable injury to the other Parties for which monetary damages alone are inadequate, difficult to compute, or both. Accordingly, each Party expressly agrees that, in addition to any other remedies which the such Party may have under this Agreement, each Party shall be entitled to seek injunctive relief or other equitable relief (including specific performance) for any breach or threatened breach of any term, provision or covenant of this Agreement by the breaching Party. The Seller Representative, on behalf of itself and the Sellers, expressly waives its right to interfere with or otherwise enjoin the Exploitation of the Company Assets. Subject to the immediately preceding sentence, nothing contained herein shall prevent or delay any Party from seeking specific performance or other equitable remedies in the event of any breach or intended breach by any other Party of such Party's obligations hereunder. In addition, either Party may bring any dispute, controversy or claim against the breaching Parties with respect to any breach as may be permitted to recover damages on behalf of such Party in accordance with Section 12.10. In any such dispute, controversy or claim, the prevailing party or parties shall be entitled to receive from the non-prevailing party or parties, in addition to such

other Losses or relief as may be awarded, the costs and expenses incurred by it or them in connection with such dispute, controversy or claim, including attorneys' fees.

12.12 No Recourse. Notwithstanding any provision of this Agreement to the contrary (except those exceptions set forth in Section 12.7), the Parties agree, on their own behalf and on behalf of their respective Affiliates, that: (a) this Agreement may only be enforced against, and any Action for breach of this Agreement (whether in contract or tort) may only be made against, the Parties to this Agreement; and (b) no Non-Recourse Party shall have any Liability relating to this Agreement or any of the Contemplated Transactions (except in the event of any Action arising out of, involving or otherwise in respect of Fraud).

12.13 Severability. If any term or provision of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, then the remainder of the terms and provisions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated so long as the economic or legal substance of the Contemplated Transactions is not affected in any manner materially adverse to any Party. Upon such a determination, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in a reasonably acceptable manner so that the Contemplated Transactions may be consummated as originally contemplated to the fullest extent possible.

12.14 Construction. The Parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any of the terms or provisions of this Agreement.

12.15 Counterparts. This Agreement may be executed in counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute one and the same instrument. The words "execution," "signed," "signature," and words of like import in this Agreement or in any other certificate, agreement or document related to this Agreement shall include images of manually executed signatures transmitted by electronic format (including "pdf," "tiff" or "jpg") and other electronic signatures (including DocuSign and Adobe Sign). The use of electronic signatures and electronic records (including any Contract or other record created, generated, sent, communicated, received, or stored by electronic means) shall be of the same legal effect, validity and enforceability as a manually executed signature or use of a paper-based record-keeping system to the fullest extent permitted by applicable Law, including the Federal Electronic Signatures in Global and National Commerce Act, the Delaware Uniform Electronic Transactions Act and any other applicable law, including any state law based on the Uniform Electronic Transactions Act or the Uniform Commercial Code.

(*Signature pages follow*)

IN WITNESS WHEREOF, the Parties have executed and delivered this Agreement as of the date first above written.

BUYER 1:

Warner Music Inc.

By: /s/ Paul Robinson
Name: Paul Robinson
Title: EVP, General Counsel & Secretary

BUYER 2:

MM Investment LLC

By: /s/ Paul Robinson
Name: Paul Robinson
Title: VP & Secretary

BUYER REPRESENTATIVE:

Warner Music Inc.

By: /s/ Paul Robinson
Name: Paul Robinson
Title: EVP, General Counsel & Secretary

MERGER SUB:

Trifecta Merger Subsidiary LLC

By: /s/ Paul Robinson
Name: Paul Robinson
Title: VP & Secretary

SELLER REPRESENTATIVE:

By: /s/ [***]
Name: [***]

COMPANY:

By: /s/ [***]
Name: [***]
Title: CEO

(*Signature Page to Agreement and Plan of Merger)*

RESTRICTED STOCK UNIT AWARD TERMS AND CONDITIONS (U.S.)

This document contains the Terms and Conditions of the Restricted Stock Units awarded by the Company to the Participant indicated in the Notice of Award of Restricted Stock Units to which this document is attached (the "Notice"), and constitutes a binding agreement by and between Warner Music Group Corp. (the "Company"), and the employee whose name is set forth on the Notice. Capitalized terms used but not defined herein shall have the respective meanings given to them in the Warner Music Group Corp. 2020 Omnibus Incentive Plan, as amended from time to time (the "Plan").

1. Grant of RSUs. The Company hereby evidences and confirms its grant to the individual whose name is set forth on the Notice (the "Participant"), effective as of the grant date set forth on the Notice (the "Grant Date"), of the number of Restricted Stock Units set forth on the Notice (the "RSUs"). Each RSU represents the unfunded, unsecured right of the Participant to receive one Share. The RSUs are subject to the terms and conditions of the Plan, which are incorporated by reference herein.

2. Vesting. Except as otherwise provided in this Section 2 or in the Plan or as approved by the Administrator, the RSUs shall vest in accordance with the terms of these Terms and Conditions (including the Notice and the Plan), as follows (the occurrence of each such event described in Section 2(a)-(d), a "Vesting Event"):

(a) all of the RSUs shall become vested on the earliest to occur of the vesting date set forth in the Notice (the "Vesting Date"), the Participant's death and the Participant's Disability, subject in each case to the Participant's continued employment with the Company or its Affiliate through such date;

(b) upon the occurrence of a Change in Control, all then outstanding unvested RSUs shall be treated as provided in the Plan;

(c) if the Participant's employment terminates in a Qualifying Termination prior to the Vesting Date, then (i) a pro rata portion of the RSUs shall become vested based on the portion of the period between the Grant Date and the Vesting Date that has elapsed as of the date of such termination (the "Accelerated RSUs") and (ii) the balance of the RSUs (the "Deferred RSUs") shall remain outstanding and unvested and shall become vested on the Vesting Date provided the Participant (A) has not violated Section 13(b) through the Vesting Date and (B) has provided annual certification of such ongoing compliance with Section 13(b) in writing to the Company on each anniversary of the Grant Date (if any) that occurs following such Qualifying Termination and prior to the Vesting Date, and a final certification to such effect prior to (but no more than 90 days prior to) the Vesting Date.

(d) if the Participant's employment terminates in a Qualifying Retirement (as defined below) prior to the Vesting Date, all of the RSUs shall become vested on the Vesting Date provided the Participant (i) has not violated Section 13(b) through the Vesting Date and (ii) has provided annual certification of such ongoing compliance with Section 13(b) in writing to the Company on each anniversary of the Grant Date (if any) that occurs following such

Qualifying Retirement and prior to the Vesting Date, and a final certification to such effect prior to (but no more than 90 days prior to) the Vesting Date.

For purposes of these Terms and Conditions, employment with the Company will be deemed to include employment with, or, if approved by the Administrator, other service to, the Company or Company's Affiliates, but in the case of employment with or service to an Affiliate, only during such time as such Affiliate is an affiliate of the Company.

Notwithstanding anything contained in these Terms and Conditions to the contrary, the Administrator, in its sole discretion, may accelerate the vesting of any RSUs, at such times and upon such terms and conditions as the Administrator shall determine, so long as the delivery of Shares for any RSUs subject to Section 409A of the Code is permitted thereby.

3. Termination for Cause. If the Participant's employment is terminated for Cause, or if the Participant resigns at such time as the Company could have terminated the Participant's employment for Cause, then notwithstanding any other provision of these Terms and Conditions, the Participant will immediately forfeit any remaining RSUs, along with any Shares issuable with respect to such RSUs (even if otherwise vested) for which Shares have not yet been delivered, and any cash amounts payable under Section 9(b).

4. Delivery.

(a) In the case of a Vesting Event described in Section 2(a) or 2(b) (i.e., scheduled vesting dates, death or Disability, Change in Control), one Share shall be delivered in respect of each RSU then vesting, within 30 days of the applicable Vesting Event.

(b) In the case of a Vesting Event described in Section 2(c) (Qualifying Termination), subject to the Participant's compliance with Section 2(c) and Section 13(b), one Share will become deliverable in respect of each RSU, subject to the Participant executing a general release of claims in favor of the Company and its affiliates, directors and officers in a form provided by the Company and to such release becoming irrevocable within 60 days after such termination (such 60-day period, the "Release Period"). If the Participant fails to timely satisfy this release requirement, all of the RSUs that would otherwise vest under Section 2(c) (i.e., both the Accelerated RSUs and Deferred RSUs, along with any Shares issuable with respect to such RSUs) shall be deemed forfeited as of the date of Participant's Qualifying Termination and the Participant will have no further rights with respect thereto. Subject to the Participant's compliance with the requirements described in this Section 4(b):

(i) Shares deliverable under this Section 4(b) in respect of Accelerated RSUs will be delivered on the date the release becomes irrevocable (but if the Release Period spans two taxable years of the Participant, not before the first day of such second taxable year), or if sooner, upon the occurrence of a Change in Control or the Participant's death; and

(ii) Shares deliverable under this Section 4(b) in respect of Deferred RSUs will be delivered on the date such Shares would have otherwise been delivered under

Section 2(a)(i), but for the Participant's termination, or if sooner, upon the occurrence of a Change in Control or the Participant's Disability or death (but if such Change in Control, Disability or death occurs during the Release Period, then the Shares will be delivered on the next business day following the Release Period).

(c) Subject to Participant's compliance with Section 2(d) and Section 13(b), in the case of a Vesting Event described in Section 2(d) (Qualifying Retirement), one Share will become deliverable in respect of each RSU then vesting. Shares deliverable under this Section 4(c) will be delivered (i) on the date such Shares would have otherwise been delivered under Section 2(a)(i), but for the Participant's termination, or (ii) if sooner, upon the occurrence of a Change in Control or the Participant's Disability or death.

