

## Music Licensing, Inc. (OTC: SONG) / Pro Music Rights Announces Strategic Transformation: Formation of Special Purpose Vehicle to Securitize Licensee Agreements, Copyright Infringement Claims, and Litigation Portfolio — Targeting Listings on International Exchanges, 144A & Reg S Markets

Miami, FL — May 11, 2026 — Music Licensing, Inc. (OTC: SONG), also known as Pro Music Rights, the fifth public performance rights organization (PRO) formed in the United States and a diversified holding company operating at the intersection of music licensing and financial technology, today announced a landmark strategic pivot that the company believes will fundamentally redefine its capital structure, resolve longstanding collection and litigation challenges, and unlock substantial shareholder value for the years ahead.

### Strategic Background: A Decisive Inflection Point

For the past several years, Music Licensing, Inc. has demonstrated a remarkable capacity to generate revenue at scale, reporting \$1,052,274,588 in total revenue for fiscal year 2023. However, the company's cash position and net operating cash flows have remained constrained relative to its reported revenue, a structural gap attributable primarily to the challenges associated with collecting on its expansive licensee agreement portfolio and prosecuting copyright infringement claims against parties who have refused to obtain or maintain valid licenses. In fiscal year 2024, while the company reported revenue of \$128.9 million, it recorded a net loss of \$(54.4) million, with total assets declining to approximately \$19 million and shareholders' equity falling to approximately \$(3.x) million from \$49.6 million the prior year.

The root cause of this gap between top-line revenue recognition and realized cash is well-documented: the company has historically been required to carry substantial Allowance for Doubtful Accounts against its accounts receivable, reflecting the genuine uncertainty of collecting from licensees and infringers through prolonged, costly legal proceedings. In Q2 2024, the company identified a single customer account with a balance of

approximately \$1.092 billion that was determined to have unrealistic collectability prospects due to prolonged non-payment — underscoring precisely the scale of the structural challenge that this new strategy is designed to permanently resolve.

Management, the board, and the company's advisors have concluded that continuing to rely on traditional collection and litigation mechanisms to convert revenue into cash is no longer the optimal strategy. The company is therefore announcing a decisive, transformative initiative to restructure how it monetizes its most valuable assets.

#### The Strategic Initiative: SPV-Based Securitization of Licensing and Claims Portfolio

Music Licensing, Inc. (OTC: SONG) announces that it is actively exploring and intends to form a Special Purpose Vehicle (SPV) — structured in an internationally recognized, investor-friendly jurisdiction such as the Grand Duchy of Luxembourg — to serve as the ongoing vehicle through which the company will repackage, securitize, and distribute its:

- Executed and active licensee agreements generating recurring, contractually obligated royalty and license fee cash flows;
- Copyright infringement claims against parties who have failed to obtain valid licenses or who have refused to execute licensing agreements with the company;
- Ongoing and future litigation claims arising from unlicensed use of works within the company's rights portfolio; and
- Future receivables generated on a rolling, ongoing basis as the company continues to expand its IP licensing footprint.

The SPV will issue these repackaged obligations as Asset-Backed Securities (ABS) and/or Structured Notes on a recurring, programmatic basis. Critically, the company also intends to explore the ability to directly exchange licensing claims and infringement claims for structured notes, which may then be sold by claimants or investors on the secondary market — providing immediate, liquid value in exchange for claims that would otherwise take years and significant legal expense to resolve.

This structure is expected to be operational and the first instruments issued within the next few weeks to months, subject to the completion of legal, structural, and regulatory preparation.

### Why Luxembourg: A World-Class Securitization Jurisdiction

The selection of Luxembourg as the anticipated domicile for the SPV is deliberate and strategically significant. Luxembourg is the second largest fund center in the world and the leading securitization jurisdiction in Europe, home to thousands of SPVs and securitization vehicles. Luxembourg's legal framework — including the Luxembourg Securitization Law of 2004 (as amended in 2022) — provides a robust, flexible, and internationally recognized legal structure for the issuance of ABS and structured notes.

Key advantages include:

- Ring-fenced, bankruptcy-remote compartments that fully insulate investors and the SPV from the operating risks of the parent company;
- Tax efficiency under Luxembourg's favorable treaty network and participation exemption regime;
- Recognized listing venue — Luxembourg's LuxSE (Luxembourg Stock Exchange) and its Euro MTF market are internationally accepted platforms for listing ABS, structured notes, and other capital markets instruments, providing the institutional investor community with familiar, regulated access;
- Speed and flexibility in establishing compartmentalized vehicles capable of issuing multiple series of instruments across different underlying asset pools; and
- Passportability under EU regulatory frameworks, enabling instruments to be marketed to institutional investors across the European Economic Area.

