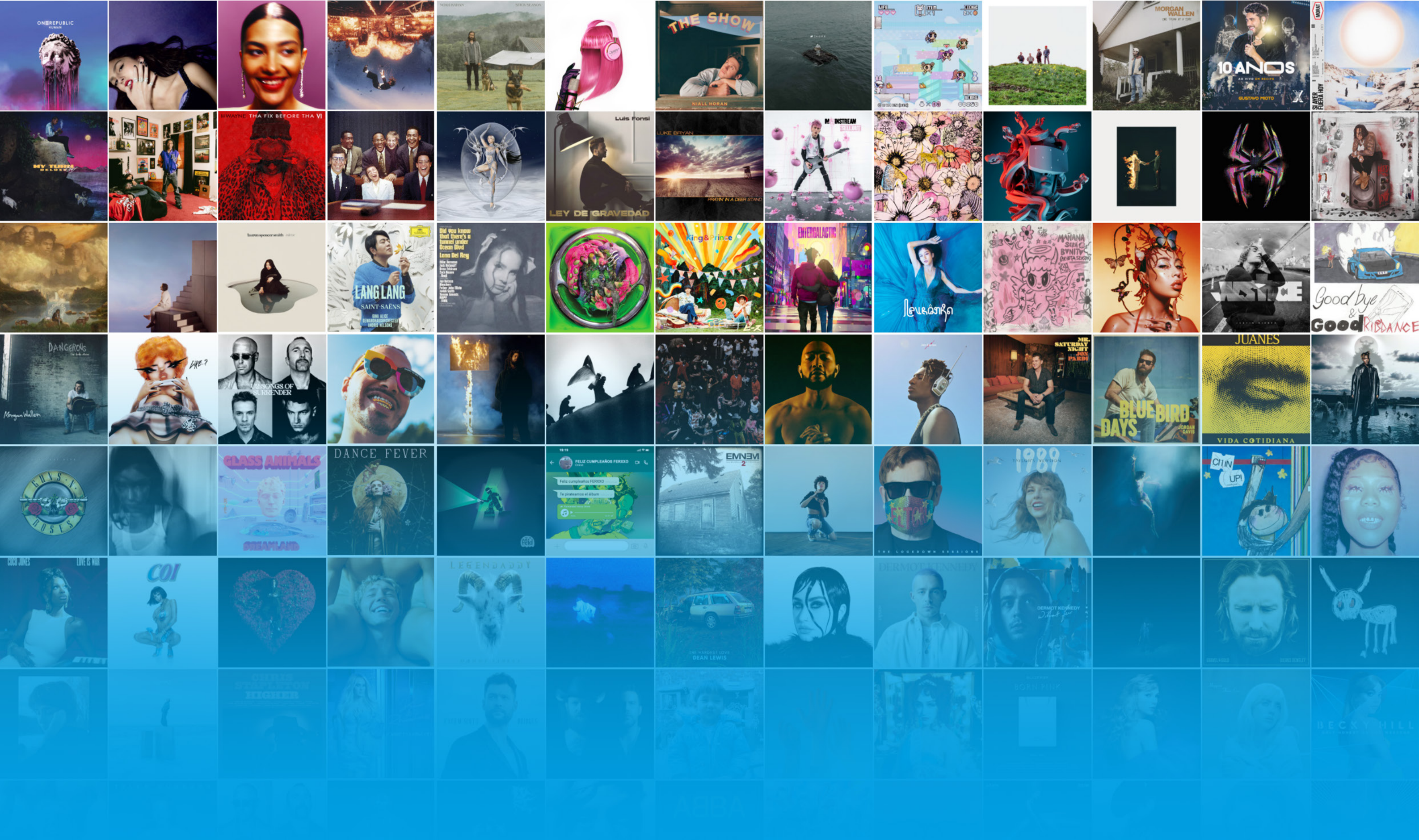
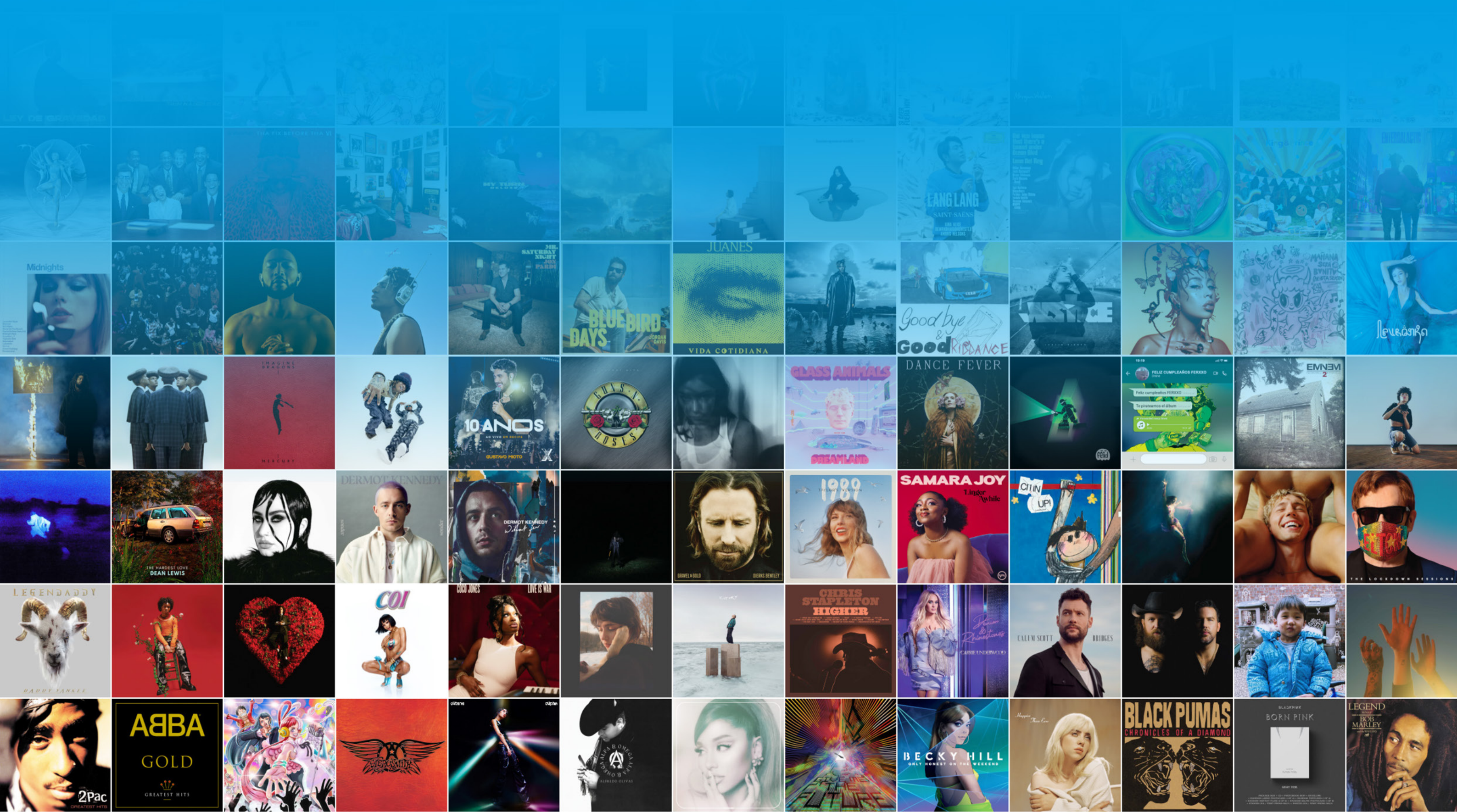


UNIVERSAL MUSIC GROUP

ANNUAL REPORT 2023

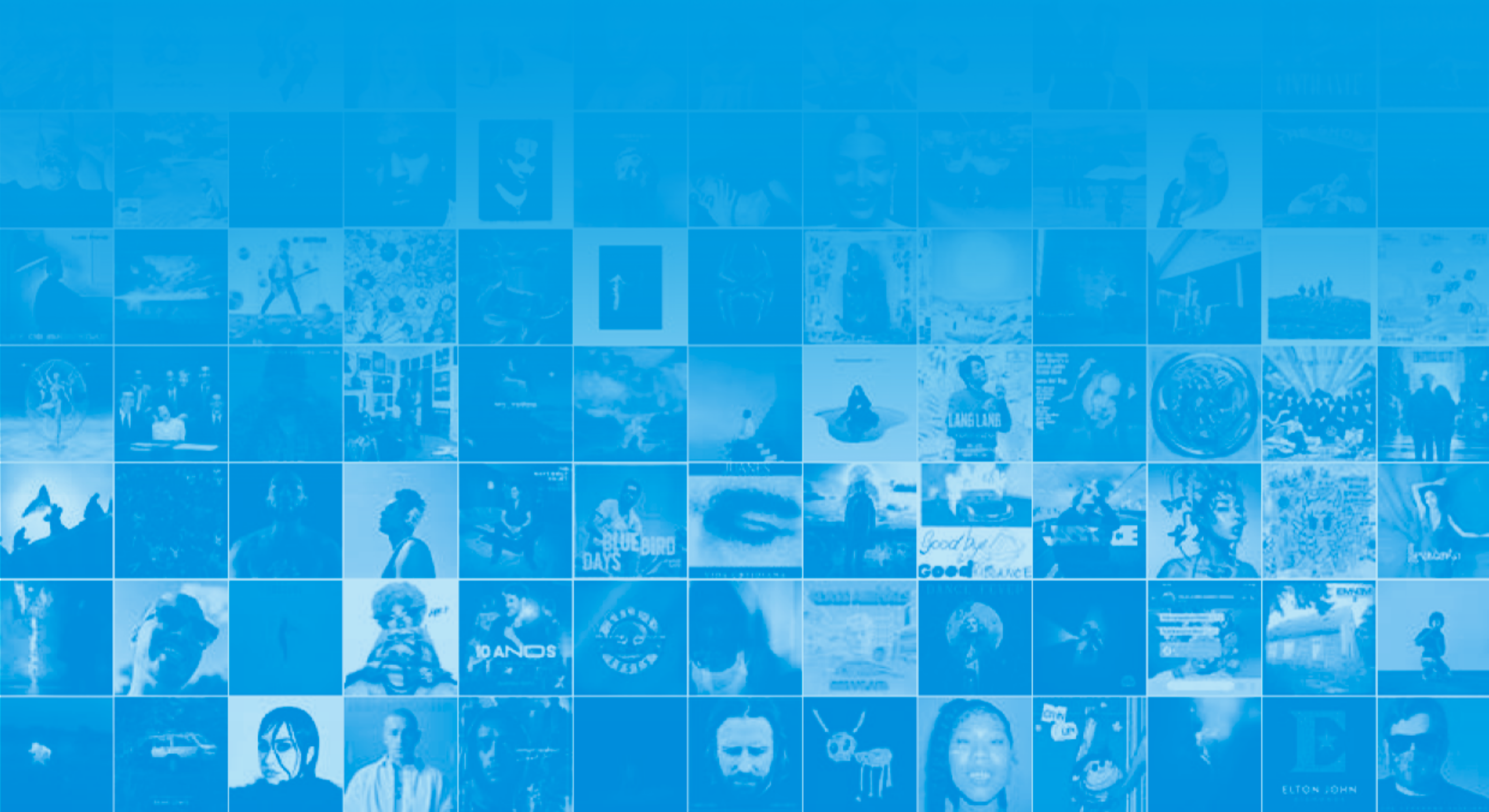


CONTENTS

This copy of the annual report of Universal Music Group N.V. for the year 2023 is not in the ESEF format as specified by the European Commission in Regulatory Technical Standard on ESEF (Regulation (EU) 2019/815).

The ESEF reporting package can be found on our website.

ABOUT UMG



FOREWORD

WE ARE UNIVERSAL

Dear Fellow Shareholders:

I am proud to report that, once again, Universal Music lead the industry across the major financial and competitive performance metrics in 2023, at the same time our artists and songwriters broke records and topped the charts around the world. And there is so much more of which we can be proud this year.

It had become obvious that if music were to continue to thrive and the value of artists' work respected, several important issues would need to be confronted. As the industry leader we took bold steps to turn our vision into reality. For example, I have long been vocal about the streaming royalty model's shortcomings. A new model was needed, one that would properly reward the artist-fan relationship and disincentivize fraud and gaming the system. We call it the "Artist-Centric Model."

Already, several global platforms have adopted artist-centric principles that will transform the way artists are compensated for their work. As this new model becomes widespread, the impact will be profound: a healthier, more equitable and more vibrant music ecosystem that rewards all artists—be they major, indie or DIY—at all stages of their careers.

In the same way, we led the way when it came to confronting the challenges and opportunities of Artificial Intelligence (or AI). Early on in 2023, many "experts" viewed AI as a looming threat. Our view? Just as we had done with so many other previous proclamations of doom, we rejected that short-sighted appraisal. We see AI as also presenting opportunities. And then once again, we turned opportunities into reality.

We launched our Responsible AI initiative with two goals in mind. First, to lobby for "guardrails," public policies setting basic rules for AI. Second, to forge private-sector partnerships with AI companies. In the past, new technology was simply released into the world, leaving the music community to develop the model by which artists would be fairly compensated and their rights protected. In a sharp break with that past, we formed a historic relationship with YouTube giving artists a seat at the table before any product goes to market, including helping to shape AI products' development and monetization. In addition, our artists are working with some of the latest AI technology and companies to enhance and support the creative process and music experiences.

We also advanced initiatives in areas from health and wellness to sustainability and the environment. I am especially passionate about the intersection of music and health. Building upon our success in creating a robust fitness category, we're now building a commercial category from this powerful relationship between music and health. After entering more than 40 license agreements in this space, we produced the first-ever Music + Health Summit, bringing artists together with health entrepreneurs and neuroscientists. We are pioneering a new category called "prescription music," built on scientific and medical research. It's cost-effective, non-invasive and drives beneficial results.

Our employees accomplished even more towards promoting positive societal change. Our All Together Now Foundation, Task Force for Meaningful Change, Green Team, Unhoused Coalition, and Employee Matching Program contributed to more than 500 organizations around the world and supported over 1.2 million meals for those in need.

We are also advancing the industry on sustainability. We co-founded the Music Industry Climate Collective, the music industry alliance to address global climate change. And we became the first standalone major music company to win approval of its greenhouse gas emission reduction targets by the Science Based Targets initiative.

We also continued to expand our presence in high-growth markets—both through the strength of our companies in those regions as well as the expansion of Virgin Music Group. We acquired Chabaka Music, a leading MENA-based company, as well as a majority stake in RS Group in Thailand. In India we strengthened our position domestically with an exclusive partnership with Represent, a leading management company. In China we signed new long-term agreements with superstar Eason Chan and with 2022's No. 1 IFPI global album seller Jay Chou, that includes his JVR Music label.

Looking to 2024, both the pace of change and our industry leadership will increase significantly and on many different fronts.

We will extend the reach of our pioneering artist-centric strategy. Our next focus will be to grow the pie for all artists, including by strengthening the artist-fan relationship.

As for AI, we will continue building opportunity for artists, while also leading the fight to protect them from unethical uses of this technology.

We will keep growing our presence around the world: signing and developing local artists; providing local labels and entrepreneurs with global promotion, distribution, and a full suite of artist services; and acquiring local labels, catalogs, and artist services businesses.

Over recent years, we have been investing in future growth, not just expanding geographically and leveraging new technologies, but building our e-commerce and D2C operations. As we continue our investments in A&R and artist development, we will further evolve our organizational structure to create efficiencies in other areas of the business, so we can remain nimble and responsive to opportunities as they arise.

In the face of so much change and opportunity, standing still is never an option. We must continue to fight for our artists and songwriters and stand up for the creative and commercial value of music. Our vision of the future is filled with possibilities, and acting on our strategy will make those possibilities real—for our artists, our employees, our shareholders and the entire music ecosystem.