(d) In the event of the death of the Participant, the delivery of Shares under this Section 4 shall be made to the Participant's estate or to a beneficiary designated in accordance with the Company's requirements as in effect from time to time (but in any event no later than December 31 of the calendar year immediately following the calendar year during which the Participant's death occurs).

5. Certain Definitions. For purposes of these Terms and Conditions and notwithstanding any provision of the Plan to the contrary, the following definitions will apply:

(a) "Cause" with respect to the Participant, has the meaning set forth in (i) the Participant's employment agreement or offer letter with the Company or its Affiliate, or (ii) if the Participant is not party to an employment agreement or offer letter with the Company or its Affiliate agreement that contains a "cause" definition, the Warner Music Inc. Severance Plan for Regular U.S. Employees or its successor plan, as in effect from time to time.

(b) "Qualifying Retirement" means the Participant's "separation from service" within the meaning of Section 409A of the Code after the Participant has attained age 60 and completed at least 10 years of employment with the Company.

(c) "Qualifying Termination" means the Participant's "involuntary separation from service" within the meaning of Section 409A of the Code resulting from a termination of employment (i) by the Company or its Affiliate without Cause, (ii) if the Participant is party to an employment agreement or offer letter with the Company or its Affiliate that contains a "good reason" definition, by the Participant for "good reason" (as defined therein) or (iii) if the Participant is party to an employment agreement or offer letter with the Company or its Affiliate agreement that contains a "qualifying non-renewal" definition, in a "qualifying non-renewal" (as defined therein).

6. Adjustments Upon Certain Events. The Administrator shall, in its sole discretion, make equitable substitutions or adjustments to the number of Shares and the RSUs pursuant to Section 3.3 of the Plan.

7. No Right to Continued Employment. Neither the Plan, the Notice nor these Terms and Conditions shall be construed as giving the Participant the right to be retained in

the employ of, or in any consulting relationship with, the Company or any of its Affiliates. Further, the Company (or, as applicable, its Affiliates) may at any time dismiss the Participant, free from any liability or any claim under the Plan, the Notice or these Terms and Conditions, except as otherwise expressly provided herein.

8. No Acquired Rights. The Award has been granted entirely at the discretion of the Administrator. The grant of the Award does not obligate the Company to grant additional Awards to the Participant in the future (whether on the same or different terms).

9. No Rights of a Stockholder; Dividend Equivalent Payments.

(a) The Participant shall not have any rights or privileges as a stockholder of the Company in respect of RSUs, which for the avoidance of doubt includes no rights to dividends or to vote, until the Shares in question have been registered in the Company's register of stockholders as being held by the Participant.

(b) Section 9(a) notwithstanding, if the Company declares and pays a cash dividend or distribution with respect to its Shares, then, with respect to each then outstanding RSU as to which Shares have not been delivered, whether vested or unvested, the Participant will be paid an amount of cash equal to the value of such cash dividend or distribution within 30 days of the date the dividend becomes payable to the Company's shareholders or, if later, on the next practicable payroll date applicable to the Participant (but in any event no later than December 31st of the calendar year in which the dividend becomes payable to the Company's shareholders).

10. Transferability of Shares. Any Shares issued or transferred to the Participant pursuant to the Award shall be subject to such stop transfer orders and other restrictions as the Administrator may deem advisable under the Plan, the Notice, these Terms and Conditions or the rules, regulations and other requirements of the U.S. Securities and Exchange Commission, any stock exchange upon which such Shares are listed, and any applicable federal or state laws or relevant securities laws of the jurisdiction of the domicile of the Participant, and the Administrator may cause a legend or legends to be put on any certificates representing such Shares or make an appropriate entry on the record books of the appropriate registered book-entry custodian, if the Shares are not certificated, to make appropriate reference to such restrictions.

11. Transferability of RSUs. Except as set forth in Section 4(d), the RSUs (and, prior to their actual issuance, the Shares) may not be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by the Participant other than by will or by the laws of descent and distribution, and any purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance not permitted by this Section 11 shall be void and unenforceable.

12. Withholding; Taxation.

(a) The Company and the Participant shall cooperate to satisfy applicable federal, state and local income and employment tax withholding requirements applicable to the grant, vesting and settlement of the RSUs and any dividends or distributions payable under Section 9(b) (the "Required Withholding"). The Company shall withhold from the Shares that

would otherwise have been transferred to the Participant in settlement of vested RSUs the number of Shares necessary to satisfy the Participant's Required Withholding unless the Required Withholding shall previously have been satisfied by the Participant or from other amounts payable by the Company to the Participant and, if applicable, shall deliver the remaining Shares to the Participant. The Company shall withhold from any dividends or distributions payable under Section 9(b) a cash amount equal to the Required Withholding applicable thereto. The amount of the Required Withholding and the number of Shares to be withheld by the Company, if applicable, to satisfy Participant's Required Withholding, as well as the amount reflected on tax reports filed by the Company, shall be based on the Fair Market Value of the Shares on the date prior to the applicable Vesting Date or the date on which the Shares are delivered to the Participant, as appropriate. The obligations of the Company under these Terms and Conditions will be conditioned on such satisfaction of the Required Withholding. The payment of any applicable withholding taxes through the withholding of Shares otherwise issuable under the Award shall not exceed the minimum required withholding liability.

(b) The Award and these Terms and Conditions are intended to comply with Section 409A of the Code and should be interpreted accordingly. To the extent necessary to give effect to this intent, in the case of any conflict or potential inconsistency between the provisions of the Plan and these Terms and Conditions, the provisions of these Terms and Conditions will govern, and in the case of any conflict or potential inconsistency between this Section 12 and the other provisions of these Terms and Conditions, this Section 12 will govern. Nonetheless, the Company does not guarantee the tax treatment of the Award.

(c) In no event will the Participant be permitted to designate, directly or indirectly, the taxable year of the delivery. To the extent the Award includes a "series of installment payments" as described in Treas. Reg. § 1.409A-2(b)(2)(iii), the Participant's right to the series of installment payments will be treated as a right to a series of separate payments and not as a right to a single payment. The Award is subject to offset solely to the extent permitted by the Plan and Section 409A of the Code. To the extent any payment under the Award is conditioned on the effectiveness of a release of claims and the period the Participant is afforded to consider the release spans two taxable years of the Participant, payment will be made in the second taxable year.

(d) Notwithstanding anything in this Award to the contrary, (i) to the extent permitted by Treas. Reg. § 1.409A-3(j)(4)(vi), settlement of the Award may be accelerated to the extent necessary to satisfy employment tax withholding obligations that arise with respect to the Award, (ii) the Company may terminate this arrangement and deliver Shares hereunder in a manner consistent with Treas. Reg. § 1.409A-3(j)(4)(ix) and (iii) if at the time the Participant's termination of employment, the Participant is a "specified employee" as defined in Section 409A of the Code and the deferred delivery of Shares otherwise deliverable hereunder as a result of such termination of employment is necessary in order to prevent any accelerated or additional tax under Section 409A of the Code, then the Company will defer the delivery of Shares hereunder (without any reduction in the number of Shares ultimately delivered to the Participant) until the date that is six (6) months following the Participant's separation from service (or the earliest date

as is permitted under Section 409A of the Code), at which point all Shares deferred pursuant to this subclause (iii) of Section 12(d) shall be delivered to the Participant during the ten (10)-day period following the end of the six (6)-month delay.

13. Clawback/Forfeiture; Other Company Policies.

(a) Notwithstanding anything to the contrary contained herein or in the Plan, in consideration for the grant of this Award, the Participant agrees that the RSUs and any Shares or cash delivered in settlement of the RSUs, including in respect of dividends or distributions pursuant to Section 9(b), (i) will be subject to the terms of any clawback or recapture policy that the Company may have in effect from time to time and, in accordance with such policy, may be subject to the requirement that the Shares subject to the RSUs or any cash payments made in respect thereof be repaid to the Company after they have been distributed to the Participant, and (ii) will, along with any other equity interests in the Company held by the Participant, be subject to any policy with respect to hedging or pledging of Shares that the Company may have in effect from time to time.

(b) Unless otherwise approved by the Administrator, as a condition to a Vesting Event described in Section 2(c) (Qualifying Termination) or Section 2(d) (Qualifying Retirement), the Participant shall not, to the extent permitted by applicable law, during the period following the Qualifying Retirement or Qualifying Termination, as applicable, and prior to the Vesting Date, without the prior written consent of Company, directly or indirectly, as an employee, agent, consultant, partner, joint venturer, owner, officer, director, member of any other firm, partnership, corporation or other entity, or in any other capacity, (i) own any interest in, manage, control, participate in, consult with, render services for, or otherwise be or be connected in any manner with, any recorded music, music distribution, music publishing or music entertainment business or any other business that the Company and its Affiliates has conducted during the one-year period immediately preceding the date of such Qualifying Retirement or Qualifying Termination, as applicable, or has plans to conduct as of the date of such Qualifying Retirement or Qualifying Termination anywhere in the world, or (ii) solicit, negotiate with, induce or encourage any record label, recording artist (including a duo or a group), publisher or songwriter who at the time is, or who within the preceding one-year prior period was, either directly or through a furnishing entity, under contract to Company or any affiliate of Company or a label distributed by Company or an affiliate of Company, to end its relationship with Company, Company affiliate or label, to violate any provision of his or her contract or to enter into an exclusive recording or music publishing agreement with any other party. Accordingly, the Participant agrees that, unless otherwise approved by the Administrator, without limiting any of the Company's rights pursuant to any clawback or recapture policy that the Company may have in effect from time to time, in the event of the Participant's violation of any of the covenants contained in this Section 13(b), the Participant will immediately forfeit all unvested RSUs held by the Participant, and the Participant will have no further rights with respect thereto.

