



ICE Services Ltd

Revenue Recognition Policy

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1. Introduction - Revenue

Revenue in ICE Services Ltd is the commission earned on Core licensing, or the service fees earned on distributions relating to services provided for Special Purpose Vehicle (“SPV”) customers, or local/legacy licensing for parent shareholders (known as “Non-Core”).

Both are generally recognised at the point of distribution, with the exception of commission earned on lump sums which may vary.

ICE Services Ltd has a policy of passing any financial benefit it realises, as a result of efficiencies achieved in its establishment and on-going activities back to the rights holders it represents. As such, all commission and services fee rates will be based on documented costs, the annual budget for which will require approval from the ICE Services Board and be subject to audit by the ICE Services Risk & Assurance Committee.

2. Recognition of Revenue – Core Commission

Distribution for Core Deals are defined in one of two ways:

- 1) The pay through of monies ICE Services has received from a digital service provider (“DSP”) to a Core or other customer.
- 2) The pay through of monies and usage data ICE Services has received and processed from a DSP to a Core or other customer.

The scenarios below show when commission is recognised in different circumstances.

(Note: Treatment of Withholding Tax assumed to follow as per tax requirements).

2.a. Core Recognition of revenue for a lump sum or advance

Sequence of events:

- a) Lump sum/Advance invoiced raised and sent to DSP
- b) DSP pays invoice in full
- c) Payment matched to invoice
- d) Data passed to distribution
- e) Monthly distribution run, retained commission calculated and advance payment to societies calculated on invoice value on the agreed split of the lump sum that was agreed by the Licensing and Pay out Committee
- f) Payment made to societies
- g) **The Commission earned on Lump Sum distributed is recognised as revenue.**
- h) Usage data received from DSP
- i) Data processed
- j) Additional invoicing raised if applicable and paid by DSP

- k) Distribution of monies and data to Societies.
- l) **Remainder of commission recognised as revenue.**

2.b. Core Recognition of revenue for a standard transactional Invoice

Sequence of events:

- a) Usage data received from DSP
- b) Data processed and files passed to CODA for invoicing
- c) Invoice raised and sent to DSP
- d) DSP pays invoice in full
- e) Payment matched to invoice
- f) Data passed to distribution
- g) Monthly distribution run, commission and payment to societies made.
- h) **Commission recognised as revenue**

3. Service Fees

Service fees are the fee payable by the ICE Customer for the performance or delivery of services as agreed in relation to the service tower with the SPV's and Non-Core Customers.

The scenarios below show when Service Fee is recognised in different circumstances for distribution to rights holders.

Note: Scenarios below do not cover specific arrangements agreed in Service Towers)

3.a. Service Fee Recognition of revenue for a lump sum or advance

Sequence of events:

- a) Lump sum/Advance invoiced raised and sent to DSP
- b) DSP pays invoice in full
- c) Payment matched to invoice
- d) Data passed to distribution
- e) Monthly distribution run using ICE Services system (distribution of royalties less commission to rights holders)
- f) **The Service Fee earned on Lump Sum distributed is recognised as revenue.**
- g) Usage data received from DSP
- h) Data processed
- i) Additional invoicing raised if applicable and paid by DSP
- j) Distribution made to right holders.
- k) **Remainder of Service Fee recognised as revenue.**

3.b. Service Fee Recognition of revenue for a standard transactional Invoice

Sequence of events:

- a) Usage data received from DSP
- b) Data processed and files passed to CODA for invoicing
- c) Invoice raised and sent to DSP
- d) DSP pays invoice in full
- e) Payment matched to invoice
- f) Data passed to distribution
- g) Monthly distribution run using ICE Services system (distribution to rights holders)
- h) Service Fee recognised as Revenue**

4. Interest

Interest earned on cash held is recognised on a monthly basis

5. Other Revenue

Other revenue represents miscellaneous other income not derived from core business and is recognised when it is earned.