SIR LUCIAN GRAINGE, CHAIRMAN AND CEO,
UNIVERSAL MUSIC GROUP

PROFILE

WE ARE A CATEGORY OF ONE

WE HAVE A RICH HISTORY AND HAVE BUILT AN UNPARALLELED CATALOG OF SONGS AND RECORDINGS

Nº 1

RECORDED MUSIC

>3.2 MILLION
RECORDINGS

Nº 2

MUSIC PUBLISHING

4.5 MILLION
OWNED & ADMINISTERED TITLES

Nº 1

MUSIC MERCHANDISING

>220
ARTISTS / BRANDS

Nº 1

MUSIC-BASED VISUAL ENTERTAINMENT

A LIBRARY OF MORE THAN **3,300** TITLES OF LONG-FORM MUSIC-BASED AUDIOVISUAL CONTENT ACROSS 1,350 ARTISTS

NEARLY **11 TRILLION** STREAMS OF UMG AUDIOVISUAL CONTENT ON SOCIAL MEDIA PLATFORMS IN 2023

MISSION

MORE MUSIC TO MORE PEOPLE

We are Universal Music Group, the world's leading music company.

We exist to shape culture through the power of artistry.

We are a community of entrepreneurs committed to creativity and innovation.

We own and operate a broad array of businesses engaged in recorded music, music publishing, merchandising, and audiovisual content in more than 60 territories around the world.

We identify and develop recording artists and songwriters, and we produce, distribute and promote the most critically acclaimed and commercially successful music to inspire and entertain fans around the world.

Our vast catalog of recordings and songs stretches back over a century and comprises the largest, most diverse and culturally rich collection of music ever assembled.

As technology refashions the world, our unmatched commitment to lead in developing new services, platforms and business models for the delivery of music and related content empowers innovators and allows new commercial and artistic opportunities to flourish.

Knowing that music, a powerful force for good in the world, is unique in its ability to inspire people and bring them together, we work with our artists and employees to serve our communities.

We are the home to music's greatest artists, innovators and entrepreneurs.

TOGETHER,
WE ARE UNIVERSAL MUSIC GROUP.

VISION

PUTTING ARTISTS FIRST

Artists and songwriters are at the heart of everything we do at Universal Music Group (UMG). Focused on their long-term development, our company is built to serve their unique needs throughout their careers. Successfully producing and marketing music requires a significant upfront investment and an ongoing collaboration. UMG invests more in developing talent, and does so with greater expertise, than any other music company. This investment, combined with our excellence in marketing and promoting artists globally, means we consistently lead the industry in breaking new artists.

Putting artists first sets us apart. We turn art into hits and hits into careers. By building a continuum of services and resources for artists, we've designed UMG so we can partner with artists at each stage of their careers to provide them with all the services and resources they need. We start by identifying the artists with whom we want to partner and presenting them with a world of opportunities to accelerate their careers. We remain by their side with customized campaigns and promotion, platform-integrated targeted marketing, top-tier data and insights, and global reach with local activation.

We work side-by-side with them over the long-term to build and sustain their careers through continuous engagement, improving lifetime fan value, and enabling unique access to synchronization, brand partnerships, licensing opportunities and eCommerce capabilities to monetize fandom.

Our artist-centric approach gives us an unrivalled track record in artist development and commercial success.

OUR PURPOSE AND VALUES

DRIVE

ALWAYS PUSH FOR THE NEXT LEVEL OF GREATNESS.

We like to win. But winning is just the beginning. We're always hungry to do more, regardless of what we've already accomplished. We don't wait to be shown the way forward; we create it. We don't measure our success against our competitors; we push to outdo ourselves.

INSIGHT

SEE WHAT OTHERS DON'T SEE.

The bets we make may seem risky to some, but to us they are intuitively obvious. We trust our gut but question our assumptions. To hone our understanding, we combine data and real-world experience. We clearly imagine a future that others can't see, yet.

AUTHENTICITY

EXPRESS WHO YOU TRULY ARE AND WHAT YOU BELIEVE.

Music is about so much more than the bottom line. We believe success comes from investing in genuine artistry and encouraging people to stay true to themselves. Instead of looking outward, we look inward to uncover what is real, true, and unique.

CONNECTION

DRAW STRENGTH FROM DIVERSE AND MEANINGFUL RELATIONSHIPS.

Our business is built on relationships. We find common ground to connect with artists, fans, partners and each other. We believe no single person can achieve on their own what we can accomplish together. Diverse connections and perspectives make us stronger.

BOLDNESS

ACT DECISIVELY WITH OWNERSHIP AND CONVICTION.

We aren't afraid to make big bets. We don't wait for others to make a move—we win by acting first and raising the stakes on our own terms. We encourage people to speak out and voice their ideas. You can't drive up the scoreboard without taking risks.

CREATIVITY

MEET A CHALLENGE IN NEW AND UNEXPECTED WAYS.

We bring creativity in everything we do. Regardless of our role, we constantly ask, "what if?" and imagine how things could be different. We're not afraid to be on the leading edge, even if it means throwing out the rules and starting from scratch.

WE TURN ART INTO HITS AND HITS INTO CAREERS

SUPPORT THE ACT

- State-of-the-art studios
- World-class collaborators
- Cutting-edge visual art and video creative services
- Artist financial support, including significant upfront investment
- Career planning

CREATE A HIT

- Highly customized campaigns and promotion
- Platform-integrated, targeted marketing
- Top-tier data and insights
- Ability to deliver global reach with coordinated local activation

BUILD AND SUSTAIN A CAREER

- Continuous engagement building lifetime fan value
- Unique access to synch, brand partnerships and licensing opportunities
- eCommerce capabilities monetize fandom, leveraging merchandise & product development expertise

2023 CHART HIGHLIGHTS

GLOBAL

IFPI

9 OF THE TOP 10 ARTISTS

#1	Taylor Swift
2	SEVENTEEN
3	Stray Kids
4	Drake
5	The Weeknd
6	Morgan Wallen
7	TOMORROW x TOGETHER
8	NewJeans
10	Lana Del Rey

Spotify

6 OF THE TOP 10 ARTISTS ON SPOTIFY

#1

Taylor Swift
The Weeknd
Drake
Feid
Karol G
Lana Del Rey

Apple Music

13 OF THE TOP 20 MOST STREAMED SONGS ON APPLE MUSIC

#1

YouTube

ON YOUTUBE, UMG HAD 3 OF THE TOP 5 SONGS

#1

UMPG

INTEREST IN 9 OF THE TOP 10 ALBUMS AND 6 OF THE TOP 10 SONGS ON SPOTIFY

U.S.

Spotify

ALL OF THE TOP 4 MOST STREAMED ARTISTS ON SPOTIFY

Taylor Swift
Drake
Morgan Wallen
The Weeknd

Apple Music

5 OF THE TOP 7 SONGS ON APPLE MUSIC

Billboard

6 OF THE TOP 10 ALBUMS ON THE BILLBOARD 200 AND REPUBLIC RECORDS WAS NAMED BILLBOARD'S TOP LABEL FOR THE THIRD CONSECUTIVE YEAR

#1

UMPG

INTEREST IN 7 OF THE TOP 10 APPLE MUSIC AND 3 OF THE TOP 5 BILLBOARD HOT 100 SONGWRITERS

2023 CHART HIGHLIGHTS

REGIONAL

UK

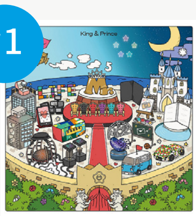
According to the Official Charts Company, UMG had **7 of the TOP 10** artists

#1

Japan

5 of the TOP 10 albums according to Billboard Japan

#1



Australia

NO. 1 album for 34 weeks (across 14 unique artists)

Indonesia

"Tak Segampang Itu" by **ANGGI MARITO** was top song of the year on Spotify

Philippines

JUAN KARLOS became the first artist from the Philippines to enter the **TOP 100** global Spotify charts

Germany

6 of the TOP 10 albums according to GfK

Deutsche Grammophon had **7 of the TOP 10** albums on the German classical chart

#1

France

5 of the TOP 10 tracks overall and **3 of the TOP FIVE** tracks on Apple Music

Canada

8 of the TOP 10 albums

UMG held the **NO. 1** album for **33 WEEKS** this year

Latin America

Karol G won **3 LATIN GRAMMYS** and was **VEVO'S MOST WATCHED** artist globally

Sweden

5 of the TOP 10 artists on Spotify

MUSIC IS THE SOUNDTRACK OF OUR LIVES

MUSIC IS THE SOUNDTRACK OF OUR LIVES

On average people use

7+

methods to engage with music

48%

listened to music using subscription audio streaming

48%

of 16-24 yr olds discover a new music artist at least weekly

73%

listen through licensed audio streaming services (subscription and ad supported)

People listen to

8+

different genres of music on average

64%

of 16-24 year olds like discovering older music that is new to them

Listeners are actively choosing the music they want to listen to on streaming services

- Specific songs = **63%**
- Specific artists = **57%**
- Specific albums = **42%**
- Own playlists = **59%**

36%

have watched a music livestream such as a concert in the last month

80%

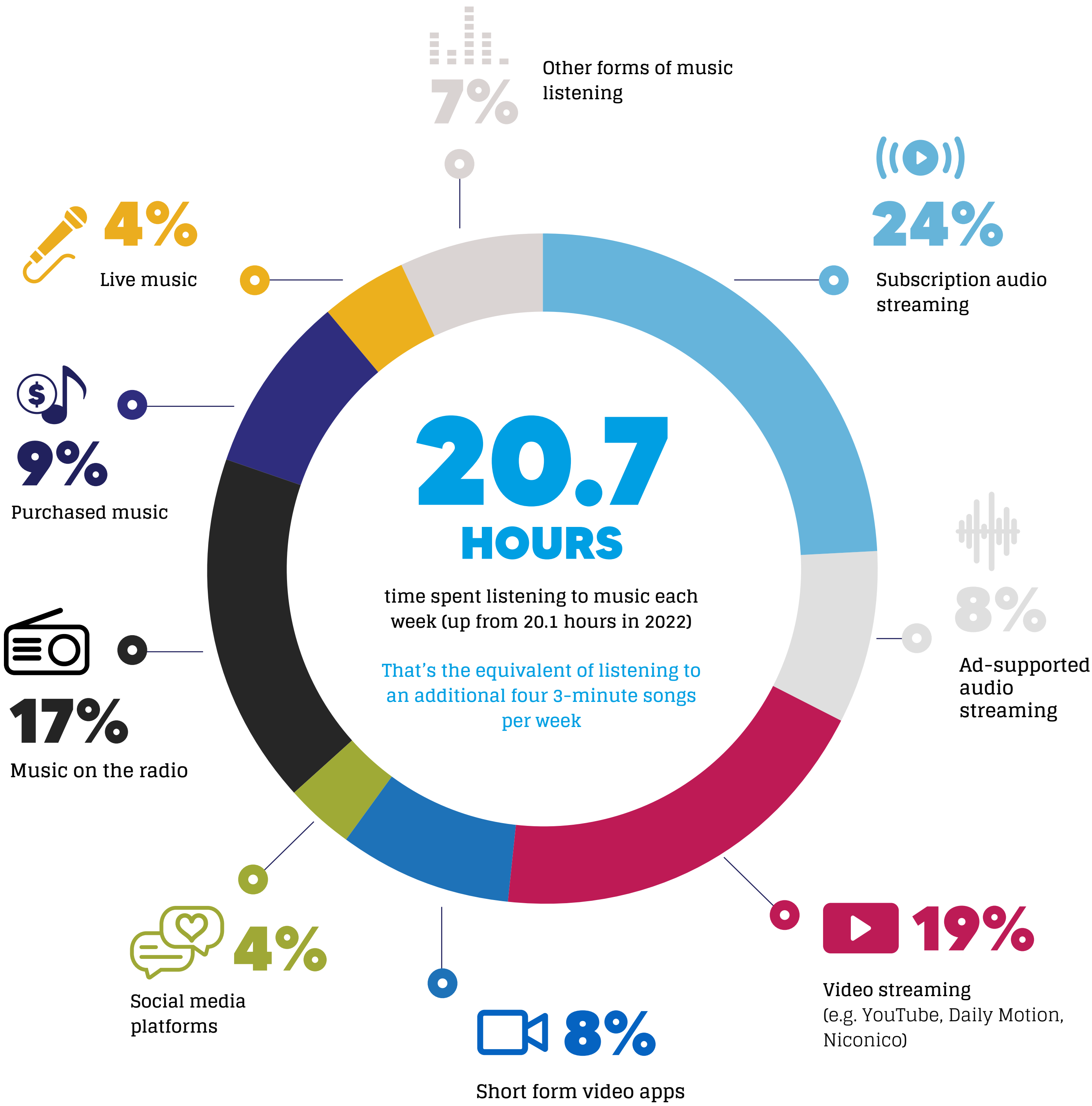
of gamers listened to music while they played

Time spent listening to music on subscription audio streaming services grew by

7%

Source: IFPI 'Engaging with Music' 2023, a study that explores the ways that fans listen to, discover, and engage with music around the world. In total, over 43,000 internet users were surveyed in 26 countries that make up >90% of global recorded music market revenue.

2023 MUSIC ENGAGEMENT MIX



Source: IFPI 'Engaging with Music' 2023, a study that explores the ways that fans listen to, discover, and engage with music around the world. In total, over 43,000 internet users were surveyed in 26 countries that make up >90% of global recorded music market revenue.

MUSIC IS INCREASINGLY IMPORTANT TO WELLNESS

71%

SAY MUSIC IS IMPORTANT TO THEIR MENTAL HEALTH

74% of Millennials

41%
listen to music to relax or unwind

33%
listen to music while exercising or at the gym

78%

said music helps them relax and cope with stress

33%
listen to music while cooking

21%
listen to music while travelling

30%
listen to music while taking a bath or shower

87%

of people said they would listen to music to help cope if in the hospital and in pain

23%
listen to music while hanging out with friends or family

28%
listen to music at a party

27%
listen to music taking a walk or hike

Source: IFPI 'Engaging with Music' 2023, a study that explores the ways that fans listen to, discover, and engage with music around the world. In total, over 43,000 internet users were surveyed in 26 countries that make up >90% of global recorded music market revenue.

MUSIC + HEALTH

THE FIRST-EVER MUSIC + HEALTH CONFERENCE PRESENTED BY UMG, THRIVE GLOBAL AND HAVAS HEALTH WAS HELD IN LOS ANGELES ON SEPTEMBER 19, 2023.

OUR PARTNERS

Fitness+

Endel

MEDRhythms

SOLLOS

soundBrilliance

UNIVERSAL PRODUCTION MUSIC

HAVAS HEALTH & YOU

THRIVE GLOBAL

Inspired by the personal experiences of Sir Lucian Grainge and Arianna Huffington (CEO, Thrive Global), the event brought together 280 innovators and industry leaders to explore the powerful connection between music and health – including music's potential medical benefits, its role in the next generation of digital therapeutics, and its future implementations for improved quality of life alongside treatments for serious and chronic medical conditions.

With 40+ partners in the health, wellness, and fitness space, UMG's industry-leading efforts were at the forefront, and the conference served as a forum for 3 UMG announcements:

- **Exclusive partnership with Thrive Global's Thrive Reset-** Licensing UMG's catalog to Thrive Reset's stress reduction product to improve users' well-being and productivity.
- **Sollos project launch-** UMG's own health/wellness app combines music and cognitive science, and proprietary audio technology to support focus, relaxation and sleep.
- **Partnership with soundBrilliance-** Selections from UMG's catalog to be used in closed clinical trials to promote emotional balance, fitness, quality of sleep and pain control.

UMG's steadfast commitment to health, wellness, and fitness is influencing an ever evolving digital strategy and approach to the future use cases for music.