14. Choice of Law. THE AWARD, THESE TERMS AND CONDITIONS AND THE NOTICE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE

WITH THE LAWS OF THE STATE OF DELAWARE APPLICABLE TO AGREEMENTS MADE AND TO BE WHOLLY PERFORMED WITHIN THAT STATE. ANY ACTION TO ENFORCE THE AWARD, THESE TERMS AND CONDITIONS OR THE NOTICE MUST BE BROUGHT IN A COURT SITUATED IN, AND THE PARTIES HEREBY CONSENT TO THE JURISDICTION OF, COURTS SITUATED IN NEW YORK COUNTY, NEW YORK. EACH PARTY HEREBY WAIVES THE RIGHTS TO CLAIM THAT ANY SUCH COURT IS AN INCONVENIENT FORUM FOR THE RESOLUTION OF ANY SUCH ACTION.

15. RSUs Subject to Plan. All the RSUs are subject to the Plan, a copy of which has been provided to the Participant and the terms of which are incorporated herein by this reference. Except as set forth in Section 12(b), if there is any inconsistency between any express provision of these Terms and Conditions and any express term of the Plan, the express term of the Plan shall govern.

16. Beneficiary. The Participant may file with the Company a written designation of a beneficiary on such form as may be prescribed by the Company and may, from time to time, amend or revoke such designation. If no designated beneficiary survives the Participant, the executor or administrator of the Participant's estate shall be deemed to be the Participant's beneficiary. The Participant's beneficiary shall succeed to the rights and obligations of the Participant hereunder upon the Participant's death, except as maybe otherwise described herein or in the Plan.

17. Entire Agreement; Severability. The Plan, these Terms and Conditions and the Notice contain the entire agreement and understanding of the parties hereto with respect to the subject matter contained herein and supersede all prior communications, representations and negotiations in respect thereto. No change, modification or waiver of any provision of the Notice or these Terms and Conditions shall be valid unless the same be in writing and signed by the parties hereto. Whenever possible, each provision of these Terms and Conditions shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of these Terms and Conditions is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision or any other jurisdiction, but these Terms and Conditions shall be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision had never been contained herein.

18. Additional Terms. Notwithstanding any other provision of the Plan, these Terms and Conditions or the Notice, the RSUs shall be subject to any special terms and conditions set forth in Addendum A to these Terms and Conditions for the Participant's country or jurisdiction, if any. Moreover, if the Participant relocates to one of the countries included in Addendum A, the special terms and conditions for such country will apply to Participant, without the Participant's consent, to the extent the Company determines in its sole discretion that the application of such terms or conditions is necessary or advisable for legal or administrative reasons. Addendum A constitutes part of these Terms and Conditions.

19. Acceptance of RSUs and Agreement. The Participant has indicated the Participant's consent and acknowledgement of the terms of these Terms and Conditions pursuant

to the instructions provided to the Participant by or on behalf of the Company. The Participant acknowledges receipt of the Plan, represents to the Company that the Participant has read and understood these Terms and Conditions and the Plan, and, as an express condition to the grant of the RSUs under these Terms and Conditions, agrees to be bound by the terms of both these Terms and Conditions and the Plan. The Participant and the Company each agrees and acknowledges that the use of electronic media (including, without limitation, a click-through button or checkbox on a website of the Company or a third-party administrator) to indicate the Participant's confirmation, consent, signature, agreement and delivery of these Terms and Conditions and the RSUs is legally valid and has the same legal force and effect as if the Participant and the Company signed and executed these Terms and Conditions in paper form. The same use of electronic media may be used for any amendment or waiver of these Terms and Conditions.

Addendum A

ADDITIONAL TERMS AND CONDITIONS OF THE RSUs IN CERTAIN JURISDICTIONS

This Addendum A includes special terms that apply to the RSUs for Participants residing or providing service to the Company in one of the jurisdictions listed below (where applicable to the Participant in the determination of the Company). Capitalized terms used but not defined herein shall have the respective meanings given to them in the Restricted Stock Unit Award Terms and Conditions to which this Addendum A is attached. This Addendum A is part of the Terms and Conditions.

European Union Prospectus Directive
Under the European Union Prospectus Regulation ("EUPR"), certain securities rules from the relevant "Home Member State" may apply if the offering is considered a public offering of securities. This Plan is exempt from the requirements of the EUPR under Article 1(4)(i).

Argentina

Securities Law Information
The offering of the RSUs pursuant to the Award is a private transaction. Neither the RSUs nor the underlying Shares are publicly offered or listed on any stock exchange in Argentina.

Exchange Control Information
Certain restrictions and requirements may apply if and when a Participant transfers proceeds from the Award into Argentina. The foreign exchange rules are amended on a regular basis and, therefore, it is recommended that the local bank involved in the transaction be contacted prior to transferring funds abroad.

Discretionary Award; Effect on Other Benefits.
The Participant acknowledges and agrees that the grant of RSUs is made by the Company in its sole discretion and that the value of the RSUs or any Shares acquired under the Plan shall not constitute salary or wages for any purpose under Argentine labor law, including, but not limited to, the calculation of (i) any labor benefits including, but not limited to, vacation pay, thirteenth salary, compensation in lieu of notice, annual bonus, disability, and leave of absence payments, etc., or (ii) any termination or severance indemnities or similar payments.

Australia

Securities Law Information
The offering and resale of Shares acquired under the Plan to a person or entity resident in Australia may be subject to disclosure requirements under Australian law. The Participant should obtain legal advice regarding any applicable disclosure requirements prior to making any such offer.

Tax Information
The Plan is a plan to which subdivision 83A-C of the Income Tax Assessment Act 1997 (Cth) applies (subject to conditions in that Act).

Foreign Exchange
The Participant acknowledges and agrees that it is the Participant's sole responsibility to investigate and comply with any applicable exchange control laws in connection with the inflow of funds from the vesting of the Awards or subsequent sale of the Shares and any dividends (if any) and that the Participant shall be responsible for any reporting of inbound international fund transfers required under applicable law. The Participant is advised to seek appropriate professional advice as to how the exchange control regulations apply to the Participant's specific situation.

Data Protection
The Participant hereby consents to the collection, use and transfer, in electronic or other form, of the Participant's personal data as described in these Terms and Conditions, the Plan and any other Award materials by and among, as applicable, the Company and any of its Affiliates for the exclusive purpose of implementing, administering and managing the Participant's participation in the Plan.

The Participant understands that the Company and its Affiliates may hold certain personal information about the Participant, including, but not limited to, the Participant's name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Company, details of all RSUs or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding in the Participant's favor, for the exclusive purpose of implementing, administering and managing the Plan. The data is supplied by the Company or its Affiliates and also by the Participant through information collected in connection with the Award Agreement and the Plan.

Austria

Exchange Control Information
If the Participant holds Shares acquired under the Plan outside of Austria, the Participant must submit a report to the Austrian National Bank. An exemption applies if the value of the Shares as of any given quarter is less than €30,000,000 or, as of December 31, is less than €5,000,000. If the former threshold is exceeded, quarterly obligations are imposed, whereas if the latter threshold is exceeded, annual reports must be given. The annual reporting date is December 31 and the deadline for filing the annual report is January 31 of the following year.

When the Participant sells Shares acquired under the Plan or receives a dividend payment (if applicable), there may be exchange control obligations if the cash proceeds are held outside of Austria. If the transaction volume of all accounts abroad meets or exceeds €10,000,000, the movements and balances of all accounts must be reported monthly, as of the last day of the month, on or before day 15 of the following month, on the prescribed form (Meldungen SI-

Forderungen und/oder SI-Verpflichtungen). If the transaction value of all cash accounts abroad is less than €10,000,000, no ongoing reporting requirements apply.

Belgium

Foreign Asset/Account Reporting Information
The Participant is required to report any security or bank accounts (including brokerage accounts) the Participant maintains outside of Belgium on the Participant's annual tax return. In a separate report, the Participant is required to provide the National Bank of Belgium with certain details regarding such foreign accounts (including the account number, bank name and country in which any such account was opened). This report, as well as additional information on how to complete it, can be found on the website of the National Bank of Belgium, www.nbb.be, under Kredietcentrales / Centrales des crédits caption.

Brazil

Exchange Control Information
If the Participant is resident or domiciled in Brazil, the Participant will be required to submit an annual declaration of assets and rights held outside of Brazil to the Central Bank of Brazil if the aggregate value of such assets and rights equals or exceeds US$100,000. Assets and rights that must be reported include, but are not limited to, the Shares acquired under the Plan.

Canada

Prospectus Exemption
For the purposes of compliance with National Instrument 45-106 – Prospectus Exemptions (and in Québec, Regulation 45-106 respecting Prospectus exemptions, collectively, "45-106"), the prospectus requirement does not apply to a distribution by an issuer in a security of its own issue with an employee, executive officer, director or consultant of the issuer or a related entity of the issuer, provided the distribution is voluntary.

Resale Restrictions
Shares acquired under the Plan may be subject to certain restrictions on resale imposed by Canadian provisional securities laws. For the purposes of compliance with National Instrument 45-102 – Resale of Securities (and in Québec, Regulation 45-102 respecting Resale of securities, collectively, "45-102"), the prospectus requirement does not apply to the first trade of Shares issued in connection with the Awards provided the conditions set forth in section 2.14 of 45-102 are satisfied. The Participant should consult the Participant's advisor prior to any resale of Shares.