Capital Markets Distribution: 144A, Reg S, and International Exchange Listings

The structured notes and ABS instruments to be issued by the SPV are anticipated to be distributed through multiple, complementary channels to maximize liquidity, investor reach, and pricing efficiency:

#### Rule 144A (U.S. Qualified Institutional Buyers)

Under SEC Rule 144A, the company's SPV-issued instruments may be offered and sold to Qualified Institutional Buyers (QIBs) in the United States without registration under the Securities Act of 1933. This opens the largest and deepest pool of institutional fixed-income capital in the world, including insurance companies, pension funds, hedge funds, and asset managers, to investment in the company's structured product program.

#### Regulation S (Non-U.S. Investors)

Under Regulation S, instruments may be offered and sold to investors outside the United States without SEC registration, enabling broad access to European, Asian, and Middle Eastern institutional capital markets. Reg S issuances are routinely combined with 144A programs in a 144A/Reg S dual-tranche structure, which maximizes global investor participation and competitive pricing.

#### International Exchange Listings

In addition to private placements under 144A and Reg S, the company anticipates pursuing listings of its structured instruments on recognized international exchanges, including but not limited to:

- The Luxembourg Stock Exchange (LuxSE) and its Euro MTF market;
- The Vienna Stock Exchange (VSE) and its MTF segment, which has established itself as a cost-effective European venue for structured products and alternative capital markets issuances;
- Other recognized EU-regulated or EU-equivalent markets appropriate for the nature and scale of each instrument series.

Exchange listings provide price transparency, secondary market liquidity, and the institutional credibility necessary to attract the broadest possible investor base for the company's structured instruments.

### Potential Cash Flow Liberation: The Financial Case

The financial rationale for this initiative is compelling and quantifiable in broad terms. Music Licensing, Inc. has consistently demonstrated the ability to generate revenue measured in the hundreds of millions to over one billion dollars annually — yet cash flow to the company has been a fraction of that figure, constrained by the expense and uncertainty of collections and litigation.

Consider the following illustrative framework based on the company's publicly reported figures:

Metric	FY 2023	FY 2024
Total Reported Revenue	\$1,052,274,588	\$128,900,000
Net Profit / (Loss)	\$46,033,387	\$(54,400,000)
Total Assets	~\$62 million	~\$19 million
Total Liabilities	~\$12.7 million	~\$23 million
Shareholders' Equity	\$49.6 million	~\$(3.x) million
Identified Single Doubtful Account	—	~\$1,092,000,000
Unrecognized Revenue (FY 2020–2021)	\$107.3M (2020) / \$323.4M (2021)	—

The gap between the company's revenue-generating capacity and its actual cash position is the central challenge that the SPV securitization strategy directly addresses. By transferring receivables and claims to the SPV in exchange for proceeds from the issuance of structured notes — or by exchanging claims directly for structured notes that can be immediately monetized on the secondary market — the company has the potential to:

- Convert hundreds of millions of dollars in otherwise uncertain receivables into near-term, realized cash;

- Eliminate or dramatically reduce the carrying cost of its allowance for doubtful accounts;
- Remove the burden of ongoing litigation from its operating cost structure, as transferred claims become the SPV's asset and the company receives upfront or periodic structured consideration in exchange;
- Free up management bandwidth and legal budget currently dedicated to collection enforcement, redirecting those resources toward IP acquisition and business development; and
- Stabilize and significantly improve reported cash flows, balance sheet quality, and net income on an ongoing basis.

A company spokesperson stated: *"The magnitude of the structural disconnect between our revenue generation and our cash position has been the defining financial challenge of our recent history. We believe the SPV securitization strategy has the potential to resolve that disconnect in a way that is permanent, scalable, and immediately value-accretive to shareholders."*

#### Copyright Infringement Claims as Securitizable Assets

One of the most innovative dimensions of this initiative is the company's intention to include copyright infringement claims — against parties who have used works within the company's rights portfolio without obtaining a license, or who have refused to take out a license upon demand — within the pool of assets eligible for securitization.

Copyright infringement claims represent quantifiable, legally enforceable obligations with statutory damages frameworks under U.S. copyright law (17 U.S.C. § 504), providing a structured basis for valuation and cash flow modeling. By securitizing these claims, the company converts what would otherwise be years-long, expensive litigation into immediate, structured capital. The SPV structure allows professional claims management entities or litigation finance investors to assume the risk and reward of pursuing these claims, while Music Licensing, Inc. receives upfront value.

Furthermore, the company intends to offer claimants and licensees the ability to exchange their obligations directly for structured notes issued by the SPV, which the recipient may then sell on the secondary market. This mechanism creates an entirely new pathway for dispute resolution that is faster, less adversarial, and more capital-efficient than traditional litigation — while still ensuring that the company's rights are enforced and monetized.