1 DAY
CONFERENCE HOSTED BY

- UMG
- THRIVE GLOBAL
- HAVAS HEALTH & YOU

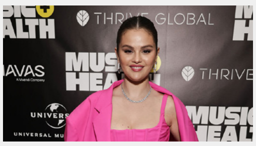
12
SESSIONS

WITH 32 SPEAKERS FROM 21 COMPANIES

280
ATTENDEES

ACROSS THE HEALTHCARE/ MEDICAL WELLNESS COMMUNITIES

ARTIST ENGAGEMENT BY



SELENA GOMEZ (IGA)
CHAD LAWSON (VERVE)
CHELSEA CUTLER (REPUBLIC)

KEYNOTE BY

SIR LUCIAN GRAINGE
ARIANNA HUFFINGTON

FINANCIAL KEY FIGURES 2023

UMG results (in € millions) — **YEAR ENDED DECEMBER 31**

REVENUE

	2023	2022
	11,108	10,340
YoY	+7.4%	+21.6%
constant	+11.1%	+13.6%

OPERATING PROFIT

	2023	2022
	1,418	1,600
YoY	-11.4%	+ 14.8%
constant	-8.3%	+ 7.9%

EBITDA[1]

	2023	2022
	1,808	2,028
YoY	-10.8%	+ 20.3%
constant	-7.8%	+ 12.5%

EBITDA MARGIN[1]

	2023	2022
	16.3%	19.6%
YoY	-3.3pp	- 0.2pp

ADJUSTED EBITDA[1]

	2023	2022
	2,369	2,135
YoY	+11.0%	+ 19.4%
constant	+14.6%	+ 11.7%

ADJUSTED EBITDA MARGIN[1]

	2023	2022
	21.3%	20.6%
YoY	+0.7pp	- 0.4pp

Note
% YoY indicates % change year-over-year
% constant indicates % change year-over-year adjusted for constant currency
[1] as defined in the Appendix to the Annual Report

FINANCIAL KEY FIGURES 2023

Results per business segment (in € millions) **YEAR ENDED DECEMBER 31**

RECORDED MUSIC

REVENUE

	2023	2022
	8,461	7,937
YoY	+6.6%	+ 16.3%
constant	+10.2%	+ 8.8%

YoY growth in constant currency

	2023	2022
Subscription and Streaming Revenue	+10.4%	+9.8%
Downloads and Other Digital Revenue	-35.7%	-2.9%
Physical Revenue	+19.4%	+4.1%
License and Other Revenue	+13.6%	+13.4%

MUSIC PUBLISHING

REVENUE

	2023	2022
	1,956	1,799
YoY	+8.7%	+ 34.8%
constant	+12.3%	+ 26.3%

MERCHANDISING AND OTHER

REVENUE

	2023	2022
	706	618
YoY	+14.2%	+ 70.2%
constant	+17.9%	+ 54.1%

Note
% YoY indicates % change year-over-year
% constant indicates % change year-over-year adjusted for constant currency
Segment revenue is stated prior to elimination of intersegment transactions

FINANCIAL DATA FOR THE LAST THREE YEARS

	Year ended December 31,		
	2023	2022	2021
Consolidated data			
Revenues	11,108	10,340	8,504
EBITDA[1]	1,808	2,028	1,686
Adjusted EBITDA[1]	2,369	2,135	1,788
Operating profit	1,418	1,600	1,394
Net profit attributable to equity holders of the parent	1,259	782	886
Adjusted net profit[1]	1,595	1,454	1,271
Net Cash Position/(Financial Net Debt)[1]	(1,689)	(1,810)	(2,010)
Net cash provided by operating activities before income tax paid	2,278	1,987	1,395
Free Cash Flow[1]	1,082	1,086	638
Dividends paid by UMG N.V. to its shareholders	(929)	(798)	(785)
Per share data			
Weighted average number of shares outstanding	1,819	1,813	1,813
Earnings attributable to UMG N.V. shareowners per share - basic	0.69	0.43	0.49
Earnings attributable to UMG N.V. shareowners per share - diluted	0.68	0.43	0.49
Adjusted net profit per share - basic[1]	0.88	0.80	0.70
Adjusted net profit per share - diluted[1]	0.87	0.80	0.70

1 Non-IFRS measures as defined in the Appendix to the Annual Report.

Note: In millions of euros, number of shares in millions, data per share in euros.

NON-FINANCIAL KEY FIGURES 2023

ENVIRONMENTAL

SCOPE 1 & 2 TARGET PROGRESS in tCO_2e (absolute)

	2023	2022[1]
Total emissions	7,572	8,590
Scope 1	1,945	2,398
Scope 2 (market-based)	5,627	6,192

We reduced our scope 1 and 2 (market-based) emissions by 12% over prior year and 34% from our 2019 base year.[2]

SCOPE 3 TARGET PROGRESS in tCO_2e (intensity)

	2023	2022[1]
Total emissions	469,588	448,319
Absolute emissions in target boundary	422,594	404,282
Emissions in tCO_2e/million EUR value added[3]	109	112

We reduced our scope 3 emissions on an intensity basis, by 3% over prior year and 46% from our 2019 base year in tCO_2e per million EUR value added.[2]

GREEN BUILDINGS

	2023	2022
Buildings utilizing renewable electricity (% of total m²)	47%	46%
Buildings that transitioned to renewable electricity (additions)	+9	+8
Buildings that have received an environmental certification (% of total m²)	28%	30%
Buildings that have received an environmental certification (additions)	+4	+3

SOCIAL

TOTAL HEADCOUNT

	2023	2022
	10,290	9,992
Men	5,044	4,913
Women	5,246	5,079

49% 51%

MANAGERS[4]

	2023	2022
	3,369	3,456
Men	1,939	1,980
Women	1,430	1,476

58% 42%

GLOBAL TURNOVER

2023	2022
11.53%	13.95%

VOLUNTARY TURNOVER

2023	2022
7.03%	9.55%

[1] FY22 emissions were adjusted in accordance with our internal policy to include the addition of new categories resulting from our SBTi validation exercise (Category 9: Downstream transportation and distribution, Category 14: Franchises, and Category 15: Investments), as well as data enhancements and corrections for improved accuracy. Adjustments illustrate year over year progress across our key non-financial indicators.

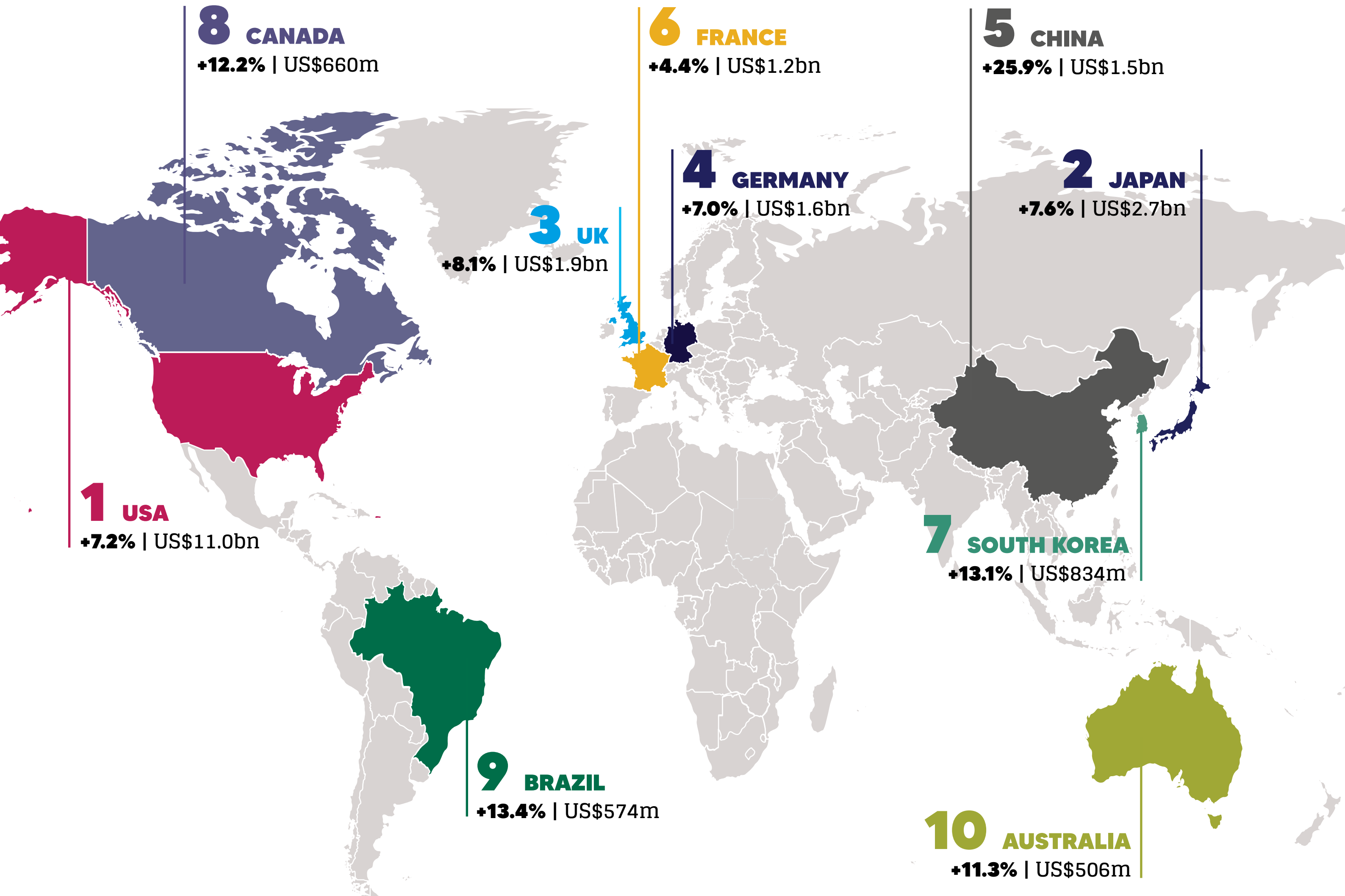
[2] We committed to reduce absolute scope 1 and 2 GHG emissions 58% by 2032 from a 2019 base year and reduce scope 3 GHG emissions in our target boundary 62% per EUR value added within the same time frame. Our scope 3 target boundary includes categories 1-7 (see Environment section for more information).

[3] "Value added" is defined by the Science Based Targets initiative as earnings before interest and depreciation (EBITDA) + all personnel costs.

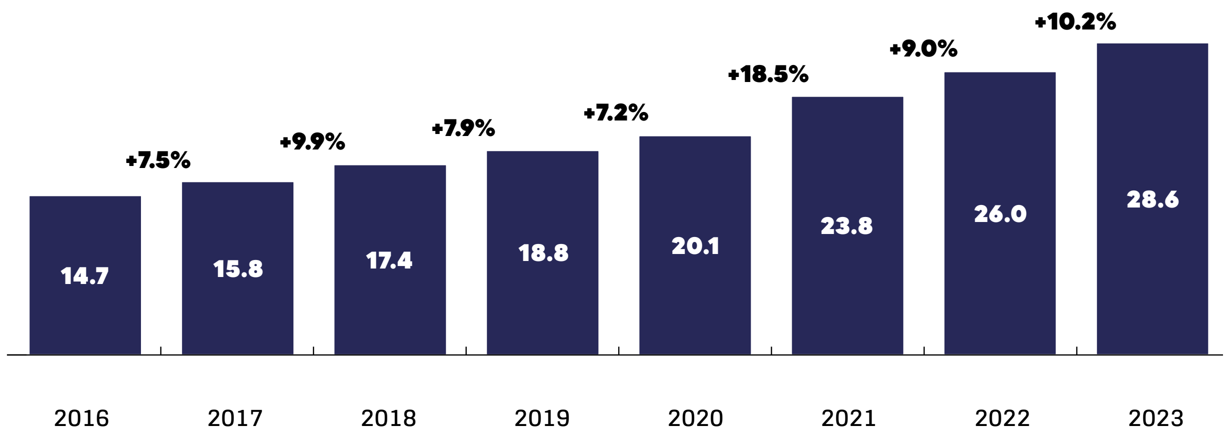
[4] UMG initiated a global job architecture project in 2023 to harmonize career leveling and remuneration, contributing to the year-over-year manager variance.

RECORDED MUSIC INDUSTRY

2023 TOP 10 MARKETS



GLOBAL RECORDED MUSIC INDUSTRY REVENUES 2016 TO 2023 (IN $ BILLION)*



* All reporting is translated at average CY 2023 exchange rates. Russia has been excluded from all years.
Source: IFPI Global Music Report 2024

HOW UMG ADDS VALUE – OVERVIEW

ARTISTRY AND CONTENT	PEOPLE	TECHNOLOGY	FINANCIAL RESOURCES

VALUE CREATION FOR

ARTISTS	EMPLOYEES	SHAREHOLDERS	DISTRIBUTION PARTNERS	FANS, GOVERNMENT AND SOCIETY

Environmental Social Governance

HOW UMG ADDS VALUE – INSIGHTS

ARTISTRY AND CONTENT	PEOPLE	TECHNOLOGY	FINANCIAL RESOURCES
Industry leading roster of artists and songwriters	Total headcount: 10,290	UMX Proprietary Data & Insights Technology Platform	Royalty advance payments, net of recoupments: €100m
Leading Record Labels and Brands	Best in Class Management and A&R Teams	Rights Management Tools	Net cash used for investing activities: €622m
> 3.2 million recordings	Offices in 60 countries	World Class Studios and Production Facilities	
± 4.5 million owned and administrated titles	Learning and Development	AI patents with applications in marketing and audience identification and behavior	
10,000s hours of videos		Investment in leading eCommerce platforms	
> 220 artists / brands in merchandising			
Partnerships and JVs with independent labels and entrepreneurs			

VALUE CREATION FOR

ARTISTS	EMPLOYEES	SHAREHOLDERS	DISTRIBUTION PARTNERS	FANS, GOVERNMENT AND SOCIETY
Artist Costs Paid: €5,152m	Salaries & Benefits Paid: €2,081m	Dividends Paid: €929m	Enable platform partners to grow their businesses by offering the world's most sought-after content	Help connect fans with artists they love
Protect intellectual property and rights	Build and develop careers aimed at long-term success	Total Shareholder Return: 17.5%	Expanded reach through partnerships & distribution	Product innovation, premium products and experiences for super fans
Protect artists' catalog and extend cultural legacy	Improved employee retention and wellness	Revenue Growth: 11.1% (const. currency)	Expand the addressable market for music	Preserve and advance culture
Help artists stand out in a sea of content		Adjusted EBITDA Growth: 14.6% (const. currency)	Support developing music markets around the world	Protect the planet for future generations of music lovers
Facilitate direct connections with fans		Adjusted EPS growth: 10.0%	Drive new use cases for music	Support local communities and music education
Improve commercial success			Develop premium products	Support artist's social advocacy efforts
			Demand sustainable solutions throughout the supply chain	

YEAR IN REVIEW

JANUARY

Chairman and CEO Sir Lucian Grainge calls for a new "artist-centric" model to transform the way that artists and rightsholders are paid by streaming services.

Sherry Lansing named Chairman of the Board of Universal Music Group N.V.

FEBRUARY

At the 65th Annual Grammy Awards, Kendrick Lamar won three Grammys including Best Rap Album for *Mr. Morale & The Big Steppers* and Best Rap Song and Best Rap Performance for "The Heart Part 5," while Samara Joy won Best New Artist and Best Jazz Vocal Album for *Linger Awhile.*

MARCH

Board of Directors extended the engagement of UMG Chairman and Chief Executive Officer Sir Lucian Grainge until May 1, 2028.

Launch of the Human Artistry Campaign, a global initiative to protect creators' rights in the age of Artificial Intelligence (AI), with more than 150 supporting organizations from 33 countries, including UMG.