Foreign Asset/Accounting Reporting Information
The Participant may be required to report foreign specified property (including Shares and rights to Shares such as vested and/or unvested Awards) on form T1135 (Foreign Income Verification Statement) if the total cost of the Participant's foreign specified property exceeds C$100,000 at any time in the year. If applicable, the form must be filed by April 30 of the following year.

When Shares are acquired, their cost generally is the adjusted cost base ("ACB") of the Shares. The ACB ordinarily would equal the fair market value of the stock at the time of acquisition, but if the Participant owns other common stock of the same Company, this ACB may have to be averaged with the ACB of the other stock. The Participant should refer to form T1135 (Foreign Income Verification Statement) and consult the Participant's tax advisor for further details.

Data Privacy Notice and Consent
The Participant hereby authorizes the Company and the Company's representatives to discuss with and obtain all relevant information from all personnel, professional or not, involved in the administration and operation of the Plan. The Participant further authorizes the Company and its Affiliates to disclose and discuss the Participant's participation in the Plan with their advisors. Finally, the Participant authorizes the Company and its Affiliates to record such information and to keep such information in the Participant's employee file.

The following provisions apply if the Participant is a resident of Quebec:

Language Consent
The parties acknowledge that it is their express wish that the Plan, the Terms and Conditions, as well as all documents, notices and legal proceedings entered into, given or instituted pursuant to the Plan or relating directly or indirectly thereto, be drawn up in English.

Les parties reconnaissent avoir expressement souhaité que la convention "Terms and Conditions", ainsi que tous les documents, avis et procédures judiciaries, éxecutés, donnés ou intentés en vertu de, ou lié, directement ou indirectement à la présente convention ou au Plan, soient rédigés en langue anglaise.

Data Privacy Notice and Consent
This provision supplements Section 19 of the Terms and Conditions:

The Participant hereby authorizes the Company and the Company's representatives to discuss with and obtain all relevant information from all personnel, professional or not, involved in the administration and operation of the Plan. The Participant further authorizes the Company and any Subsidiary or affiliate and the Administrator to disclose and discuss the Plan with their advisors. The Participant further authorizes the Company and any Subsidiary or Affiliate to record such information and to keep such information in the Participant's employee file.

Chile

Securities Law Information.
Neither the RSUs nor the Shares are registered in Chile, and, as such, the Company is not required to provide public information about the RSUs or the Shares in Chile.

Exchange Control Information
The Participant is not required to repatriate proceeds obtained from the sale of Shares or from dividends or any dividend proceeds (if any) to Chile; however, if the Participant decides to

repatriate proceeds from the sale of Shares and/or dividends or dividend proceeds and the amount of the proceeds to be repatriated exceeds US$10,000, the Participant acknowledges that the Participant must effect such repatriation through the formal market (i.e., a commercial bank or registered foreign exchange office).

If the value of the Participant's aggregate investments held outside of Chile exceeds US$5,000,000 (including the value of Shares acquired under the Plan), the Participant must report the status of such investments annually to the Central Bank.

Tax Information
The Chilean Internal Revenue Service (the "CIRS") requires all taxpayers to provide information annually regarding (i) the results of investments held abroad and (ii) any taxes paid abroad which taxpayers will use as a credit against Chilean income tax. The sworn statements disclosing this information (or Formularios) must be submitted electronically through the CIRS website, www.sii.cl, using Form 1929, which is due on June 30 each year.

China

Awards Settled in Cash
Section 1 of the Terms and Conditions is amended to read as follows:

1. Grant of RSUs. The Company hereby evidences and confirms its grant to the individual whose name is set forth on the Notice (the "Participant"), effective as of the grant date set forth on the Notice (the "Grant Date"), of the number of Restricted Stock Units set forth on the Notice (the "RSUs"). Each RSU represents the unfunded, unsecured right of the Participant to receive from the Company or its Affililiate the cash value of one Share as measured by the closing price of the Share as traded on the Nasdaq Global Select Market as of the Vesting Date. The RSUs are subject to the terms and conditions of the Plan, which are incorporated by reference herein.

Section 4 of the Terms and Conditions is amended to read as follows:

4. Delivery. The cash value of one Share as measured by the closing price of the Share as traded on Nasdaq as of the Vesting Date shall be delivered in respect of each RSU within 30 days of the applicable Vesting Event. In the event of the death of the Participant following a Vesting Event and prior to payment, the payment shall be made to the Participant's estate or to a beneficiary designated in accordance with the Company's requirements as in effect from time to time.

Section 11(a) of the Terms and Conditions is amended to read as follows:

(a) AffililiateThe Company (which, for purposes of this Section 11(a) includes any Affiliate employing the Participant) and the Participant shall cooperate to satisfy applicable income and employment tax withholding requirements applicable to the grant, vesting and settlement of the RSUs (the "Required Withholding"). The Company shall withhold from the payment of cash that would otherwise have been transferred to the Participant in settlement of vested RSUs the

amount necessary to satisfy the Participant's Required Withholding unless the Required Withholding shall previously have been satisfied by the Participant or from other amounts payable by the Company to the Participant and, if applicable, shall deliver the remaining amount of the payment to the Participant. The amount of the Required Withholding and the amount to be withheld by the Company, if applicable, to satisfy the Participant's Required Withholding, as well as the amount reflected on tax reports filed by the Company, shall be based on the Fair Market Value of the Shares on the date prior to the applicable vesting date. The obligations of the Company under these Terms and Conditions will be conditioned on such satisfaction of the Required Withholding. The payment of any applicable withholding taxes through the withholding of Shares otherwise issuable under this Award shall not exceed the minimum required withholding liability.

Colombia

Labor Law Acknowledgement

By accepting this Award, the Participant acknowledges that, pursuant to Article 128 of the Colombia Labor Code, the Plan and related benefits do not constitute a component of "salary" for any purposes. Therefore, the Award and related benefits will not be included and/or considered for purposes of calculating any and all labor benefits, including, but not limited to, legal/fringe benefits, vacations, indemnities, payroll taxes and social insurance contributions.

Securities Law Information

The Shares are not and will not be registered in the Colombian registry of publicly traded securities (Registro Nacional de Valores y Emisores) and, therefore, the Shares may not be offered to the public in Colombia. Nothing in these Terms and Conditions or the Plan should be construed as the making of a public offer of securities in Colombia.

Exchange Control Information

Foreign investments must be registered with the Central Bank (Banco de la República) as foreign investments held abroad if the funds used to acquire the foreign investments are not remitted through an authorized local finance institution and the employee's aggregate investments held (as of December 31 of the applicable year) equal or exceed US $500,000. Registration is undertaken via lodgment of Form 11, and must be filed by June 30 of the year following that in which the investment was made.

Upon sale or other disposition of investments (including Shares) which have been registered with the Central Bank, the registration with the Central Bank must be cancelled no later than March 31 of the year following the sale or disposition (or a fine of up to 200% of the value of the infringing payment will apply). When investments held abroad are sold or otherwise disposed of, regardless of whether they have been registered with the Central Bank, the Participant must repatriate the proceeds to Colombia by selling currency to a Colombian bank and filing the appropriate form.

Czechia

Exchange Control Information
The Czech National Bank ("CNB") may require the Participant to fulfill certain notification duties in relation to the opening and maintenance of a foreign account. Because exchange control regulations change frequently and without notice, the Participant should consult the Participant's personal legal advisor prior to the sale of Shares to ensure compliance with current regulations. It is the Participant's responsibility to comply with Czech exchange control laws, and neither the Company nor its Affiliates will be liable for any resulting fines or penalties.

Denmark

Tax Information
If the Participant holds Shares acquired under the Plan in a brokerage account with a broker or bank outside Denmark, the Participant is required to inform the Danish Tax Administration about the account. The Danish tax authorities no longer offer an official form. Instead, the Participant can send the information by logging on to the Participant's online Danish tax folder (www.skat.dk).

The Participant will have to include the below information for investments (including Shares) in non-Danish brokerage accounts:

- Identity of the foreign depositary institution (i.e., the broker's name, address and home country)
- The number of shares, identity of the shares (e.g., ISIN code and value of the shares as of 31 December)
- The custody account (i.e., the account number in the depositary institution)
- The balance as of 31 December

The Participant will have to include the below information for cash bank accounts in non-Danish banks (e.g., cash held in non-Danish brokerage accounts):

- Identity of the foreign bank (Name, address and home country)
- Account number(s)
- Values of account(s) as of 31 December
- Percentage ownership in the account (i.e., 100% if the Participant is the sole account holder)
- The date the account was opened (day, month, year)

France

Language Consent
By accepting the grant, the Participant confirms having read and having fully understood the Plan, the Award and the Terms and Conditions, which were provided in the English language. The Participant accepts the terms of those documents accordingly.

Consentement Relatif à la Langue Utilisée
En acceptant l'attribution, le Participant confirme avoir lu et compris le Plan et le Contrat, qui ont été communiqués en langue anglaise. Le Participant accepte les termes de ces documents en connaissance de cause.

Tax Information
The Award is not intended to qualify as a French-qualified award under French tax law.

Foreign Asset/Account Reporting Information
If the Participant is a French resident and the Participant holds cash or stock outside of France (including Shares), the Participant must declare all foreign bank and brokerage accounts (including any accounts that were opened or closed during the tax year) on an annual basis on a special form, No. 3916, together with the Participant's income tax return. Further, if the Participant is a French resident with foreign account balances exceeding €1,000,000, the Participant may have additional monthly reporting obligations.

Exchange Control Information
The Participant must declare to the customs and excise authorities any cash or securities the Participant imports or exports without the use of a financial institution when the value of the cash or securities is equal to or exceeds a specified threshold. The declaration must be filed with the local customs service of the frontier where the cash or securities are imported or exported. The filing must be executed by the person who completes the transaction. It is the Participant's obligation to comply with the exchange controls applicable to the Participant, not the Company's or the Participant's employers.