### Shareholder Benefits: A Game-Changing Value Proposition

This initiative represents what company leadership believes to be the most consequential strategic decision in the company's history, with the potential to benefit shareholders across multiple dimensions simultaneously:

#### Immediate and Near-Term:

- Substantial increase in cash on hand and operating liquidity, converting deferred and doubtful receivables into realized capital;
- Reduction in legal and collection expenses, directly improving operating margins;
- Improved balance sheet metrics, including reduction in allowance for doubtful accounts and improvement in net assets.

#### Medium-Term:

- Expanded capital base available for IP acquisition — enabling the company to accelerate its strategy of acquiring royalty-generating intellectual property stakes that produce durable, recurring revenue;
- Reduction in revenue volatility, as the company transitions toward a more predictable, asset-backed cash flow model;
- Enhanced creditworthiness and financial profile as reported financials reflect the improved cash conversion of the business.

#### Long-Term & Corporate Development:

- The improved financial profile resulting from this initiative, combined with the company's ongoing operational transformation, is expected to support the formation of a new, independent board of directors and the preparation and filing of a Form 10 registration statement with the SEC — steps that the company believes could position it to pursue a listing on a national U.S. securities exchange if the initiative proves successful;
- Alternatively or concurrently, the company may explore listing on non-U.S. exchanges, including recognized exchanges within the Eurozone, which may provide access to additional institutional investor pools and alternative valuation frameworks;
- The SPV program, if successful, establishes a repeatable, scalable capital markets infrastructure that the company can deploy on an ongoing basis as its portfolio of licensing agreements and IP stakes continues to grow.

A company spokesperson noted: *"We believe this initiative has the potential to resolve a majority of the strategic and operational challenges the company has faced over the past several years — not merely as a one-time fix, but as a permanent infrastructure solution that grows more powerful as the company's portfolio expands. This is genuinely game-changing for Music Licensing, Inc. and for Pro Music Rights, and we are committed to executing it as rapidly and effectively as possible."*

About Music Licensing, Inc. (OTCID: SONG) ([ProMusicRights.com](http://ProMusicRights.com))

Music Licensing, Inc. (OTCID: SONG), also known as Pro Music Rights, is a diversified holding company and the fifth public performance rights organization (PRO) established in the United States. It is recognized under the federal registry of the United States government. The company licenses music to some of the most prominent platforms and businesses, including TikTok, iHeartMedia, Triller, Napster, 7Digital, Vevo, and many others.

Pro Music Rights holds an estimated 7.4% market share in the United States, representing a catalog of more than 2.5 million works by notable artists such as A\$AP Rocky, Wiz Khalifa, Pharrell, Young Jeezy, Juelz Santana, Lil Yachty, MoneyBagg Yo, Larry June, Trae Pound, Sauce Walka, Trae Tha Truth, Sosamann, Soulja Boy, Lex Luger, Trauma Tone, Lud Foe, SlowBucks, Gunplay, OG Maco, Rich The Kid, Fat Trel, Young Scooter, Nipsey Hussle, Famous Dex, Boosie Badazz, Shy Glizzy, 2 Chainz, Migos, Gucci Mane, Young Dolph, Trinidad James, Chingy, Lil Gnar, 3OhBlack, Curren\$y,

Fall Out Boy, Money Man, Dej Loaf, Lil Uzi Vert, and many others, including works generated by artificial intelligence (AI).

Additionally, Music Licensing, Inc. (OTCID: SONG) holds royalty interests in Listerine "Mouthwash" Antiseptic and a vast portfolio of musical works by globally renowned artists, including The Weeknd, Justin Bieber, Kanye West, Elton John, Mike Posner, blackbear, Lil Nas X, Lil Yachty, DaBaby, Stunna 4 Vegas, Miley Cyrus, Lil Wayne, XXXTentacion, BlueFace, The Game, Jeremih, Ty Dolla \$ign, Eric Bellinger, Ne-Yo, MoneyBagg Yo, Halsey, Designer, DaniLeigh, Rihanna, and many others.

**Forward-Looking Statements:**

This press release contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended and Section 21E of the Securities Exchange Act of 1934, which are intended to be covered by the safe harbors created thereby. Investors are cautioned that, all forward-looking statements involve risks and uncertainties, including without limitation, the ability of Music Licensing, Inc. & Pro Music Rights, Inc. to accomplish its stated plan of business. Music Licensing, Inc. & Pro Music Rights, Inc. believes that the assumptions underlying the forward-looking statements contained herein are reasonable, any of the assumptions could be inaccurate, and therefore, there can be no assurance that the forward-looking statements included in this press release will prove to be accurate. In light of the significant uncertainties inherent in the forward-looking statements included herein, the inclusion of such information should not be regarded as a representation by Pro Music Rights, Inc., Music Licensing, Inc., or any other person.

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