Acquisition of British classical label Hyperion Records. Founded in 1980, Hyperion joins UMG's portfolio of world-renowned classical labels, including Deutsche Grammophon (founded in 1898) and Decca Classics (established in 1929), further reinforcing UMG's position as the definitive home for classical music globally.

At the 2023 Japan Gold Disk Awards, King & Prince won Single of the Year for "Tsukiyomi/Irodori", The Beatles were named Artist of the Year/International for a record-breaking eighth time and BTS was named Best Asian Artist for the fifth-consecutive year.

APRIL

Global icon Anitta signed to Republic Records in partnership with Universal Music Latin Entertainment. The signing came on the heels of her nomination for Best New Artist at the 2023 Grammy Awards as well as her Guinness World Record as the "First Solo Latin Artist to Reach #1 on Spotify Globally".

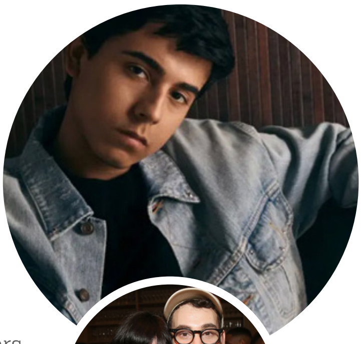
MAY

First-of-its-kind strategic relationship with AI sound wellness company Endel to enable artists and labels to create soundscapes for daily activities like sleep, relaxation, and focus by harnessing the power of AI.

JUNE

Successful pricing of €750m of 4.000% senior unsecured notes due 2031 with the proceeds being used to refinance existing indebtedness.

YEAR IN REVIEW



AUGUST

Interscope Records signs multi-platinum selling 19-year-old Ivan Cornejo, one of the young singer-songwriters fueling regional Mexican music's resurgence. Additionally, Cornejo signed an exclusive global publishing agreement with UMPG shortly afterwards.

UMPG signed eight-time Grammy winner Jack Antonoff, who has collaborated with superstars including Taylor Swift and Lana Del Rey, among others. Additionally, Antonoff is the lead singer and songwriter of the band, Bleachers.

SEPTEMBER

UMG and Deezer announce first comprehensive 'Artist-Centric' agreement designed to better reward the music that fans value.

NOVEMBER

Spotify, the world's largest music streaming platform also announced the adoption of a new 'Artist-Centric' streaming model, beginning early 2024.

In a first for a standalone major music company, UMG's greenhouse gas (GHG) emission reduction targets were approved by the Science Based Targets initiative (SBTi), the gold standard for establishing corporate climate goals.

Universal Music Group partners with Sony Music Entertainment and Warner Music Inc. to launch the Music Industry Climate Collective ("MICC"), a new, music industry alliance to address the pressing challenges and profound changes in global climate.

DECEMBER

Strategic global partnership launched in China with Jay Chou, the internationally renowned "King of Mandopop," and his prestigious record label JVR Music. Chou made history as the first Mandarin artist to break into the Top 10 of the IFPI Global Artist Chart and the first to top its Global Album Sales Chart for 2022.

JULY

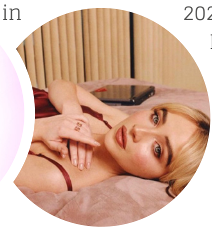
Health & Wellness partner MedRhythms, who exclusively licenses their music from UMG, receives its FDA approval for its InTandem device. This becomes the world's first prescription digital therapeutic product that uses music, helping patients learn to walk again after debilitating strokes, with first prescriptions rolling out in the U.S. in Fall 2023.

OCTOBER

Established partnership with YouTube to create a set of principles and best practices around the use of AI in the creation of music; launch of a Music AI Incubator to help study the effect of the technology.

Sir Lucian Grainge, Chairman and CEO of UMG, and Arianna Huffington, CEO, Thrive Global, hosted the first MUSIC + HEALTH summit in Los Angeles in association with Havas Health. The summit focused on the direct relationships between music and health, discussed recent research documenting music's therapeutic and medical benefits, showcased innovative companies that are integrating music into fitness & wellbeing products and services, and introduced new applications for music in the wellness space.

UMPG signing of platinum singer/songwriter Sabrina Carpenter to an exclusive, worldwide publishing agreement. Carpenter was one of many UMG signed artists that further expanded their UMG relationship with new publishing agreements in 2023, including Maggie Rogers, Niall Horan, Andrea Bocelli, Ice Spice and Lana Del Rey.



STAKEHOLDER ANALYSIS

We actively engage with our stakeholders in regards to our strategic direction and seek their input when evaluating our Environmental, Social and Governance priorities (see Main Material Topics). This creates sustainable value for our stakeholders and for the company. By promoting two-way communications and valuing our stakeholders' input, we create a strong basis for constructive, long-term relationships. This intensive interaction enables us to prioritize the areas they consider crucial. It also gives us insights into the ways our business and operations can create positive impact. We subsequently focus on these material areas and proactively communicate our progress.

We have six key stakeholder groups:

1. Artists
2. Fans
3. Employees
4. Distribution Partners
5. Government and Elected Officials
6. Shareholders

ENGAGING WITH OUR STAKEHOLDERS

Active and intensive engagement with our key stakeholder groups is a critical part of being a successful and responsible business. Aligned to stakeholders' particular needs and interests, we engage with them in both formal and informal means throughout the year.

- How we engage with our stakeholders
- Our stakeholders' main interests
- How we respond and make impact

1. Artists

We actively engage with artists to serve their needs by:

- Placing recording artists and songwriters at the heart of everything we do
- Maintaining close connections with artists at every label and division of the company
- Interacting with our artists directly via our A&R staff and indirectly through their advisors
- Offering artists a full range of services in order to succeed creatively and commercially
- Investing in continued artist development at all stages of their careers

Artists' main interests include:

- Their long-term career development and legacy
- Making their body of work widely available to fans
- Connecting with fans in new and compelling ways
- Fair compensation for their work
- Building communities to engage directly with their fans
- Sustaining creative success

We respond to these interests and generate impact by:
- Fostering creative expression and collaboration within our diverse roster of artists
- Partnering with an expansive network of distribution partners so artists can share their work with a growing global fan base
- Working with distribution partners and regulators to achieve fair compensation for music content
- Embracing new technologies that can increase music consumption and fan engagement
- Creating new and exciting experiences for artists to engage with their fans

2. Fans

We engage with fans with a view towards:
- Providing access to their favorite artists
- Meeting their product demands, including developing premium products for super fans
- Promoting direct connections between artists and fans
- Facilitating new experiences for them to engage with their favorite artists and music

Fans' main interests include:
- Ubiquitous cross platform access to all music content globally
- To feel directly connected to their favorite artists
- To support their favorite artists' work and creativity
- Commercial and collectable products to express their fandom
- Premium products and experiences for superfans

We respond to these interests and generate impact by:
- Investing in the best A&R teams to drive innovative new music and products
- Helping fans engage with their favorite artists in new and exciting ways
- Driving technological innovation to improve the creative process, and artist-fan connections
- Partnering with an expansive network of distribution partners and retailers to facilitate access to our artists' music and merchandise
- Enabling direct-to-consumer sales through ecommerce and merchandising opportunities
- Creating premium consumer products via our production, manufacturing and distribution arms

3. Employees

We actively engage with employees in multiple ways, including:
- Written and in person communications from our People, Inclusion and Culture (PIC) team
- Providing formal and informal feedback channels to encourage open dialog
- Offering online resources to answer questions quickly and easily
- Regularly assessing the employee experience and culture including by conducting surveys
- Holding employee forums, resource groups and events that strengthen culture, engagement, retention and belonging
- Offering flexible work arrangements

Employees’ main interests include:

- A positive employee relations atmosphere
- A safe, healthy and respectful workplace environment
- Resources and support for their wellbeing
- Opportunities to thrive and grow professionally
- A culture of innovation, diversity, inclusion and wellbeing
- Tools to attract, engage, and retain the best in class global talent
- An entrepreneurial and innovative culture
- Power to drive change within the music industry and our communities
- Meaningful work experience, competitive pay, and progressive benefit packages

We respond to these interests and generate impact by:

- Investing in employee training programs to support learning and development
- Rewarding excellent work through fair and competitive incentive awards
- Building a culture in which all employees feel safe, seen, heard, respected and connected
- Work together to improve learning, diversity and inclusion, engagement, retention and wellbeing
- Acknowledging that a healthy and resilient workforce is key to our business growth and success
- Tapping into innovation, collaboration, creativity and artistry across UMG’s businesses
- Inspiring our people to make the world better through community engagement and philanthropy
- Encouraging a growth mindset through mentoring and programs that support a culture of innovation

4. Distribution Partners

We actively engage with our distribution partners in multiple ways, including:

- Ongoing dialogs with our dedicated digital and corporate business development teams
- Regular product innovation discussions, data and analysis sessions and deal negotiations
- Develop content and marketing plans aligned with growing engagement on their platform
- Comply with contractual terms and hold ongoing dialogs about issues as they arise

Distribution partners' main interests include:

- A fresh supply of high-quality music-based content for their products and services
- Music content that appeals to consumers worldwide
- Marketing support to drive awareness and engagement on their platforms
- State-of-the-art systems to distribute content and ingest large amounts of data

We respond to these interests and generate impact by:

- Conducting negotiations with honesty and integrity
- Executing contracts that clearly define the relationship, terms and requirements

- Safeguarding data and confidentiality with respect to business trends, products and features
- Putting artists and songwriters at the center of everything we do by advocating for new use cases for music, products and services, platforms, and future-proofed business models
- Investing in talent in both developed and emerging music markets
- Promoting all UMG artists to fans around the world
- Embracing technological advancements that improve sound quality of our historic catalog

5. Government and Elected Officials

We actively engage with governments and elected officials via multiple means and channels, including:

- Educating government and elected officials about the music ecosystem through informal meetings as well as their formal information requests (such as public hearings and consultations)
- Advocating for public policies that benefit the music ecosystem and all its participants
- Joining music industry trade bodies and NGOs, and contributing to their publications of statistics, reports and studies on relevant issues and the provision of background materials
- Speaking out via our public policy team on any issues affecting the creative community

Government and Elected Officials' main interests include:

- Supporting and preserving culture and art and creative community
- Soft power and national or ethnic pride
- Businesses that drive economic growth and tax revenues to support quality of living
- High-quality, skilled employment for local population
- Global respect for creators in regard to intellectual property rights, trade policies and free expression

We respond to these interests and generate impact by:

- Creating employment and generating economic benefits for the communities in which we operate
- Supporting culture through the creation and distribution of great music and associated content
- Operating at the highest ethical standards that comply with all applicable laws and regulations
- Adhering to business practices that treat artists and songwriters and all creators fairly

6. Shareholders

We engage with Shareholders in multiple ways, including:

- Conversing directly via investor meetings and teleconferences with our Investor Relations team and with management
- Publishing interim and annual reports in a timely manner
- Presenting quarterly financial results webcasts with management Q&A sessions
- Holding Annual General Meetings to elicit their feedback

- Disseminating all notable developments via public press releases
- Maintaining UMG corporate and investor relations websites
- Responding to all queries via a dedicated IR email address
- Participating in financial and industry conferences

Shareholders' main interests include:
- Outlook for revenue growth and margin expansion
- Capital allocation that generates a healthy return on investment
- Reasonable disclosures to analyze the business, and clear presentation of financial statements
- Strategy and progress updates from management
- Talent retention that supports our competitive position
- ESG framework that clearly states company values

We respond to these interests and generate impact by:
- Providing updates on the competitive landscape, strategy, and growth drivers across the business
- Furnishing details on our capital allocation priorities and rationale
- Disclosing our ESG strategy, KPIs and progress against our targets

SUSTAINABILITY

OUR APPROACH

WE ARE COMMITTED TO SUSTAINABILITY IN OUR BUSINESS AND ACROSS OUR INDUSTRY, CHANNELING THE COLLECTIVE PASSION OF OUR EMPLOYEES, ARTISTS, AND FANS TO PROTECT THE PLANET AND CREATE AN EQUITABLE FUTURE FOR GENERATIONS TO COME.

Our Environmental, Social and Governance (ESG) framework complies with the European Union's Non-Financial Reporting Directive (NFRD) and the Dutch Corporate Governance Code while our work in each pillar contributes to the United Nations Sustainable Development Goals[1]. UMG's Board of Directors is responsible for the oversight of our sustainability program, as well as the integrity of UMG's non-financial reporting in accordance with this framework. The Audit Committee of the Board supports the full Board in relation to these responsibilities and considers ESG topics as part of its work.

ENVIRONMENT

Advancing climate action and decarbonization through leadership and collective action

7 AFFORDABLE AND CLEAN ENERGY
12 RESPONSIBLE CONSUMPTION AND PRODUCTION
13 CLIMATE ACTION

SOCIAL

Empowering our people and communities through culture and creativity

3 GOOD HEALTH AND WELL-BEING
4 QUALITY EDUCATION
5 GENDER EQUALITY
8 DECENT WORK AND ECONOMIC GROWTH
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
10 REDUCED INEQUALITIES

GOVERNANCE

Driving accountability, transparency, and risk management through responsible governance

16 PEACE AND JUSTICE STRONG INSTITUTIONS
17 PARTNERSHIPS FOR THE GOALS

Recognizing music's dynamic ability to inspire people and bring them together, we work with our employees, artists, and fans to drive meaningful change in our communities. We collaborate with our peers to address sector-wide environmental challenges, deploy targeted programs to expand career pathways for women and underrepresented groups in the industry, and tap our future-minded workforce, frontline talent, and powerful network of community partners to advocate for social justice.

We conducted a comprehensive ESG materiality assessment in 2022 to identify the environmental, social, and governance topics most material to UMG and its stakeholders. This year, we further validated our material topics with subject matter experts and a cross-functional group of over 100 UMG leaders across our business operations. The subsequent sections of this report highlight UMG's guiding ambitions within each topic area and the effectiveness of our actions against Our Commitments.

[1] The United Nations' 2030 Agenda for Sustainable Development was adopted by all Member States in 2015 and provides a shared blueprint for peace and prosperity for people and the planet, now and into the future. At its heart are the 17 Sustainable Development Goals (SDGs). Learn more about them here: https://sdgs.un.org/goals.

KEY ACTIONS IN 2023

ENVIRONMENT

WE STRENGTHENED OUR UNDERSTANDING AND MANAGEMENT OF GREENHOUSE GAS (GHG) EMISSIONS.

Leadership

- **Science-Based Target Validation:** We became the first major standalone music company to announce science-based targets approved by the Science-Based Targets initiative (SBTi). We committed to reduce:
  - Absolute scope 1 and 2 greenhouse gas (GHG) emissions[1] 58% by 2032 from a 2019 base year, an ambition which is in line with a 1.5°C trajectory; and,
  - Scope 3 GHG emissions[2] from purchased goods & services, capital goods, fuel- and energy-related activities, upstream transportation and distribution, waste generated in operations, business travel, and employee commuting by 62% per EUR value added[3] within the same timeframe.

Measurement & Reporting

- **Decarbonization Pathway:** We reduced our scope 1 and 2 (market-based) emissions by 34% from our 2019 base year. We also made progress against our scope 3 intensity target, achieving a 46% reduction from 2019-2023 in tCO_2e per million EUR value added.
- **Carbon Disclosure Project (CDP):** We submitted our first CDP report and received a B- score, joining corporate climate leaders across the globe in our contribution to the world's most comprehensive environmental dataset.