Germany

Exchange Control Information
Cross-border payments in excess of €12,500 must be reported electronically to the German Federal Bank (Bundesbank). In the case of payments made or received in connection with securities (including proceeds realized upon the sale of Shares), the report must be made by the 5th day of the month following the month in which the payment was made or received. The form of the report ("Allgemeine Meldeportal Statistik") can be accessed via the Bundesbank's website (www.bundesbank.de) and is available in both German and English. The Participant understands that if the Participant makes or receives a payment in excess of this amount, the Participant is responsible for complying with applicable reporting requirements.

Acceleration of Vesting for Tax
With respect to any Award that provides for continued vesting upon a Qualifying Retirement or Qualifying Termination, to the extent the Participant would be subject to tax prior to the Vesting Date as a result of such continued vesting, the Company or its Affiliate is authorized to accelerate the vesting and settlement of the Award upon the incurrence of such tax.

Hong Kong

Securities Registration

The Awards and the Shares issued at vesting do not constitute a public offering of securities under Hong Kong law and are available only to employees of the Company and its Affiliates. The Terms and Conditions, including this Addendum A, the Plan and other incidental communication materials have not been prepared in accordance with and are not intended to constitute a "prospectus" for a public offering of securities under the applicable securities legislation in Hong Kong. Nor have the documents been reviewed by any regulatory authority in Hong Kong. The Award is intended only for the personal use of each eligible employee of the Company or any Subsidiary or affiliate and may not be distributed to any other person.

Data Protection

Acceptance of the Award constitutes authorization for the Company to collect the Participant's personal data for purposes relating to administering Awards granted under the Plan. The Participant is entitled to request access to, and correction of, the Participant's personal data and the name and address of the person to whom such requests should be made.

Nature of Scheme

The Company specifically intends that the Plan will not be an occupational retirement scheme for purposes of the Occupational Retirement Schemes Ordinance.

Acceleration of Vesting for Tax

With respect to any Award that provides for continued vesting upon a Qualifying Retirement or Qualifying Termination, to the extent the Participant would be subject to tax prior to the Vesting Date as a result of such continued vesting, the Company or its Affiliate is authorized to accelerate the vesting and settlement of the Award upon the incurrence of such tax.

Indonesia

Exchange Control Information

If the Participant remits proceeds from the sale of Shares into Indonesia, the Indonesian bank through which the transaction is made will submit a report on the transaction to the Bank of Indonesia for statistical reporting purposes. For transactions of US $25,000 or more, a description of the transaction must be included in the report. Although the bank through which the transaction is made is required to make the report, the Participant must complete a "Transfer Report Form." The Transfer Report Form should be provided to the Participant by the bank through which the transaction is made.

Ireland

Director Notification Obligation

The Participant acknowledges that, if the Participant is a director, shadow director or secretary of a Subsidiary in Ireland (an "Irish Subsidiary"), the Participant must notify the Irish Subsidiary in writing within five business days of receiving or disposing of an interest exceeding 1% of the

share capital of the Company or its holding company or any subsidiary (e.g., the RSUs, Shares, etc.), or within five business days of becoming aware of the event giving rise to the notification requirement or within five business days of becoming a director or secretary if such an interest exists at the time. This notification requirement also applies with respect to the interests of the Participant's spouse, civil partner or children under the age of 18 (whose interests will be attributed to the Participant if the Participant is a director, shadow director or secretary).

Italy

Foreign Asset/Account Reporting Information
The Participant is required to report in the Participant's annual tax return any foreign investments or investments (including the Shares issued at vesting of the Award, dividend payments (if applicable), cash or proceeds from the sale of Shares acquired under the Plan) held outside of Italy, if the investment may give rise to income in Italy (this will include reporting the Shares issued at vesting of the Award combined with other foreign assets). The Participant is exempt from these formalities if the investments are made through an authorized broker resident in Italy, as the broker will comply with the reporting obligation on the Participant's behalf.

Plan Document Acknowledgment
In accepting the Award, the Participant acknowledges that the Participant has received a copy of the Plan and the Terms and Conditions and has reviewed the Plan and the Terms and Conditions, including this Addendum A, in their entirety and fully understands and accepts all provisions of the Plan and the Terms and Conditions, including this Addendum A. The Participant further acknowledges that the Participant has read and specifically and expressly approves the following paragraphs of the Terms and Conditions: Section 2 – "Vesting"; Section 3 – "Termination for Cause"; Section 12 – "Withholding; Taxation"; Section 13 – "Clawback/Forfeiture; Other Company Policies"; Section 14 – "Choice of Law"; and the portion of this Addendum A under the heading "Data Privacy" located at the end of this Addendum A.

Japan

Cabinet Office Ordinance on Disclosure of Corporate Affairs
Awards are exempt from the requirements of the Japan Securities and Exchange Law under the Cabinet Office Ordinance on Disclosure of Corporate Affairs.

Tax Information
Awards granted under the Plan are intended to be regarded as an "offshore plan" for Japanese tax purposes.

Foreign Asset/Account Reporting Information
If the value of Shares that would be acquired in any one transaction exceeds JPY 100 million, the Participant must notify the Ministry of Finance within 20 days of the acquisition. In addition, if the amount of the wire transfer from Japan to a foreign country in any one transaction exceeds JPY 30 million, the Participant must notify the Ministry of Finance within 10 days.

The Participant will be required to report details of any assets (including any Shares acquired under the Plan) held outside of Japan as of December 31 of each year, to the extent such assets have a total net fair market value exceeding JPY 50 million. Such report will be due by March 15 of the following year. The Participant should consult with the Participant's personal tax advisor as to whether the reporting obligation applies and whether the Participant will be required to report details of any outstanding shares held by the Participant in the report.

Acceleration of Vesting for Tax
With respect to any Award that provides for continued vesting upon a Qualifying Retirement or Qualifying Termination, to the extent the Participant would be subject to tax prior to the Vesting Date as a result of such continued vesting, the Company or its Affiliate is authorized to accelerate the vesting and settlement of the Award upon the incurrence of such tax.

Malaysia

Data Protection
The Participant hereby consents to the collection, use and transfer, in electronic or other form, of the Participant's personal data as described in these Terms and Conditions, the Plan and any other Award materials by and among, as applicable, the Company and any of its Affiliates for the exclusive purpose of implementing, administering and managing the Participant's participation in the Plan.

The Participant understands that the Company and its Affiliates may hold certain personal information about the Participant, including, but not limited to, the Participant's name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Company, details of all RSUs or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding in the Participant's favor, for the exclusive purpose of implementing, administering and managing the Plan. The data is supplied by the Company or its Affiliates and also by the Participant through information collected in connection with the Award Agreement and the Plan.

Mexico

Modification
By accepting the Award, the Participant understands and agrees that any modification of the Plan or the Terms and Conditions or its termination shall not constitute a change or impairment of the terms and conditions of the Participant's employment.

Acknowledgement of the Terms and Conditions
In accepting the Award, the Participant acknowledges that the Participant has received a copy of the Plan, has reviewed the Plan and the Terms and Conditions in their entirety and fully understands and accepts all provisions of the Plan and the Terms and Conditions. The Participant further acknowledges that the Participant has read and specifically and expressly

approves the terms and conditions of the Terms and Conditions, in which the following is clearly described and established:

(1) The Participant's participation in the Plan does not constitute an acquired right.
(2) The Plan and the Participant's participation in the Plan are offered by the Company on a wholly discretionary basis.
(3) The Participant's participation in the Plan is voluntary.
(4) The Company and its Subsidiaries and Affiliates are not responsible for any decrease in the value of the underlying Shares.

Labor Law Acknowledgement and Policy Statement

In accepting the Award, the Participant expressly recognizes that Warner Music Group Corp. (which is the Company), with registered offices at 1633 Broadway, New York, NY 10019, U.S.A., is solely responsible for the administration of the Plan and that the Participant's participation in the Plan and acquisition of RSUs or Shares does not constitute an employment relationship between the Participant and the Company or any of its Affiliates, since the Participant is participating in the Plan on a wholly commercial basis and on a wholly voluntary basis and the Participant's sole employer is Warner Music Mexico, S.A. de C.V. or Warner Chappell Music Mexico S.A. de C.V., as applicable ("WMG-Mexico"). Based on the foregoing, the Participant expressly recognizes that the Plan and the benefits that the Participant may derive from participation in the Plan do not establish any rights between the Participant and the Participant's employer, WMG-Mexico, and do not form part of the employment conditions and/or benefits provided by WMG-Mexico and any modification of the Plan or its termination shall not constitute a change or impairment of the terms and conditions of the Participant's employment.

The Participant further understands that the Participant's participation in the Plan is as a result of a unilateral and discretionary decision of the Company; therefore, the Company reserves the absolute right to amend and/or discontinue the Participant's participation at any time without any liability to the Participant.

Finally, the Participant hereby declares that the Participant does not reserve to himself or herself any action or right to bring any claim against the Company for any compensation or damages regarding any provision of the Plan or the benefits derived under the Plan, and the Participant therefore grants a full and broad release to the Company, its Subsidiaries, Affiliates, shareholders, officers, agents or legal representatives with respect to any claim that may arise.

Netherlands

Insider-Trading Notification

The Participant should be aware of the Dutch insider-trading rules, which may impact the sale of shares issued to the Participant at vesting and settlement of the RSUs. In particular, the Participant may be prohibited from effectuating certain transactions involving Shares if the Participant has inside information about the Company. If the Participant is uncertain whether the insider-trading rules apply, the Participant should consult the Participant's personal legal advisor.