Collective Action

- **Scope 3 Industry Guidance:** In November 2023, we established the Music Industry Climate Collective (MICC), as a founding member alongside Sony Music Entertainment and Warner Music Inc. The MICC's mission is to develop comprehensive sectoral guidance for measuring scope 3 GHG emissions, supporting a consistent approach to boundary-setting and a standardized methodology. We also laid the groundwork for further industry collaboration in 2024 and beyond, securing advisory support from the American Association of Independent Music (A2IM) – the trade organization representing more than 600 independently owned record labels across the U.S.
- **Stakeholder Engagement:** We deepened our engagement with key stakeholders to drive environmental action, convening internal ESG Working Groups to reduce our value chain footprint and assembling employees, artist managers, suppliers, and subject matter experts to support industry advancements through our UMG x Bravado Sustainability Summit series and UMG France's *Métamorphoses* program.

For details on our Environmental progress and initiatives, please see the Environment section of this report.

[1] Scope 1 emissions are direct GHG emissions that occur from sources that are owned or controlled by the company. Scope 2 emissions are indirect GHG emissions from the generation of purchased electricity consumed by the company. See page 25 of the GHG Protocol Corporate Accounting and Reporting Standard.

[2] Scope 3 emissions include other indirect GHG emissions that are a consequence of the activities of the company, but occur from sources not owned or controlled by the company. See page 25 of the GHG Protocol Corporate Accounting and Reporting Standard.

[3] "Value added" is defined by the SBTi as earnings before interest and depreciation (EBITDA) + all personnel costs. See page 24 of the SBTi Corporate Manual.

KEY ACTIONS IN 2023

SOCIAL

WE DEPLOYED INTERNAL PROGRAMS AND LEVERAGED EXTERNAL PARTNERSHIPS TO ATTRACT AND RETAIN EMPLOYEES, ATTRACT AND RETAIN ARTISTS, AND REINFORCE OUR CONTINUED FOCUS ON DIVERSITY, EQUITY, AND INCLUSION.

Our Workforce

• **Employee Representation:** We continued to expand career pathways for women and underrepresented groups. Worldwide, women make up 51% of our workforce. In the U.S., 42% of our workforce is made up of people from one or more historically excluded ethnic and/or racial backgrounds including American Indian or Alaska Native, Asian, Black or African American, Latinx, Multiracial and Native Hawaiian or Pacific Islander.

• **Diversity and Inclusion Policy:** We formalized a new D&I Policy reinforcing our commitment to building an inclusive culture that values and promotes diversity and equal opportunity.

• **Workforce Development:** We rolled out a range of engagement programs for our global network of employees, bringing together a women's executive leadership cohort for the first annual UMShe Summit and convening over 1,000 UMG employees through our inclusion-focused Employee Resource Group (ERG) events.

• **Mental Health Awareness:** We launched the "Wellbeing Within Reach" campaign for Mental Health Awareness Month and expanded access to regionally-specific Employee Assistance Programs (EAPs) – facilitating counseling sessions, in-the-moment support for emotional wellness, self-guided mindfulness and cognitive behavioral therapy programs, and 24/7 work-life assistance.

Our Artists

MUSIC HEALTH ALLIANCE

• **Music Health Alliance:** Through our ongoing partnership with the Music Health Alliance, we helped over 500 artists and songwriters secure life-changing medical care and save over $5 million in healthcare and insurance costs.

• **Artist Advocacy:** We amplified artist advocacy efforts, such as supporting Billie Eilish's ongoing commitment to environmental action as well as Imagine Dragons' frontman Dan Reynolds' commitment to advancing the rights, safety and well-being of the LGBTQ+ community.

SOCIAL

Our Communities

• **Corporate Philanthropy:** UMG contributed to more than 500 community organizations and supported over 1.2 million meals for individuals in need.

• **Public Health Scholarships:** Our Task Force for Meaningful Change (TFMC) provided more than 50 students with scholarships across Medical Schools of accredited Historically Black Colleges and Universities (HBCU) in an effort to expand the number of Black medical practitioners.

• **Power of Music Campaign:** We teamed up with Music for Dementia and UK Music to develop the Power of Music Report and launch the £1 million Power of Music Fund, which seeks to use music to improve community health, particularly for those living with dementia.

For details on our Social progress and initiatives, please see the Social section of this report.

KEY ACTIONS IN 2023

GOVERNANCE

THE BOARD'S ROLE IN OUR RISK MANAGEMENT FRAMEWORK INVOLVES REVIEWS AND DIALOGUE WITH MANAGEMENT REGARDING MATERIAL RISK FACTORS FOR THE COMPANY INCLUDING ENTERPRISE, STRATEGIC, OPERATIONAL, FINANCIAL, AND LEGAL RISK.

Board Oversight and Governance Structure

UMG's Board is responsible for sustainable long-term value creation, including the oversight of our sustainability program, as well as the integrity of UMG's non-financial reporting. The Audit Committee supports the Board in relation to these responsibilities and considers ESG topics as part of its work.

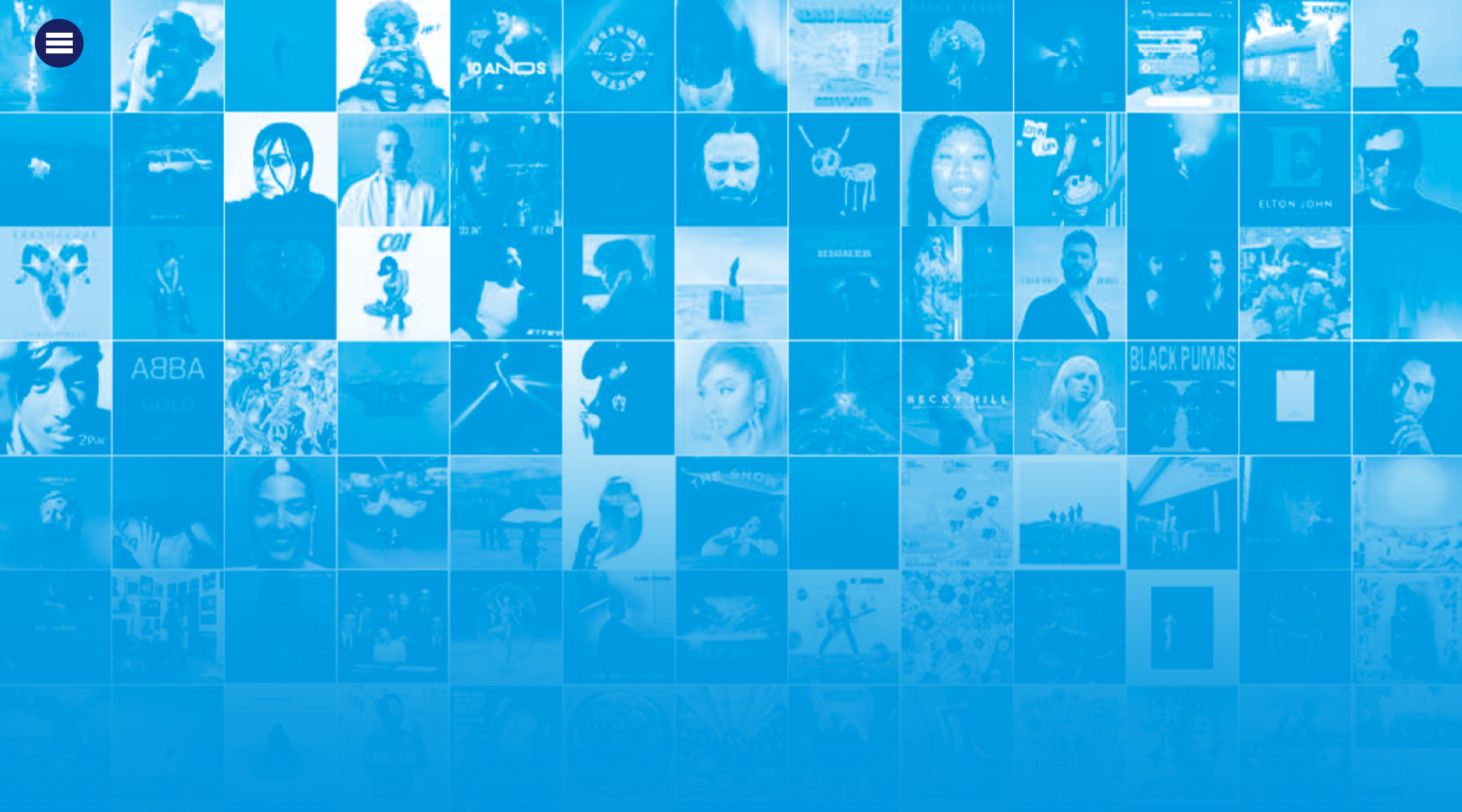
UMG's Annual General Meeting of Shareholders was held on May 11, 2023. In an endorsement of his strategic vision and leadership, the Shareholders adopted the re-appointment of UMG's Chairman and Chief Executive Officer, Sir Lucian Grainge as Executive Director for an additional five-year term. This reappointment demonstrates the trust and confidence the Shareholders have in his abilities to steer the company toward continued success and growth. Additionally, we began to stagger Non-Executive Director retirements as a best practice and in alignment with the Dutch Corporate Governance Code. To this end, the Board proposed, and Shareholders adopted Non-Executive two-year re-appointments including Sherry Lansing, Chairman of the Board and Independent Non-Executive Director and, Luc Van Os, Non-Executive Director and Audit Committee Chair.

In 2023, the Board adopted the following policies:

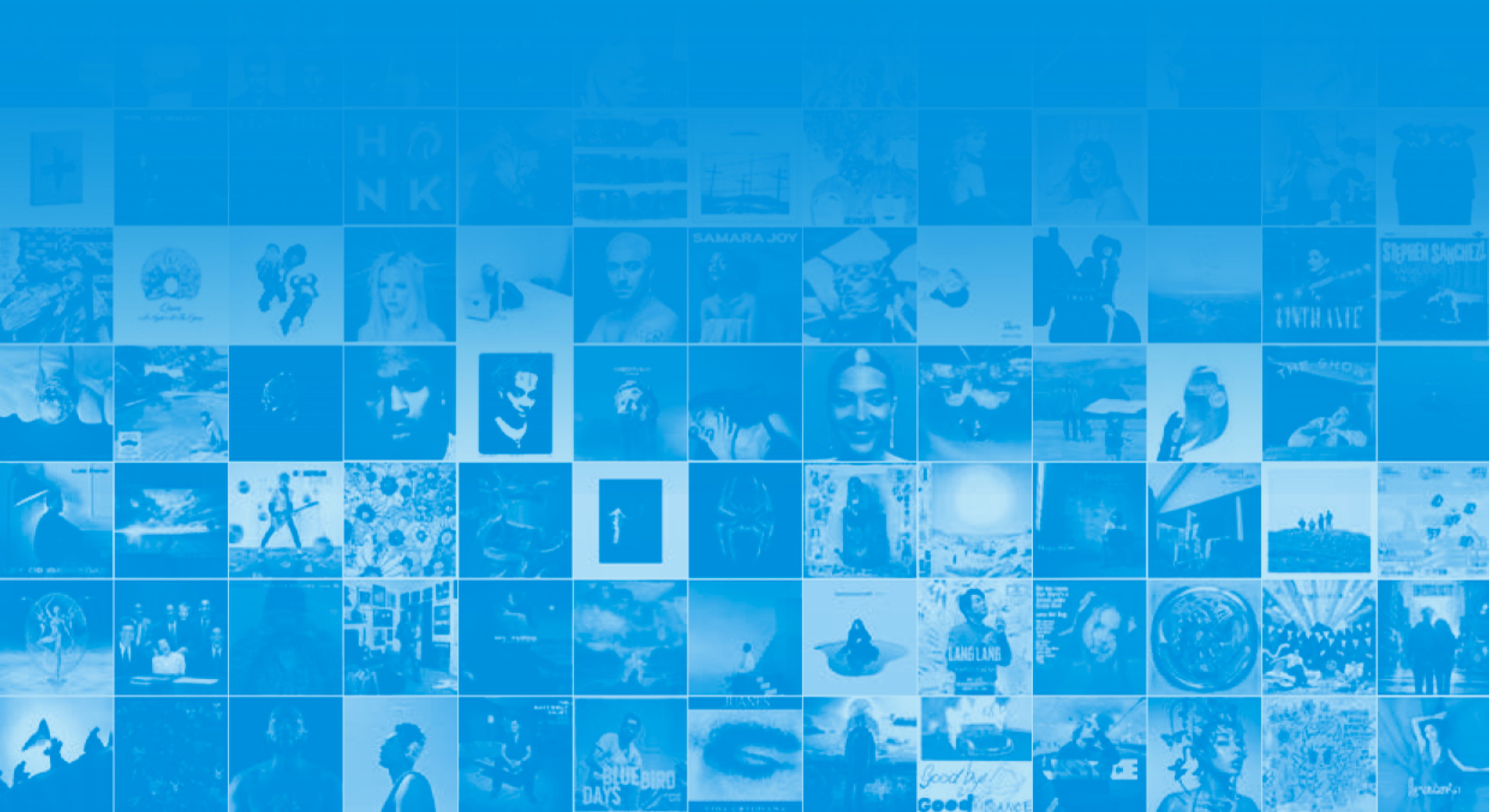
- **STAKEHOLDER ENGAGEMENT:** Our Stakeholder Engagement policy lays out our approach to considering stakeholders' interests as part of sustainable long-term value creation.
- **DIVERSITY & INCLUSION:** Our D&I policy reinforces our commitment to building an inclusive culture that values and promotes diversity and equal opportunity.

As we look ahead to 2024, we will remain steadfast in our mission to amplify the issues that matter most to our stakeholders – while advancing our non-financial reporting processes to meet evolving public disclosure requirements. In 2023, we began our transition from the EU Non-Financial Reporting Directive (NFRD) to the new EU Corporate Sustainability Reporting Directive (CSRD) and we are now in our third year of reporting in compliance with the EU Taxonomy. With the oversight of an executive steering committee, we are working towards full CSRD compliance in 2024, including the execution of a double materiality assessment. **We will continue to center music and artistry in all that we do, reinforcing its inherent ability to power positive change.**

For details on our Governance progress and initiatives, please see the Governance section of this report.



BOARD REPORT
INTRODUCTION



BUSINESS PROFILE

A WORLD LEADER IN MUSIC-BASED ENTERTAINMENT

UNIVERSAL MUSIC GROUP (UMG) is a world leader in music-based entertainment with a broad array of businesses engaged in recorded music, music publishing, music-based merchandise and audiovisual content. UMG has the broadest global reach of any music company with a local presence in more than 60 territories covering nearly 200 markets. Everything we do revolves around supporting artists, promoting innovation, entrepreneurship, sustainability, and bringing fans the world's most loved music. Our three core business segments work seamlessly to lead the dynamic and ever-changing global music market:

Our **RECORDED MUSIC BUSINESS** is dedicated to discovering and developing recording artists and marketing, promoting, distributing, selling, and licensing the music they create. Showcasing an impressive roster of recording artists, a catalog of timeless performers, a diverse range of labels and a catalog of more than three million recordings, our recorded music business is the partner of choice for artists, innovators, and entrepreneurs around the globe. This business also incorporates our commercial activity in film & TV and independent artist and label services and distribution.

UNIVERSAL MUSIC PUBLISHING GROUP (UMPG) is committed to signing, administering and acquiring rights to musical compositions and licensing them for use in multiple formats. UMPG works closely with their songwriters at all stages in their careers from early development to the stage where their songs are played for millions. As one of the world's largest and fastest-growing music publishing companies, UMPG has a catalog with nearly four and a half million-owned and administered titles and enjoys partnerships with many of the world's top songwriters.

Bravado, our **MERCHANDISING BUSINESS**, represents the merchandising rights of artists and entertainment brands and properties. Providing an end-to-end merchandising ecosystem, Bravado offers services including sales, licensing, branding, marketing, eCommerce, and creative resources for clients and innovative experiences and products for fans and superfans worldwide.

RECORDED MUSIC

RECORDED MUSIC

UMG's recorded music business discovers and develops artists; supports the creation of audio and audiovisual content by recording artists; and markets, distributes, sells, and licenses this content across a broad range of formats and platforms. UMG owns and administers copyrights to the audio and audiovisual recordings created by recording artists signed to UMG's iconic labels. We generate revenue through the physical sales of this content in formats such as CDs and vinyl records, and from its distribution to music streaming and subscription platforms. Our recorded music content is also distributed to consumers through multiple other platforms and formats, including social media, health and wellness, theatrical films, home entertainment, television productions, and video games.

HOME TO A DIVERSE SET OF LABELS, BRANDS AND CONTENT

UMG is a leading recorded music company. We're home to both the world's premier record labels and groups, and iconic studio facilities. Our roster of recording artists features a diverse portfolio of both global superstars and leading local artists from around the world. Artists signed to UMG as part of our recorded music business span all musical genres and generations and include many of the greatest recording artists of all time. UMG's iconic label brands include Capitol Music Group, Def Jam Recordings, EMI Records, Interscope Geffen A&M, Island Records, Motown Records, Polydor, Republic Records, Universal Music Group Nashville and Universal Music Latin Entertainment. Our label portfolio also encompasses the world's leading classical and jazz labels, including Blue Note Records, Decca, Deutsche Grammophon and Verve Label Group. We continue to launch new labels in certain key markets where we believe there to be significant untapped opportunity, such as the launch of EMI-North in Leeds, United Kingdom, in early 2023. We are also home to the world's premier recording studios, including the legendary Abbey Road in London and Capitol Studios in Los Angeles.

Through Virgin Music Group, we offer a diverse range of premium and flexible independent label and artist services to entrepreneurs and artists. These services span the spectrum from global distribution, insights, data and marketing tools - to fully staffed promotion, marketing and artist development teams at both the regional and global levels. This flexibility offered enables us to foster long-term partnerships, and forges paths to global success for entrepreneurs, independent labels and artists.

In addition to recorded music content, UMG develops a wide spectrum of audiovisual content for distribution across the globe. Our 5,000 hours of audiovisual content spans a diverse mix of genres and eras and features legendary artists represented within our rich and storied catalog of content and intellectual property. We have two content divisions at the heart of our audiovisual operations: Mercury Studios, a multi-faceted content studio and distributor, and Polygram Entertainment, a premium production company. Beyond these, we also have content operations within our individual labels and other business units. Some of our key film projects in 2023 included *Love to Love You, Donna Summer* (Polygram/HBO), *Mixtape* (Mercury Studios/ Paramount+) and *American Symphony* featuring Jon Batiste (Mercury Studios/ Higher Ground/Netflix).

All corners of the globe

Our recorded music business is both artistically and geographically diverse. We have offices in more than 60 territories, covering nearly 200 markets. This means we operate in more territories and markets than any other recorded music company. Our wide geographical presence enables us to create diversified revenue streams. In 2023, North America accounted for 51% of our recorded music revenue, while Europe, Asia, Latin America and the rest of the world represented 28%, 13%, 4% and 4% of the revenue, respectively. Our extraordinarily diverse roster of artists in turn means that our business' success is not reliant on one artist or even a small number of artists. The top 50 artists only accounted for 24% of UMG's recorded music revenue in 2023.

Multi-label structure enables entrepreneurs and encourages artistic diversity

UMG is home to many of the world's most iconic record labels. We believe that operating multiple major frontline labels in markets around the world yields significant benefits. This is why we continue to develop, revitalize and invest in our label brands. Our multi-label structure empowers entrepreneurialism, artistry, and diversity.

UMG encompasses a collection of iconic and world-class labels, spanning all genres of music, created and led by visionary entrepreneurs. Our shared passion for discovering recording artists with the talent and potential to break through an increasingly competitive environment for audience attention is at the core of who we are and what we do. Each one of these dynamic labels has a common belief: that an artist they discover and develop will change and drive culture around the world.

This approach produces many benefits. Our collection of dynamic enterprises enables us to effectively cover the music market across all genres and styles, with each label having its own unique culture and history. Decentralized talent-spotting across UMG, employing each label's distinctive identity and creative vision, means we can attract the widest variety of top talent.

Our multiple label structure creates a degree of competition even between and among UMG labels. This healthy competition drives innovation and creativity and keeps our labels continuously evolving to stay at the forefront of industry trends. This structure also alleviates short-term performance pressure on any individual label. The fact that the different UMG labels will collectively have a continuous flow of new content means each individual label can take a more long-term approach to artist development.

Leveraging UMG's scale and expertise

While our multi-label structure gives each label the freedom to create and innovate, our labels still benefit from the scale and expertise that comes with being part of UMG. This is because at UMG, we negotiate with platform partners, aggregate data and analytics, share best practices, and centralize many back-office functions at a company-wide level. This lets us benefit from our scale and drive efficiency, while maintaining the spirit of a quick-moving, innovative and entrepreneurial company.

Expanding touchpoints with artists and entrepreneurs through distribution

UMG enjoys longstanding relationships with leading distribution partners, including, for example, Concord, HYBE and Disney, to give our partners' artists global reach and best-in-class services. In 2023, we announced an alliance with BMG under which the companies will explore a range of collaborative initiatives to further expand opportunities for BMG-signed artists around the world. The first project under this alliance will be moving the distribution of physical formats of BMG's music – including vinyl and CD for thousands of BMG-signed artists – to UMG's Commercial Services division, commencing in 2024. Further collaborations between BMG and UMG are already under discussion from exploring shared positions on industry matters to joining forces in adjacent business lines.

Diversified revenue streams

Our recorded music business has diversified revenue streams derived from three main sources, including:

DIGITAL: We generate subscription and streaming revenue through partnerships that enable UMG's content to be distributed by global, regional and local digital service providers, including Spotify, Apple Music, YouTube, Amazon, Deezer, Tidal, Tencent Music Entertainment and NetEase, among an increasingly important number of other partners. Our music is streamed on an ad-supported and paid subscription basis through these streaming services. Fans are also able to purchase downloads of our music by album or individual tracks through download services.

We also generate subscription and streaming revenues from social media platform partners ranging from Meta and YouTube to digital fitness partners such as Peloton and Apple Fitness+ and beyond. Our music content is also consumed through short-form video and gaming platforms, among other emerging digital platforms, all of which we are working to monetize further. We partner with both established and emerging digital music services to provide ever-greater access to fans, who are engaging with our music in multiple ways.

PHYSICAL: Our physical recorded music products, including vinyl records, CDs, cassette tapes, and DVDs, are sold through retailers and wholesalers both in-store and online. We also sell our products directly to customers via our UMG websites and artist channels. These direct-to-consumer channels have shown strong growth and are an increasingly important area of focus for UMG.

LICENSING AND OTHER: We enter into agreements to license the use of sound recordings in combination with visual images, such as in films, broadcast television or streaming series, television commercials and video games. As a rightsholder, consistent with local law, we 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. We also partner with artists to develop their activities outside the traditional recorded music business, and generate revenue through participation in these expanded rights, including sponsorship, fan clubs, artist websites, touring, concert promotion, ticketing and artist and brand management. We also develop and produce music-based audiovisual content, such as music documentaries, feature films, theatrical musical productions, music-based television series and reality shows, which are then licensed for distribution.

Continued growth across all major recorded music revenue streams in 2023

In 2023, UMG achieved growth across all of its major recorded music revenue streams. Recorded music revenue in 2023 was €8,461 million, up 6.6% year-on-year compared to 2022, or 10.2% in constant currency.

We have played a prominent role in driving the recorded music industry's transition to recurring and more predictable paid subscription and advertising-supported streaming models from a model based solely on physical and digital purchases. Streaming and subscription revenue grew 7.1% year-on-year, or 10.4% in constant currency, and accounted for 67% of UMG's 2023 recorded music revenues. Subscription revenue saw strong growth of 9.6% year-over year, or 12.8% in constant currency, driven by continued strong industry subscriber growth in both developed and emerging music markets, as well as price increases across certain subscription platforms. Ad-supported streaming revenues grew 0.4% year-on-year or 3.6% in constant currency, with the growth somewhat limited in 2023 due to continued, macroeconomic-driven pressure in the broader advertising market. Engagement with our content on ad-supported platforms continued to grow meaningfully, and we are focused on driving improved monetization in this space.

In addition to the growth in streaming and subscription, Physical revenue grew by 14.3% year-on-year, or 19.4% in constant currency, driven by strong new releases and growth in direct-to-consumer sales. License and other revenue improved 9.5% year-on-year, or 13.6% in constant currency, as a result of improved live, brand sponsorship, neigbouring rights and synchronization income, as well as the timing related benefit of a new licensing deal.

Culture-defining global, regional and domestic superstars

Our recorded music business operates in more territories and markets than any other recorded music company. The breadth and depth of our artist roster is unrivaled. We're the destination of choice for the world's most successful stars and a clear choice for up-and-coming artists. With a roster featuring legends, global hitmakers, regional stars and breakthrough artists, our artists span generations, genres, languages, continents and cultures. UMG's best-selling artists include global superstars such as J Balvin, Justin Bieber, Luke Bryan, Lewis Capaldi, J. Cole, Daddy Yankee, Drake, Billie Eilish, Eminem, Selena Gomez, Ariana Grande, Imagine Dragons, Lady Gaga, Kendrick Lamar, Lang Lang, Lil Baby, Post Malone, Shawn Mendes, Nicki Minaj, Katy Perry, Olivia Rodrigo, Sam Smith, Chris Stapleton, Taylor Swift, Shania Twain, Morgan Wallen and The Weeknd. Our roster of artists also includes hugely successful local artists such as Dave and Glass Animals in the UK, Angèle and SDM in France, Helene Fischer and Herbert Grönemeyer in Germany, King & Prince and Ado in Japan, Eason Chan in China and Feid, Karol G and Sebastián Yatra in Latin America. In addition, in 2023, we welcomed global icons Anitta and Jay Chou, among many others, to the UMG family.

Our recorded music artists once again topped the global charts in 2023.

- According to IFPI, UMG had nine of the Top 10 global artists including Taylor Swift at No. 1, as well as SEVENTEEN, Stray Kids, Drake, The Weeknd, Morgan Wallen, TOMORROW x TOGETHER, NewJeans, and Lana Del Rey.
  On Spotify, UMG had six of the Top 10 global artists including Taylor Swift at No. 1, as well as The Weeknd, Drake, Feid, Karol G and Lana Del Rey.
- On Apple Music, UMG had thirteen of the Top 20 global songs, with Morgan Wallen's "Last Night" at No. 1.
- On YouTube, UMG had three of the top five songs, including Toosii's *Favorite Song* at No. 1.
- On Vevo, Karol G was the 'Most Watched Artist' for the third consecutive year.

In the U.S., the world's largest music market, UMG had:

- All of the top four most streamed artists on Spotify with Taylor Swift, Drake, Morgan Wallen and The Weeknd.
- Five of the top seven songs on Apple Music (No. 1 Morgan Wallen "Last Night", Drake & 21 Savage "Rich Flex", Drake & 21 Savage "Spin Bout U", Lil Baby "Freestyle" and Morgan Wallen "You Proof").
- Six of the Top 10 albums on the Billboard 200 (No. 1 Morgan Wallen *One thing At A Time*, No. 2 Taylor Swift *Midnights*, Drake, 21 Savage *Her Loss*, Metro Boomin *Heroes & Villains,* Morgan Wallen *Dangerous: The Double Album* and Taylor Swift *Lover*).
- Republic Records was named Billboard's top label for the third consecutive year.

Around the world:

- According to the Official Charts Company, UMG had seven of the Top 10 artists in the UK, including Taylor Swift at No. 1, Drake and the Weeknd in the top five. Also in the UK, UMG had all of the three nominees for the prestigious 2024 BRITs Rising Star award, with Island's The Last Dinner Party taking the award, marking the third consecutive year a UMG artist has won.
- In Germany, UMG finished the year with six of the Top 10 albums according to GFK, including The Rolling Stones' *Hackney Diamonds* at No. 1 followed by albums from Metallica, Taylor Swift (two entries), Herbert Grönemeyer and Kontra K. Deutsche Grammophon had seven of the Top 10 albums on the German classical chart, including the top three.
- In Japan, UMG had five of the Top 10 albums according to Billboard Japan, including King & Prince at No. 1. In addition, Ado's single "Show" held the top spot on Billboard Japan's weekly streaming chart for 14 consecutive weeks to finish the year.
- In France, UMG had five of the Top 10 tracks overall, and three of the Top 5 tracks on Apple Music.
- In Australia, UMG had the No. 1 album for 34 weeks this year, with albums from Taylor Swift, Sam Smith, Morgan Wallen, Lana Del Rey, Metallica, Peach PRC, Lewis Capaldi, Niall Horan, G Flip, Powderfinger, Olivia Rodrigo, Drake, Troye Sivan and The Rolling Stones.
- In Canada, UMG had eight of the Top 10 albums, including albums from Morgan Wallen (No. 1), Taylor Swift, Metro Boomin, and The Weeknd, and held the No. 1 album for 33 weeks this year.
- UMG Sweden's Loreen won the Eurovision Song Contest with her single "Tattoo" and UMG had five of the Top 10 artists on Spotify.

- At the Latin Grammy's, Karol G swept three major awards including Album Of the Year and Juanes won Best Pop/Rock Album marking his 25th Latin Grammy award. Feid continued his massive rise in 2023, as the third most streamed Latin artist on Spotify, while Sebastián Yatra was recognized as "Artist of the Year" at the 2023 RIAA Honors.
- In China, Wu Qingfeng's *Mallarme's Tuesday* won "Album of the Year" at the Golden Melody Awards.
- In Indonesia, "Tak Segampang Itu" by Anggi Marito was the top song of the year on Spotify.
- Juan Karlos became the first artist from the Philippines to enter the Top 100 Global Spotify Charts with his song "Ere", which was No. 1 in the Philippines for 10 weeks.

Industry-leading catalog of timeless recordings

Our track record in identifying and partnering with the world's best artists has given us the industry-leading catalog of recordings and songs. These include timeless performers such as ABBA, Aerosmith, Louis Armstrong, The Beatles, The Beach Boys, The Bee Gees, Andrea Bocelli, Bon Jovi, James Brown, Nat King Cole, Neil Diamond, Marvin Gaye, Guns N' Roses, Elton John, KISS, Bob Marley, Paul McCartney, Nirvana, Luciano Pavarotti, Queen, Lionel Richie, The Rolling Stones, Frank Sinatra, Sting, U2, The Who, Amy Winehouse and Stevie Wonder. This diverse catalog gives UMG strong and reliable revenue from sales of prior years' releases. Catalog sales (defined as content older than three years) accounted for 62% of recorded music digital and physical revenue in 2023, while frontline product (content less than three years old) accounted for 38% of recorded music digital and physical revenue.

MUSIC PUBLISHING

Universal Music Publishing Group (UMPG) is UMG's global music publishing business and is home to the world's greatest songwriters and song catalog. We're recognized as one of the largest and fastest-growing music publishing companies globally. Our core activities involve: discovering, identifying, and developing some of the best songwriters in the world; publishing and acquiring rights to musical compositions; and licensing them for use in different formats.

With a global roster of talent spanning genres and geographies, UMPG's team works closely alongside our artists to amplify their careers and build worldwide success. We license musical compositions for use in sound recordings, films, television shows, advertisements, video games, concerts, and other public performances and for use in printed sheet music and song folios. Our vast catalog of original music and arrangements has incredible breadth and diversity. We enjoy longstanding relationships with leading film and television studios, global brands and digital service providers who use our music and arrangements in their content and products.