New Zealand

Securities Law Information

WARNING

This is an offer of RSUs over Shares which, if vested, will entitle the Participant to acquire Shares in accordance with the terms of the Award, the Terms and Conditions and the Plan. Shares, if issued, will give the Participant a stake in the ownership of the Company. The Participant may receive a return if dividends are paid.

If the Company runs into financial difficulties and is wound up, the Participant will be paid only after all creditors have been paid. The Participant may lose some or all of his or her investment, if any.

New Zealand law normally requires people who offer financial products to give information to investors before they invest. This information is designed to help investors make an informed decision. The usual rules do not apply to this offer because it is made under an employee share scheme. As a result, the Participant may not be given all the information usually required. The Participant will also have fewer other legal protections for this investment. The Participant should ask questions, read all documents carefully, and seek independent financial advice before committing him or herself.

The Shares are quoted on the Nasdaq Global Select Market. This means the Participant may be able to sell them on Nasdaq if there are interested buyers. The price will depend on the demand for the Shares.

For information on risk factors impacting the Company's business that may affect the value of the Shares, you should refer to the risk factors discussion in the Company's Annual Report on Form 10-K and Quarterly Reports on Form 10-Q, which are filed with the U.S. Securities and Exchange Commission and are available online at www.sec.gov, as well as on the Company's "Investor Relations" website at https://investors.wmg.com/.

Data Protection

The Participant hereby consents to the collection, use and transfer, in electronic or other form, of the Participant's personal data as described in these Terms and Conditions, the Plan and any other Award materials by and among, as applicable, the Company and any of its Affiliates for the exclusive purpose of implementing, administering and managing the Participant's participation in the Plan.

The Participant understands that the Company and its Affiliates may hold certain personal information about the Participant, including, but not limited to, the Participant's name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Company,

details of all RSUs or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding in the Participant's favor, for the exclusive purpose of implementing, administering and managing the Plan. The data is supplied by the Company or its Affiliates and also by the Participant through information collected in connection with the Award Agreement and the Plan.

Peru

Data Protection
The Participant hereby consents to the collection, use and transfer, in electronic or other form, of the Participant's personal data as described in these Terms and Conditions, the Plan and any other Award materials by and among, as applicable, the Company and any of its Affiliates for the exclusive purpose of implementing, administering and managing the Participant's participation in the Plan.

The Participant understands that the Company and its Affiliates may hold certain personal information about the Participant, including, but not limited to, the Participant's name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Company, details of all RSUs or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding in the Participant's favor, for the exclusive purpose of implementing, administering and managing the Plan. The data is supplied by the Company or its Affiliates and also by the Participant through information collected in connection with the Award Agreement and the Plan.

Philippines

Securities Law Information
The Participant is permitted to dispose or sell Shares acquired under the Plan provided the offer and resale of the Shares take place outside of the Philippines through the facilities of a stock exchange on which the Shares are listed. The Shares are currently listed on the Nasdaq Global Select Market in the U.S.

Poland

Securities Law Information
The Polish Act on Public Offer provides that public offers of securities in Poland must be registered with the Polish Financial Supervision Authority (the "PFSA") within 14 days from the allotment of securities.

Consent to Receive Information in English
By accepting the Award, the Participant confirms having read and understood the Plan and the Terms and Conditions, which were provided in the English language. The Participant accepts the terms of those documents accordingly.

Exchange Control Information

Polish residents holding foreign securities (including Shares) and maintaining accounts abroad must report information to the National Bank of Poland. Specifically, if the value of the Participant's securities and cash held in an account abroad (calculated individually or together with other assets/liabilities possessed abroad) exceeds PLN 7,000,000 at the end of the year, the Participant must file reports with the National Bank of Poland regarding any transactions and the balances of the foreign accounts. If required, the reports are due on a quarterly basis by the 20th day following the end of each quarter and an annual report by no later than January 30th of the following calendar year.

The Participants who at the end of the year did not reach the given threshold but in the following year, at the end of a calendar quarter, did reach the threshold are obliged to submit the appropriate form to NBP for this quarter and each of the following quarters of this calendar year (within 20 days from the end of each calendar quarter). The reports are filed on special forms available on the website of the National Bank of Poland.

Additionally, if the Participant is a Polish citizen and transfers funds abroad in excess of the PLN equivalent of €15,000, the transfer must be made through an authorized bank, a payment institution or an electronic money institution authorized to render payment services.

At the banks' request, Polish residents may be required to inform eligible banks, within the meaning of the Foreign Exchange Act, about all foreign exchange transactions performed through them.

In addition, the Participant should maintain evidence of such foreign exchange transactions for five years (as measured from the end of the year in which such transaction occurred), in case of a request for their production by the National Bank of Poland.

Portugal

Consent to Receive Information in English

The Participant hereby expressly declares that he or she has full knowledge of the English language and has read, understood and fully accepted and agreed with the terms and conditions established in the Plan and the Terms and Conditions.

Conhecimento da Lingua. O Participante pelo presente declara expressamente que tem pleno conhecimento da língua inglesa e que leu, compreendeu e livremente aceitou e concordou com os termos e condições estabelecidas no Plano e no Acordo de Atribuição.

Exchange Control Information

If the Participant does not hold the Shares acquired at vesting with a Portuguese financial intermediary, the Participant may need to file a report with the Portuguese Central Bank. The deposit of securities outside the Portuguese financial system should be reported each month to the Bank of Portugal for statistical purposes by the banks, all legal persons registered in Portugal,

and by all legal persons performing their activity in Portugal, as long as they perform economic, financial or foreign exchange operations, and their volume of activity is greater than €100,000.

Russia

U.S. Transaction

The Participant understands that (i) Participant's acceptance of the Award results in a contract between the Participant and the Company that shall be concluded and become validly executed and effective only when the Participant's acceptance of the Terms and Conditions is electronically received by the Company in the U.S. and (ii) the Plan, the Award, these Terms and Conditions and the Notice are governed by the laws of the State of Delaware, without regard to its conflict of law provisions.

Upon vesting of Awards, any Shares to be issued to the Participant shall be delivered to the Participant through a bank or brokerage account in the U.S. The Participant is not permitted to sell the Shares directly to other Russian legal entities or individuals nor is the Participant permitted to bring the Shares into Russia.

Securities Law Notification

This Addendum A, the Terms and Conditions, the Notice, the Plan and all other materials that the Participant may receive regarding participation in the Plan do not constitute advertising or an offering of securities in Russia. Absent any requirement under local law, the issuance of securities pursuant to the Plan has not and will not be registered in Russia; hence, the securities described in any Plan-related documents may not be used for offering or public circulation in Russia.

Depending on the development of local regulatory requirements, the Company reserves the right to restrict the Participant to settle the RSUs in cash or require the immediate sale of shares at vesting, or cancel the outstanding RSUs if the grant or vesting/issuance of shares is not compliant with Russian securities laws.

Exchange Control Information

Under Russian currency control law, as of January 1, 2020, cash dividends (if any) or cash proceeds from the sale of Shares may be paid only to the Participant's Russian bank account or a foreign bank or brokerage account opened in a country that meets Russian currency control criteria, meaning that the country either:

(1) is a member of the Eurasian Economic Union (EEU), i.e. Armenia, Belarus, Kazakhstan or Kyrgyzstan; or

(2) has automatic exchange of financial information with Russia under the Common Reporting Standard or an international treaty.

The U.S. does not meet the aforesaid criteria. Payment of such proceeds to a Participant's U.S. bank account is therefore prohibited. Any such proceeds must initially be paid to the

Participant's Russian bank account or an account opened in a country meeting the criteria set forth above.

Foreign Asset/Account Restrictions
Certain individuals who hold public office in Russia, as well as their spouses and dependent children, are prohibited from opening or maintaining foreign brokerage or bank accounts and holding any securities, whether acquired directly or indirectly, in a foreign company (including Shares acquired under the Plan).

Foreign Asset/Account Reporting Information
The Participant will be required to notify Russian tax authorities within one month of opening, closing or changing the details of a foreign account. Russian residents also are required to report (i) the beginning and ending balances in foreign accounts each year; and (ii) transactions related to such foreign accounts during the year to the Russian tax authorities, on or before June 1 of the following year.

The Participant is advised to contact the Participant's personal legal and tax advisors regarding reporting and foreign exchange requirements pertaining to the Award and any proceeds in respect thereof.

Singapore

Securities Law Information
The grant of the Award is being made pursuant to the "Qualifying Person" exemption under section 273(1)(f) of the Singapore Securities and Futures Act (Chapter 289, 2006 Ed.) ("SFA"). The Plan has not been lodged or registered as a prospectus with the Monetary Authority of Singapore. The Participant is advised that the Awards are subject to section 257 of the SFA and the Participant will not be able to make any subsequent sale in Singapore of the Shares acquired through the vesting of the Awards or any offer of such sale in Singapore unless such sale or offer is made pursuant to the exemptions under Part XIII Division (1) Subdivision (4) (other than section 280) of the SFA.

Director Notification Obligation
If the Participant is a Chief Executive Officer, director, alternate director, substitute director, associate director or shadow director of a Subsidiary domiciled in Singapore (a "Singapore Subsidiary"). The Participant is subject to certain notification requirements under the Singapore Companies Act, regardless of whether the Participant is a Singapore resident or employed in Singapore. Among these requirements is an obligation to notify the Singapore Subsidiary in writing when the Participant receives an interest (e.g., Awards, RSUs, Shares) in the Company or any Subsidiary. In addition, the Participant must notify the Singapore Subsidiary when the Participant sells Shares of the Company or any Subsidiary (including when the Participant sells Shares acquired through the vesting of the Participant's Awards). These notifications must be made within two business days of acquiring such interests, or any change in respect of the particulars of such interests (such as the consideration received as a result of the event giving rise to the change) or the disposing of any such interest in the Company or any Subsidiary. In

addition, a notification must be made of the Participant's interests in the Company or any Subsidiary within two business days of becoming a Chief Executive Officer, director, alternate director, substitute director, associate director or shadow director if such interest exists at that time.

Tax Information
This Award is not intended to qualify for preferential treatment for Singapore tax purposes.

South Africa

Tax Information
This provision supplements Section 12 of the Terms and Conditions:

By accepting the RSUs, the Participant agrees to immediately notify the Company of the amount of any gain realized upon vesting of the RSUs. If the Participant fails to advise the Company of the gain realized at vesting, the Participant may be liable for a fine. The Participant will be responsible for paying any difference between the actual tax liability and the amount withheld.

Exchange Control Information
The Participant is responsible for complying with applicable South African exchange control regulations. Since the exchange control regulations change frequently and without notice, the Participant should consult the Participant's legal advisor prior to the acquisition or sale of Shares acquired under the Plan to ensure compliance with current regulations. As noted, it is the Participant's responsibility to comply with South African exchange control laws, and neither the Company nor any of its Affiliates will be liable for any fines or penalties resulting from the Participant's failure to comply with applicable laws.

Data Protection
The Participant hereby consents to the collection, use and transfer, in electronic or other form, of the Participant's personal data as described in these Terms and Conditions, the Plan and any other Award materials by and among, as applicable, the Company and any of its Affiliates for the exclusive purpose of implementing, administering and managing the Participant's participation in the Plan.

The Participant understands that the Company and its Affiliates may hold certain personal information about the Participant, including, but not limited to, the Participant's name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Company, details of all RSUs or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding in the Participant's favor, for the exclusive purpose of implementing, administering and managing the Plan. The data is supplied by the Company or its Affiliates and also by the Participant through information collected in connection with the Award Agreement and the Plan.

South Korea

Stock Transaction Act
The grant of Awards under the Plan is exempt from the requirements of the Stock Transaction Act.

Foreign Exchange Transaction Law
South Korean local nationals and foreign nationals residing in South Korea are required to comply with the Foreign Exchange Transaction Law ("FETL") by notifying their local bank when they remit cash to a foreign entity if the amount exceeds US$50,000. As no amount will be remitted to a foreign entity, this requirement is not expected to apply to the settlement of RSUs.

Foreign Account Reporting
Korean residents must report information on their foreign bank and financial accounts to the tax authority if the aggregate balance exceeds KRW 0.5 billion at the end of any one month during the year. Reports must be submitted from June 1 to no later than June 30 in the following year. Since the exchange control regulations change frequently and without notice, the Participant should consult the Participant's personal legal advisor to ensure compliance with current regulations.

Spain

Nature of Grant
In accepting the Awards, the Participant consents to participate in the Plan and acknowledges that the Participant has received a copy of the Plan.

The Participant understands that the Company has unilaterally, gratuitously and at its unilateral discretion decided to grant Awards under the Plan to individuals who may be employees of the Company or an Affiliate throughout the world. The decision is a limited decision that is entered into upon the express assumption and condition that any grant will not economically or otherwise bind the Company or a subsidiary. Consequently, the Participant understands that the Awards are granted on the assumption and condition that the Awards and any Shares issued are not part of any employment contract (either with the Company or any Affiliate thereof) and shall not be considered a mandatory benefit, salary for any purposes (including severance compensation) or any other right whatsoever. Further, the Participant understands that the Participant will not be entitled to continue vesting in the Awards after termination of the Participant's employment or service except as otherwise provided in the Terms and Conditions. In addition, the Participant understands that the Awards would not be granted to the Participant but for the assumptions and conditions referred to herein; thus, the Participant acknowledges and freely accepts that should any or all of the assumptions be mistaken or should any of the conditions not be met for any reason, then the grant of the Awards and any right to the Awards shall be null and void.

Further, unless otherwise provided in the Terms and Conditions, the vesting of the Awards is expressly conditioned on the Participant's continued employment or service, such that, upon

termination of the Participant's employment or service for any reason whatsoever, the Awards may cease vesting immediately, in whole or in part, effective on the date of termination of the Participant's employment or service (as determined under the Plan and the Terms and Conditions). This will be the case, for example, even if the Participant is dismissed for disciplinary or objective reasons. Consequently, upon the Participant's termination of employment or service for any of the above reasons, the Participant will automatically lose any rights to the Awards to the extent not vested on the date of the Participant's termination of employment or service, as described in the Plan and the Terms and Conditions.

Tax Information

If the Participant holds assets or rights outside of Spain (including Shares acquired under the Plan), the Participant may have to file an informational tax report, Form 720, with the tax authorities declaring such ownership by March 31 of the following year. Generally, this reporting obligation is based on the value of those rights and assets as of December 31 and has a threshold of €50,000 per type group of asset (one type of group being securities, rights, insurance policies and income located abroad).

Reporting requirements are based on what the Participant has previously disclosed and the increase in value of such and the total value of certain groups of foreign assets. Also, the thresholds for annual filing requirements may change each year. Therefore, the Participant should consult the Participant's personal advisor regarding whether the Participant will be required to file an informational tax report for assets and rights that the Participant holds abroad.

Exchange Control Information

The acquisition, ownership and sale of Shares under the Plan must be declared to the Spanish Direccion General de Comercio e Inversiones (the "DGCI") which is a department of the Ministry of Economy and Competitiveness. Generally, the declaration must be made by filing the appropriate form with the DGCI. The ownership of any Shares must also be declared with the DGCI each January (with respect to shares owned as of December 31 of the prior year) while the Shares are owned. However, if the value of the Shares acquired or sold during the year exceeds a specified threshold (which is subject to revision each year), the declaration must be filed within one month of the acquisition or sale, as applicable.

Securities Disclaimer

The grant of the Awards under the Plan (i) does not constitute a public offer of securities in accordance with the provisions of Article 35 of the Spanish Securities Market Act, enacted by Royal Legislative Decree 4/2015, of 23 October, (ii) is not subject to the Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and therefore there is no obligation to approve, register and publish a prospectus with Spanish competent authorities (Comisión Nacional del Mercado de Valores).

Sweden

Tax Information
If the value of a payment exceeds SEK 150,000 to/from a recipient in a foreign country, the bank processing the transaction is obligated to report the transaction to the Swedish Tax Agency.

Switzerland

Securities Law Notice
The Award and the issuance of any Shares thereunder is not intended to be publicly offered in or from Switzerland. Neither these Terms and Conditions nor any other materials relating to the Award (1) constitute a prospectus as such term is understood pursuant to article 652a of the Swiss Code of Obligations, (2) may be publicly distributed nor otherwise made publicly available in Switzerland, or (3) have been or will be filed with, approved or supervised by any Swiss regulatory authority (in particular, the Swiss Financial Market Supervisory Authority (FINMA)).

Taiwan

Data Protection
The Participant hereby consents to the collection, use and transfer, in electronic or other form, of the Participant's personal data as described in these Terms and Conditions, the Plan and any other Award materials by and among, as applicable, the Company and any of its Affiliates for the exclusive purpose of implementing, administering and managing the Participant's participation in the Plan.

The Participant understands that the Company and its Affiliates may hold certain personal information about the Participant, including, but not limited to, the Participant's name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Company, details of all RSUs or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding in the Participant's favor, for the exclusive purpose of implementing, administering and managing the Plan. The data is supplied by the Company or its Affiliates and also by the Participant through information collected in connection with the Award Agreement and the Plan.

Exchange Control Information
Upon the Participant's acquisition or remittance of foreign currency equal to or exceeding TWD 500,000, the Participant is required to file a report with the Central Bank through the bank where the foreign exchange transaction will be carried out. A Central Bank permit and necessary supporting documents are required if an individual inward or outward remittance by the Participant equals to or exceeds US$500,000, and Central Bank approval is required if annual inward or outward remittance exceeds US$5,000,000.

Thailand

Exchange Control Information
If proceeds from the Award exceed US$50,000, the Participant must (i) immediately repatriate such funds to Thailand and (ii) report the inward remittance to the Bank of Thailand on a Foreign Exchange Transaction Form. In addition, within three hundred and sixty (360) days of repatriation, the Participant must either convert any funds repatriated to Thailand to Thai Baht or deposit the funds in a foreign exchange account with a Thai commercial bank. Any such commercial bank must be duly authorized by the Bank of Thailand to engage in the purchase, exchange and withdrawal of foreign currency.

Data Protection
The Participant hereby consents to the collection, use and transfer, in electronic or other form, of the Participant's personal data as described in these Terms and Conditions, the Plan and any other Award materials by and among, as applicable, the Company and any of its Affiliates for the exclusive purpose of implementing, administering and managing the Participant's participation in the Plan.

The Participant understands that the Company and its Affiliates may hold certain personal information about the Participant, including, but not limited to, the Participant's name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Company, details of all RSUs or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding in the Participant's favor, for the exclusive purpose of implementing, administering and managing the Plan. The data is supplied by the Company or its Affiliates and also by the Participant through information collected in connection with the Award Agreement and the Plan.

United Kingdom

Termination of Service
The Participant has no right to compensation or damages on account of any loss in respect of Awards under the Plan where the loss arises or is claimed to arise in whole or part from: (a) the termination of the Participant's office or employment; or (b) notice to terminate the Participant's office or employment. This exclusion of liability shall apply regardless of how termination of office or employment, or the giving of notice, is caused, and regardless of how compensation or damages are claimed. For the purpose of the Plan, the implied duty of trust and confidence is expressly excluded.