Creating best-in-class service for both global and local songwriters

Songwriters are at the heart of everything we do at UMPG. We are dedicated to giving them best-in-class service and maximizing their royalty streams. To achieve this, we deploy both the hands-on expertise of the industry's best people and cutting-edge technology to maximize opportunity and value for our songwriters both commercially and creatively. We combine global reach and a local presence, with 850 employees operating at 48 offices in 40 countries. These teams focus on discovering, signing and developing talent and creating unique opportunities for success on a local, regional or global scale. This physical presence is vital in maintaining relationships with collection societies worldwide to ensure all generated income is accounted for and collected on behalf of songwriters and copyright holders. As part of the world's largest music company, we are uniquely positioned to develop collaborative strategies between publishing and recorded music. All with one aim: to bring value to our songwriters.

Embracing technology to build trust with songwriters

We deploy cutting-edge technology and expert administration services to benefit our songwriters. Through our highly advanced technology platform, UMPG Window, we provide our songwriters and clients with real-time information on earnings, royalty and copyright data. This advanced system reflects UMPG's longstanding commitment to transparency, integrity and trust. UMPG Window uses the latest in cloud-indexing technology to provide comprehensive views of where, when and how songs are consumed around the world. UMPG Window also features: one-click, no-fee advances; international royalty 'pipeline' income views; society registration information, status, and full copyright details on all works; comprehensive film and TV information for works used and royalties earned; and numerous other powerful tools to help our songwriters and clients.

Partnering with top film and TV content studios

We're a leading publisher in the film and television business. UMPG partners with most major film and TV content studios ranging from Warner Bros., NBCUniversal, Disney and HBO to Amazon, MGM, Banijay, Paramount, Lionsgate and Univision, among others. In 2023, we renewed our deals with NBCUniversal, Paramount, Lionsgate, MGM, and Amazon, among others. This leading position means we represent some of the world's most iconic film and TV theme songs.

Multiple revenue streams

Our music publishing operations derive revenue from five main sources, including:

PERFORMANCE: The rightsholder receives revenues when the musical composition is performed publicly through broadcasting of music on television or radio, and during a live performance at a concert or other venues such as nightclubs, bars, restaurants, hotels and retailers.

DIGITAL: The rightsholder receives revenues when musical compositions are distributed through audio and visual streaming services, download services, social networks and other digital music services.

MECHANICAL: The rightsholder receives revenues for musical compositions embodied in recordings sold in any physical format or configuration such as CDs, vinyl 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.

OTHER: The rightsholder receives revenues for use of the musical composition in sheet music and other uses.

Music publishing is a recurring growth business

Music Publishing revenue amounted to €1,956 million in 2023, up 8.7% year-on-year, or 12.3% in constant currency. The continued growth of subscription and streaming revenue, along with increases in synchronization and performance revenue, were the primary drivers of the overall strong performance in Music Publishing.

Another chart-topping year

Our songwriters continued to top the charts around the world in 2023.

- On Spotify, UMPG had interest in nine of the Top 10 global albums, including all of the top five: *Un Verano Sin Ti* by Bad Bunny, *Midnights* by Taylor Swift, *SOS* by SZA, *Starboy* by The Weeknd and *MAÑANA SERÁ BONITO* by KAROL G.
- UMPG also had interest in six of the Top 10 global songs on Spotify ("Kill Bill" by SZA, "As It Was" by Harry Styles, "Seven (feat. Latto)" by Jung Kook, "Cruel Summer" by Taylor Swift, "Calm Down (with Selena Gomez)" by Rema and Selena Gomez and "Anti-Hero" by Taylor Swift).
- In the U.S., UMPG had three of the top five Billboard Hot 100 Songwriters with Taylor Swift, Jack Antonoff and SZA.
- UMPG had interest in seven of the Top 10 most streamed songs in the U.S. on Apple Music.

Unparalleled collection of songs in every genre

UMG is home to the greatest songwriters in history. We have a global catalog containing nearly four-and-a-half million owned and administered copyrights. Our unrivaled catalog is a rich mosaic of songs spanning myriad eras, generations, genres and languages. We take a portfolio approach to growing and managing our catalog. As a result, we have a mix of songwriters from around the world, with works in our catalog inclusive of every genre – from country to Latin to pop to urban to K-pop and J-pop. Our catalog is filled with evergreen songs spanning generations from “Like a Rolling Stone” to “Every Breath You Take” and from “All I Want for Christmas” to “Stayin' Alive”. This combines to create an ever-evolving portfolio that is unmatched in terms of its richness and diversity.

Our music publishing catalog includes some of the world’s most popular songs from major songwriters and artists such as ABBA, Adele, Jack Antonoff, ATL Jacob, Bad Bunny, J Balvin, Beach Boys, Beastie Boys, Bee Gees, Louis Bell, Irving Berlin, Leonard Bernstein, Jeff Bhasker, Justin Bieber, Benny Blanco, Nicholas Britell, Chris Brown, Tommy Brown, Mariah Carey, Brandi Carlile, Sabrina Carpenter, Michael Chabon, Nija Charles, Kenny Chesney, Desmond Child, Cirkut, The Clash, Dave Cobb, Coldplay, Luke Combs, Alexandre Desplat, Neil Diamond, Disclosure, Drake, Dua Lipa, Bob Dylan, Billie Eilish, Danny Elfman, Eminem, Gloria and Emilio Estefan, Omer Fedi, Feid, Florence + the Machine, Fred again.., Future, Martin Garrix, Selena Gomez, Ariana Grande, Al Green, Josh Groban, Kid Harpoon, Emile Haynie, Jimi Hendrix, Don Henley, H.E.R., Hit-Boy, Sam Hunt, Ice Spice, Carly Rae Jepsen, Rodney Jerkins, Tobias Jesso Jr., Billy Joel, Elton John/ Bernie Taupin, Joe Jonas, Alicia Keys, David Kushner, Carin León, Steve Lacy, Kendrick Lamar, Lana Del Rey, Lil Baby, Lil Yachty, Linkin Park, Logic, Lorde, Demi Lovato, the Mamas & the Papas, Steve Mac, Maroon 5, Dave Matthews, Megan Thee Stallion, Shawn Mendes, Metallica, Metro Boomin, Julia Michaels, Miguel, Maren Morris, Mumford & Sons, Nas, Randy Newman, New Order, Pearl Jam, Post Malone, Elvis Presley, Prince, Quavo, Otis Redding, R.E.M., Red Hot Chili Peppers, Rex Orange County, Lionel Richie, Maggie Rogers, Rosalía, Carole Bayer Sager, Gustavo Santaolalla, Schoolboy Q, Carly Simon, Blake Slatkin, Britney Spears, Stax (East Memphis Music), Sting, Harry Styles, Swedish House Mafia, Taylor Swift, SZA, Take a Daytrip, Justin Timberlake, Shania Twain, U2, Keith Urban, Michael Uzowuru, The Weeknd, Jack White, Yahritza, Frank Zappa and Zedd.

Key signings in 2023 included Ice Spice, Lana Del Rey, Lorde, Jack Antonoff, Fred again.., Lucy Dacus (boygenius), Andrea Bocelli, Maggie Rogers, Sabrina Carpenter, Brandy Clark, Danny Harle, Stephen Schwartz, Niall Horan, David Kushner, Stephen Sanchez, Tia Ray, Band Loula, Carin León, Iván Cornejo, Mónica Vélez, Yahritza, Abel Pintos, Grupo Firme, Jenni Rivera estate, DnB All Stars, Dan Wilson, Angelica Negron, Kevin Puts and SYCO.

MERCHANDISING

Developing innovative cultural and retail experiences for fans

Bravado is UMG's global, full-service merchandise business. With a portfolio spanning over 220 artists, we hold the leading position in music merchandise worldwide. Through Bravado, we develop high-quality licensed consumer products that reflect and reinforce an artist's brand and identity and present them to a worldwide audience. Our artists and brands have access to a unique end-to-end merchandising ecosystem that brings together creative design, production, and distribution. We work closely with new and established clients to create innovative products that are carefully tailored to the brand or artist. Our products include apparel and accessories, home goods, toys, games, luxury goods, food and other retail merchandise. They are sold through selected retail outlets and web-based stores, both directly and through third parties, and on live tours. By tapping into UMG's global network, we can offer a comprehensive range of services, including sales, licensing, branding, marketing, eCommerce and creative resources.

Bravado seeks to advance climate action across the industry and drive progress toward UMG's Science-Based Targets. We have created, produced and hosted UMG x Bravado Sustainability Summits, the first music industry sustainability summits in LA, London, and New York. The summit series brought together industry leaders and innovators in sustainable solutions to share ideas and drive change. In addition, Bravado is committed to its ongoing partnerships with Products of Change and Three Squares, renowned experts dedicated to guiding and empowering companies to achieve their sustainability objectives through education and support.

Sparking connections with fans

With a focus on building connections between artists and their fans, our in-house creative development team at Bravado works closely with new and established artist-clients to create innovative products carefully tailored to the brand or artist. Our creative team operates at the intersection of art, music and fashion – identifying key trends in all three areas and creating compelling products and experiences that are in tune with today's culture. As part of a world-leading music-based entertainment company, we're uniquely positioned to create fresh and exciting products that match an artist's brand and identity.

Global retail

We have developed the most extensive global distribution network in the industry. Our strong direct relationships in the retail sector and ability to curate a mix of products and experiences hold the key to our success. Our global and in-market local teams work in close collaboration to manage our brands consistently and effectively across all markets and countries. Thanks to this localized approach, our activities are tailored to each individual market to achieve maximum reach and results.

Licensing

Our licensing services extend the scale and scope of our brands into categories beyond apparel and traditional consumer products. We leverage dynamic partnerships across a range of platforms and categories from footwear and accessories to gaming and spirits. Working closely within an extensive global network of best-in-class licensees, we develop dynamic brand partnerships that reach new and diverse audience segments without diluting the artist's brand.

Compelling fan experiences

Through pop-ups and unique experiential events, Bravado connects artists with fans around the world, creating unforgettable moments that maximize fan engagement. In 2023, Bravado engineered numerous compelling fan experience which included the Elton John Corner Shop at Selfridges (timed to coincide with the O2 London leg of the Farewell Yellow Brick Road Tour); BLACKPINK's Born Pink London, New York, Los Angeles and Seoul pop-up experiences (in collaboration with Japanese graphic artist, VERDY); Beastie Boys pop-up in New York, celebrating the iconic location renaming to Beastie Boys Square; Hip Hop 50th celebration timed NYC pop-up with Run DMC, supported by Barriers and Adidas; Olivia Rodrigo's New York and Los Angeles pop-ups to support the release of her second album; Billie Eilish's London pop-up (marking historic headline slots at Reading and Leeds Festivals); The Rolling Stones x Kid Super Hackney Diamond collection (available exclusively at RS No. 9 Carnaby Flagship store and RS No. 9 pop-ups in New York, Los Angeles and Tokyo); and the NYC takeover for KISS, celebrating the last two nights of their farewell tour with activations throughout the city including a pop-up store, Penn Station Metro Card and digital screens takeover, Taxi Cab wraps, Empire State Building lighting ceremony, New York Post wraps, Rangers Hockey collaboration, and the declaration of KISS Day by NYC Mayor Eric Adams, along with so much more.

Multiple revenue streams

Our merchandising revenues are derived from four main sources:

TOURING INCOME: Sales of physical merchandise products directly to consumers at venues during tours. This also includes concession income, which is the sale of physical merchandise products directly to consumers at concessions within venues. The right to sell at concession is not limited to specific tours, Bravado signed artists or music events, but can also encompass other events within venues.

RETAIL: Sales of physical merchandise products to wholesalers and retailers.

LICENSING: Fees received from third party licensees to use our merchandising rights in products sold by or sub-licensed by the licensee.

ECOMMERCE/DIRECT-TO-CONSUMER: Sales of physical merchandise product through an online direct-to-consumer channel. This also includes VIP events and fan clubs, which is the sale of premium experiences and exclusive access through a direct-to-consumer channel.

Strong growth in 2023

Bravado signs agreements with clients that provide for usage rights of the client’s name, image and likeness across product categories and distribution channels. In 2023, Merchandising and other revenue grew to €706 million, up 14.2% year-on-year, or 17.9% in constant currency, driven largely by the growth in direct-to-consumer sales.

Roster of clients with the greatest names in music

Our merchandising roster of clients includes some of the biggest names in music. We provide merchandising services for leading artists including Aerosmith, Ariana Grande, Billie Eilish, Blackpink, Bob Marley, Elton John, Guns N’ Roses, Justin Bieber, KISS, Lady Gaga, Queen, Selena Gomez, Taylor Swift, The Rolling Stones, Shawn Mendes, The Weeknd and The Who. A number of Bravado artists are also signed across other UMG businesses, allowing for synergies and increased opportunities for artists.

In 2023, Bravado continued to broaden its roster, renewing its relationship with Taylor Swift, welcoming back Post Malone and signings new deals with artists including 21 Savage, Anitta, Kali Uchis and Olivia Rodrigo.

BOARD REPORT
STRATEGY

CREATIVITY, INNOVATION, ENTREPRENEURSHIP

As the world leader in music, we are guided by our key principles of creativity, innovation and entrepreneurship, and are driven by a commitment to help artists and fan communities thrive all over the globe.

As part of our industry leadership, we are focused on: helping to maintain a thriving and sustainable global music ecosystem; redefining the streaming model to one that creates greater value for artists, fans, music companies and platforms; and protecting and reinforcing the value of human artistry and creativity.

UMG's creative and commercial foundation has a proven track record of building sustainable long-term value for our stakeholders and is built on a set of key focal points, most notably:

- Continuing our mission of breaking new artists and songwriters, and supporting them at every stage of their career to help them achieve their greatest creative and commercial potential.
- Maximizing and protecting the value of our extraordinary catalog, both now and into the future.
- Driving growth in subscription and ad-supported streaming revenue around the world.
- Building winning partnerships with tech innovators to explore how technology can be used to drive engagement and discovery, as well as creating new commercial opportunities for artists.
- Advancing data and insights, to help fuel that discovery and inform our ability to connect our artists with their fans anywhere in the world.
- Enhancing our capabilities to comprehensively serve and maximize the value of superfans through D2C/eCommerce/product development and increasing monetization.

With each of these areas creating expansive opportunities, our artists and songwriters remain the cornerstone for our labels, businesses, and brands. In addition, we are committed to sustainability in our business and across our industry, protecting the planet and creating an equitable future for generations to come.

Recognizing music's ability to inspire people and bring them together, we work with our employees, artists, and fans to drive meaningful change in our communities. We measure our environmental impacts and set targets to address them while we collaborate with our peers to address sector-wide environmental challenges. We deploy inclusive programs that expand career pathways for women and underrepresented groups in the industry, and tap our futureminded workforce, frontline talent, and powerful network of community partners to advocate for social justice. Our ambitions and key accomplishments across our Environment, Social, and Governance (ESG) strategic framework are detailed in the Non-Financial Information section of this report.

Throughout 2023, UMG has led the way in redefining the model for streaming, built winning partnerships with tech innovators, seized upon the opportunities of new technologies like AI, boosted our presence and capabilities in regional, high-growth markets, discovered new ways to build audience from first-party data, leveraged our unprecedented catalog even further, and leaned into consumer, commerce and superfan monetization. And, of course, we broke new artists, time and again, in all categories and in markets around the world. We are proud of the breadth and success of these strategic initiatives and investments.

Driving music's evolution

Music as an industry is constantly evolving. We strongly believe we have the right formula to stay in front of that evolution. During the course of 2023, UMG once again distinguished itself with our thought leadership, including:

- Pioneering the **"Artist-Centric approach"** to streaming model innovation, introduced as a concept by UMG's Chairman and CEO, Sir Lucian Grainge in January 2023, and now being embraced and adopted in various forms by digital service providers (DSPs) as well as other music companies.
- Further advancing our **global diversification** plans, and the expansion of our best-in-class partnerships.
- Exploring **new creative and commercial avenues for monetizing music** well into the future.
- Taking industry-leading steps to **define and establish Responsible AI** for the benefit of artists, both in utilizing AI technology to enhance creativity and its monetization, as well as in protecting against its dangers, and ultimately ensuring that artists are at the center of the discussion.
- **Expanding our core capabilities** to facilitate the connection between artists and fans.