Tax Acknowledgment
This provision supplements Section 12.11 of the Plan and Section 12 of the Terms and Conditions:

The Participant agrees that if the Participant does not pay, or the Participant's employer or the Company does not withhold from the Participant, the full amount of Tax-Related Items that the

Participant will owe at vesting of the Awards, or the release or assignment of the Awards for consideration, or the receipt of any other benefit in connection with the Awards (the "Taxable Event") within 90 days after the end of the UK tax year in which the Taxable Event occurs, or such other period specified in Section 222(1)(c) of the UK Income Tax (Earnings and Pensions) Act 2003 ("Due Date"), then the amount that should have been withheld shall constitute a loan owed by the Participant to the Employer, effective on the Due Date. The Participant agrees that the loan will bear interest at Her Majesty's Revenue & Customs' ("HMRC") official rate and will be immediately due and repayable by the Participant, and the Company and/or the Participant's employer may recover it at any time thereafter by withholding the funds from salary, bonus or any other funds due to the Participant by the Participant's employer, by withholding in Shares issued upon vesting of the Units or from the cash proceeds from the sale of Shares or by demanding cash or a cheque from the Participant. The Participant also authorizes the Company to delay the issuance of any Shares unless and until the loan is repaid in full.

Notwithstanding the foregoing, if the Participant is an officer or executive director (as within the meaning of Section 13(k) of the Exchange Act), the terms of the immediately foregoing provision will not apply. In the event that the Participant is an officer or executive director, as defined above, and Tax-Related Items are not collected from or paid by the Participant by the Due Date, the amount of any uncollected Tax-Related Items may constitute a benefit to the Participant on which additional income tax and national insurance contributions may be payable. The Participant acknowledges that the Company or the Participant's employer may recover any such additional income tax and national insurance contributions at any time thereafter by any of the means referred to in Section 12.11 of the Plan and Section 12 of the Terms and Conditions.

Joint Election

Tax-related items referenced in Section 12.11 of the Plan and Section 12 of the Terms and Conditions ("Tax-Related Items") shall include Primary and, to the extent legally possible, Secondary Class 1 National Insurance Contributions.

As a term of receiving the grant of RSUs, the Participant agrees to accept any liability for all secondary Class 1 NICs which may be payable by the Company and/or the Company's Affiliate employing or retaining the Participant in connection with the RSUs and any event giving rise to Tax-Related Items (the "Employer's NICs"). Without limitation to the foregoing, the Participant agrees to enter into a joint election with the Company (the "Joint Election"), the form of such Joint Election being formally approved by HMRC, and to execute any other consents or elections required to accomplish the transfer of the entirety of Employer's NICs to the employee. The Participant further agrees to execute such other joint elections as may be required between the Participant and any successor to the Company and/or the Company's Affiliate employing or retaining the Participant. The Participant further agrees that the Company and/or the Company's Affiliate employing or retaining the Participant may collect the Employer's NICs from him or her by any of the means set forth in this Addendum A or in Section 12.11 of the Plan and Section 12 of the Terms and Conditions.

If the Participant does not enter into a Joint Election, if approval of the Joint Election has been withdrawn by HMRC or if such Joint Election is jointly revoked by the Participant and the

Company's Affiliate employing or retaining the Participant, as applicable, the Company, in its sole discretion and without any liability to the Company or the Company's Affiliate employing or retaining the Participant, may choose not to issue or deliver any Shares to the employee upon vesting of the RSUs.

For the avoidance of doubt, this requirement will apply to all the Participants that work in the UK during any period from grant through the Vesting Date regardless of whether the Participant was in the UK at the time of grant.

Vietnam

Awards Settled in Cash
Section 1 of the Terms and Conditions is amended to read as follows:

1. Grant of RSUs. The Company hereby evidences and confirms its grant to the individual whose name is set forth on the Notice (the "Participant"), effective as of the grant date set forth on the Notice (the "Grant Date"), of the number of Restricted Stock Units set forth on the Notice (the "RSUs"). Each RSU represents the unfunded, unsecured right of the Participant to receive from the Company or its Affililiate the cash value of one Share as measured by the closing price of the Share as traded on the Nasdaq Global Select Market as of the Vesting Date. The RSUs are subject to the terms and conditions of the Plan, which are incorporated by reference herein.

Section 4 of the Terms and Conditions is amended to read as follows:

4. Delivery. The cash value of one Share as measured by the closing price of the Share as traded on Nasdaq as of the Vesting Date shall be delivered in respect of each RSU within 30 days of the applicable Vesting Event. In the event of the death of the Participant following a Vesting Event and prior to payment, the payment shall be made to the Participant's estate or to a beneficiary designated in accordance with the Company's requirements as in effect from time to time.

Section 11(a) of the Terms and Conditions is amended to read as follows:

(a) AffililiateThe Company (which, for purposes of this Section 11(a) includes any Affiliate employing the Participant) and the Participant shall cooperate to satisfy applicable income and employment tax withholding requirements applicable to the grant, vesting and settlement of the RSUs (the "Required Withholding"). The Company shall withhold from the payment of cash that would otherwise have been transferred to the Participant in settlement of vested RSUs the amount necessary to satisfy the Participant's Required Withholding unless the Required Withholding shall previously have been satisfied by the Participant or from other amounts payable by the Company to the Participant and, if applicable, shall deliver the remaining amount of the payment to the Participant. The amount of the Required Withholding and the amount to be withheld by the Company, if applicable, to satisfy the Participant's Required Withholding, as well as the amount reflected on tax reports filed by the Company, shall be based on the Fair Market Value of the Shares on the date prior to the applicable vesting date. The

obligations of the Company under these Terms and Conditions will be conditioned on such satisfaction of the Required Withholding. The payment of any applicable withholding taxes through the withholding of Shares otherwise issuable under this Award shall not exceed the minimum required withholding liability.

UK AND ANY EUROPEAN UNION OR EUROPEAN ECONOMIC AREA COUNTRY

This provision supplements Section 19 of the Terms and Conditions for a Participant employed in the European Union, the United Kingdom or the or European Economic Area:

Data Privacy

(a) **The Participant hereby acknowledges and understands that the Participant's personal data is collected, retained, used, processed, disclosed and transferred, in electronic or other form, as described in these Terms and Conditions by and among, as applicable, the Participant's employer, the Company and its Affiliates, and third parties assisting in the implementation, administration and management of the Plan for the exclusive purpose of implementing, administering and managing the Participant's participation in the Plan.**

(b) **The Participant understands that the Company and its Affiliates (including the Participant's employer), as applicable, hold certain personal data about him or her regarding the Participant's employment, the nature and amount of the Participant's compensation and the facts and conditions of the Participant's participation in the Plan, including, but not limited to, the Participant's name, home address, telephone number and e-mail address, date of birth, social insurance number or other identification number, salary, nationality, job title, any equity or directorships held in the Company and its Affiliates and details of all RSUs or any other entitlement to equity awarded, canceled, exercised, vested, unvested or outstanding in the Participant's favor, for the purpose of the implementation, management and administration of the Plan (the "Data").**

(c) **The Participant understands that the Data may be transferred to the Company, its Affiliate and any third parties assisting in the implementation, administration and management of the Plan, that these recipients may be located in the Participant's country, or elsewhere (including countries outside the European Economic Area and the United Kingdom, such as the U.S.), and that the recipient's country may have a different or lower standard of data privacy rights and protections than the Participant's country. Where the Data will be transferred outside the Participant's work location, and where there is not a European Commission adequacy decision in place, the transfers will be in accordance with Chapter V of the GDPR (or the equivalent provision under United Kingdom legislation). The Participant understands that the Participant may request details of any recipients of the Data by contacting the Participant's local human resources representative. The Participant understands that the recipients receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing the Participant's participation in the Plan, including transfers of such Data to a broker or other third party. The Participant understands that the Data will be held only as long as is necessary to implement, administer and manage the Participant's participation in the Plan in accordance with applicable law. The Participant understands that the Participant may, at any time, exercise the rights granted to him/her by the GDPR (or similar rights under United Kingdom legislation) including the right to:**

request to access or be provided with a copy of the Participant's Data, request additional information about the storage and processing of the Data, require any corrections or amendments to the Data in any case without cost and to the extent permitted by law. The above rights can be exercised by contacting in writing the Participant's local human resources representative. The Participant understands, however, that processing of the Participant's Data is necessary and refusing any consent that is sought by the Company or objecting to the processing of the Participant's Data may affect the Participant's ability to participate in the Plan. For more information on the processing of the Participant's Data and other personal data, the Participant is referred to the Privacy Notice provided to him/her by the Participant's employer.

Exhibit 31.1

CHIEF EXECUTIVE OFFICER CERTIFICATION

I, Stephen Cooper, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the period ended December 31, 2021 of Warner Music Group Corp. (the "Registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's Board of Directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Dated: February 8, 2022

/S/ STEPHEN COOPER

Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CHIEF FINANCIAL OFFICER CERTIFICATION

I, Louis Dickler, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the period ended December 31, 2021 of Warner Music Group Corp. (the "Registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's Board of Directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Dated: February 8, 2022

/S/ LOUIS DICKLER

Acting Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 32.1

Certification of the Chief Executive Officer
Pursuant to 18 U.S.C. Section 1350,
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Warner Music Group Corp. (the "Company") on Form 10-Q for the period ended December 31, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Stephen Cooper, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: February 8, 2022

/S/ STEPHEN COOPER

Stephen Cooper
Chief Executive Officer

Exhibit 32.2

Certification of the Chief Financial Officer
Pursuant to 18 U.S.C. Section 1350,
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Warner Music Group Corp. (the "Company") on Form 10-Q for the period ended December 31, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Louis Dickler, Acting Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: February 8, 2022

/S/ LOUIS DICKLER

Louis Dickler
Acting Chief Financial Officer