Streaming's new phase starts with artist-centric & superfans

The **Artist-Centric** concept spearheaded by the company saw significant progress in 2023. Its focus is:

- Ensuring that real artists with real fan bases are better recognized and rewarded for the platform engagement they drive and value they create.
- Protecting an artist's music and royalties from systematic fraud and manipulation.
- Better differentiating music from the flood of noise that has accelerated in recent years and will continue to do so in the years ahead, all of which undermines the user experience, diminishing discovery and diluting authentic fan engagement.

Among those collaborating to update the streaming model using Artist-Centric principles are French streaming service **Deezer**, which launched its updated royalty payment model in France in the fourth quarter of 2023, and **Spotify**, the world's largest music streaming platform, which announced in November 2023 that it will adopt a new streaming royalty model beginning in the first quarter of 2024. Other platforms that have committed to exploring Artist-Centric principles include Tidal and SoundCloud, as each platform looks to better reward real engagement by creating a bespoke model that better reflects its own fan-driven consumption and listening experience.

The big picture: The economics of streaming is a vastly more complex subject than it was at the infancy of the format nearly two decades ago. As a result some aspects of the traditional streaming model have become in need of revision. An updated approach is needed to create better equity for the artists who drive business for digital service providers, and in 2023, the Artist-Centric approach has gained momentum as the driver for that change.

Why it matters: The work and value of artists is being diluted on digital service provider platforms by an oversupply of content, much of it merely noise and increasingly more of it associated with fraud. A situation that will only become more pronounced as generative AI becomes more widespread. This has served to drown out the real music that fans actually want to hear. The principles of an Artist-Centric approach to streaming were conceived to better reward musical artists and songwriters that inspire audiences and drive the most engagement, not the bots and white noise diluting that experience.

Unlocking the power of the superfan has been at the heart of UMG's growth strategy for many years, utilizing UMG's best-in-class data to expand our direct fan audiences and better understand fan behavior. This has allowed us to innovate and better leverage our iconic catalog to continue to introduce our artists to new audiences and markets. Consider also that **superfans**, a growing and influential category of music enthusiasts, spend 80% more each month on music than the average listener, based on Luminate data. These fans drive increased activity both on platforms, but also through UMG's rapidly growing direct-to-consumer, ecommerce and merchandising businesses, which represent a significant opportunity for UMG to grow authentic engagement between fans and the artists they love.

The details: While there's a significant degree of consensus about core objectives and guiding principles, the platforms will decide how they implement their version of the Artist-Centric model. Some examples of how platforms are approaching this include: rewarding songs or artists that reach a certain threshold of listeners or streams; rewarding streams that reflect more active fan engagement; limiting the impact of non-artist noise content on platforms; improving fraud detection; and removing incentives for bad actors. Artists at every stage of their career will benefit from these moves, since they are prioritizing authentic artist-fan engagement and the value it creates for the platforms.

What's ahead: We are determined to work with every digital service provider to embrace an Artist-Centric approach. It will support all artists regardless of the scale at which they are operating and regardless of the stage of their careers. It will enhance artist discovery and it will also significantly benefit the streaming services themselves by returning them to their **core mission of bringing great music to fans.** As part of that process, it will promote subscriber acquisition and retention while reducing operating costs associated with valueless content volume.

Global reach — faster & further

UMG continues to expand its repertoire, reach and capabilities in some of the world's most exciting, rapidly growing, and dynamic global music markets.

We are committed to expanding our presence and accelerating our growth in far-reaching regions to discover exciting new music and artists globally, expand our catalog and repertoire, create opportunities to connect with local music fans and increase market share.

In 2023, UMG focused on strengthening our existing operations and leadership, signing a series of high-profile artists, partnering with local labels and acquiring best-in-class local labels and distribution businesses that strengthen our global catalog and enhance our local and regional capabilities, and create new opportunities for our global roster.

Why it matters: Our diverse and long track record of worldwide successes helps us continually attract new talent to our roster. New talent is indispensable for our future success. The more those artists reflect the local culture for the consumers and communities we serve, the more those fans will connect to their music, including in high growth-potential markets like India, the Middle East, West and Sub-Saharan Africa, or across Greater China.

Expansion strategy: UMG is expanding our global reach by investing in local markets. We are doing that in three ways: local artist investment; local label partnerships; and acquisitions.

Local artist investment: Sign and develop local artists, while building a roster of the best talent each region has to offer, just as we do in more developed music markets.

Partnerships: Partner strategically with leading local labels, artist managers and entrepreneurial companies to support and boost them with global promotion, distribution and a full suite of artist services.

In India, UMG strengthened its position domestically with an exclusive partnership with leading management company Represent and continued to build on local success with existing partners including Desi Melodies and TM Ventures. This year, UM India also partnered with Coca-Cola for Coke Studio Bharat Season 1, which led to one of the biggest Hits of the year, Khalasi by Aditya Gadhvi & Achint, topping India's charts with more than 12 billion combined views and culminated in Prime Minister Narendra Modi highlighting the song as an example of introducing Indian culture to the world.

One of the biggest global breakthroughs of the year was for Nigerian Afrobeats sensation Rema, whose track "Calm Down" featuring Selena Gomez became the biggest Afrobeats song of all time, the first African artist-led track to surpass one billion Spotify streams and the most viewed video of all time by an African artist on YouTube. The track, released in Africa through Mavin Records, was distributed globally through Virgin Music Group.

Acquisitions: Through M&A, acquire local labels, catalog and artist services businesses.

In Thailand, a key music Market in Southeast Asia, UMG further expanded its repertoire in 2023 by acquiring RS Group, a leading Thai music distributor and management company that represents Thailand's second largest music catalog, over 10,000 master recordings, 6,000 copyright ownerships, publishing rights, and licenses spanning four decades.

UMG acquired Chabaka Music, a leading MENA-based company with unparalleled regional expertise, representing more than 150 independent artists and local labels that has now been incorporated into Virgin Music Group's global distribution network, accelerating UMG's capabilities and resources in this fast-growing region.

Of note: We've accelerated our activity in China in recent months through executive hires, new strategic partnerships, and local artist signings.

In September, UMG announced the appointment of Timothy Xu as Chairman and CEO for Universal Music Greater China. A respected industry executive with an unprecedented track record of success in breaking Chinese artists and talents across the region, Tim's arrival brought a renewed focus on A&R and domestic growth, including a new long-term deal with Eason Chan, and the global signing of music icon Jay Chou and his JVR Music label. Chou was named IFPI's No. 1 global album seller for 2022.

Universal Music Publishing China also announced global publishing deals to represent RYCE Entertainment's expansive catalog, which also includes rights to several regional K-pop hits, on top of their domestic repertoire and popular singer-songwriter Tia Ray. It also hosted writing camps for its domestic songwriters to collaborate with other UMPG signed songwriters from around the world, creating new opportunities for collaboration.

Explore new monetization opportunities

Music's powerful new role in Health and Wellness
Building upon our success in creating a robust commercial category in fitness, UMG is now leading the industry in exploring creative and commercial opportunities for music to play an even greater role in health and wellness, having licensed its catalog of music to more than 40+ companies across the field.

The big picture: Today UMG's music is not only being used to soundtrack mental well-being, relaxation, meditation and fitness, but UMG is also helping to pioneer a new category that we call "prescription music," an evidence-based health technique built on scientific and medical research, harnessed to be used alongside treatment for a broad array of serious and chronic medical conditions including Stroke and Traumatic Brain Injury recovery, Alzheimer's, Dementia, Parkinson's, Anxiety, sleep and mental health conditions, among others.

Why it matters: This year, Health and Wellness partner MedRhythms, who exclusively licenses their music from UMG, received an FDA license for their InTandem device created to help patients learn to walk again after debilitating strokes, becoming the world's first prescription digital therapeutic product that uses music, with prescriptions rolling out in the U.S. from Fall 2023.

The details: In September, UMG Chairman and CEO, Sir Lucian Grainge and Arianna Huffington, CEO of Thrive Global, hosted the first MUSIC + HEALTH summit in Los Angeles in association with Havas Health, focusing on the direct relationships between music and health, discussing recent research documenting music's therapeutic and medical benefits, showcasing innovative companies that are integrating music into fitness and wellness products and services, and introducing new applications for music in the space. The event brought together UMG artists with health entrepreneurs and leading neuroscientists to advance conversation around this innovative new category.

What's ahead: During the event, UMG announced new partnerships with Arianna Huffington's Thrive Global for UMG to be the exclusive music partner for their Thrive Reset stress management tool, alongside a licensing agreement with innovative digital therapeutic company soundBrilliance, providing selections from UMG's catalog for use in closed clinical trials for music and health research. These trials will use music, psychology, and measurement techniques to create tools and exercises which empower people to better self-manage the fundamentals of health: emotional balance, fitness, quality sleep and pain control. UMG also previewed Sollos, its forthcoming music-centric wellness app that uses cognitive science and proprietary audio technology to support focus, relaxation and sleep.

In 2023, UMG also announced a first of its kind, strategic relationship with AI sound wellness company Endel to enable artists and labels to create soundscapes for daily activities like sleep, relaxation, and focus by harnessing the power of AI. While it's a field still in its infancy, this area has the potential to become an increasingly important component of our strategy in 2024 and beyond.

Bringing our artists and music to gaming

The big picture: UMG has a strong track record of pioneering collaborations that establish an onramp for artists into the opportunities of the metaverse, gaming and interactive fan experiences.

UMG has worked with leading partners and platforms to bring first of their kind experiences in the space to platforms including Roblox, Epic Games (Fortnite) and Second Life.

The details: In December 2023, UMG announced the launch of Beat Galaxy, an innovative new music hub on Roblox. Building on several successful activations on Roblox by UMG artists and labels, Beat Galaxy is a next-generation social experience centered around music discovery, featuring a fully interactive community space where fans and newcomers can meet, discover, and share their favorite artists and music. From towering amplifiers to a 24/7 virtual club and themed UMG artist takeovers, every aspect of the immersive space encourages discovery. The Beat Galaxy experience on Roblox is architected to become the virtual epicenter for a wide range of UMG labels and artist integrations, and launched with Interscope Records artist YUNGBLUD.

Early in 2023, UMG's Republic Records and JYP launched the Twice Square experience for fans of K-Pop group Twice on Roblox. The experience currently ranks as the #1 music experience on the platform and at #9 in the most visited Roblox experiences of all-time, with more than 73 million visitors to date. Other artist activations on Roblox have included Nicki Minaj, Olivia Rodrigo, Glass Animals and Baby Queen.

What's ahead: In the coming year, UMG plans to launch a series of platform tools and experiences that will further enhance the commercial opportunities for UMG artists within the Roblox platform and expand accessibility to licensed music from UMG's catalog within the platform, as well as pursuing meaningful opportunities with other partners.

Embracing AI for the good

History has taught us that the emergence of new technologies comes with both transformative opportunities and inherent risks to traditional business models. Generative artificial intelligence is no exception. In order to address and harness the rapid acceleration of developments in AI, UMG has developed a strategy that carefully choreographs offense and defense while placing artists' interests at the center of the conversation.

Fighting infringing AI-generated content, unlicensed training on our catalog of copyright-protected artist content, and fraud to protect the rights and integrity of artists, both now and in the future, is imperative. At the same time, AI can be used to enhance human creativity in music, enriching aspects of what we do for our artists and their fans. For that reason, UMG has been exploring the opportunities emerging from this technology for many years, applying AI for advances in data analytics, marketing tools, enhanced studio and audio production, while working to protect the long-term value of artistic content. Indeed, UMG holds a number of AI patents itself.

Why it matters: Placed in a context where artists rights and interests are embraced and advanced, AI will amplify human imagination and enrich musical creativity in extraordinary new ways — and we'll need to strike the balance. We see great potential in Generative AI to inspire and empower a new generation of talent.

Smart collaboration is the start: A groundbreaking example of this approach is our collaboration with YouTube, the world's leading video platform, to create a set of principles and best practices around the use of AI in the creation of music. Announced in August, together we launched a Music AI Incubator, bringing together a working group of leading UMG artists, songwriters and producers across multiple genres to help inform how generative AI technology could potentially be employed in a responsible and ethical manner. Central to this collective vision is building a safe, responsible and profitable ecosystem for music and video as technology advances — one where artists and songwriters can maintain their creative integrity and be compensated fairly.

We have also forged an alliance with BandLab, the world's largest social music creation platform. The alliance will help advance our shared commitment to the ethical use of AI and the protection of artists and songwriters across the creative ecosystem.

As our AI strategy progresses, you'll see more companies committed to responsible AI development, working with us on solutions that respect artists' right and interests, unlock creativity, explore new commercial opportunities for us, and compensate artists appropriately.

Of note: In October, with help from pioneering AI source separation technology, "Now And Then" the last song from The Beatles – written and sung by John Lennon, developed and worked on by Paul McCartney, George Harrison and Ringo Starr, and now finally finished by Paul and Ringo over four decades later – was released to global acclaim. This was one of many examples of artist-driven innovation with AI technology to emerge in 2023.

In April, UMG released a new track with our partners at HYBE from their artist MIDNATT. Using HYBE's proprietary AI voice technology and with the artist's collaboration and consent, the track was simultaneously released in six languages: Korean, English, Japanese, Chinese, Spanish and Vietnamese with the goal of offering music fans the opportunity to hear the K-Pop track in their own local language. It was a fascinating example of how AI can be used to help music reach global audiences and used in exciting ways.

Our strategic relationship with Endel, an AI sound wellness company, is another example of how the responsible use of AI can support and enhance the creativity of our artists, labels and songwriters. Under our agreement, UMG artists partnering with Endel and utilizing their proprietary AI technology can create soundscapes based on the artist's existing recordings to create new versions that promote listeners' health and wellbeing, opening new commercial opportunities for our existing and growing catalog.

Guarding against AI's risks: Rapid technological advancements have enabled digital manipulation, appropriation and misattribution of an artist's name, image, likeness, voice and style – the very characteristics that differentiate them as performers with unique vision and expression. Our challenge and opportunity as an industry is to establish effective tools, incentives and rewards — as well as rules of the road — that enable us to **limit AI's potential downside while promoting its promising upside.**

UMG has led the industry in articulating the importance of establishing the perimeters of copyright, to ensure that artists' creative output continues to be respected for generations to come. UMG supports the Human Artistry Campaign ('HAC') and its principles – the HAC is a global initiative formed in early 2023 to protect creators' rights in the age of AI, with more than 170 supporting organizations from 40+ countries.

In addition to responsible and ethical AI industry collaborations and thought leadership, UMG is pursuing the establishment of legislative and regulatory "guardrails" for AI, including backing legislation that would establish a federal right of publicity in the United States protecting all Americans' image, likeness and voice – and helping to prevent deepfakes. We are vigorously advocating for public policies furthering Responsible AI with governments around the globe, including through multi-stakeholder coalitions and trade bodies, as well as on our own.

In addition, we are protecting creators' rights in the AI environment through litigation. For example, UMPG, alongside two other music publishers, filed a copyright infringement lawsuit against Anthropic for its large-scale, wholesale copying of copyrighted lyrics.

The bottom line: AI will never replace human creativity because it will always lack the essential spark that drives the most talented artists to do their best work. From Mozart to the Beatles to Taylor Swift, genius is never random. Yet, forging a path with the music community will enable us to empower this breathtaking technology responsibly to the benefit of the entire creative ecosystem.

Expand our core capabilities through innovation and R&D

Innovation is a key element of how we continue to lead at UMG. We are not only maximizing existing commercial opportunities for our labels and artists, but also evolving our broad range of businesses to identify future opportunities, fan behaviors and consumption trends.

Our unmatched commitment to lead in collaborative development of new services, platforms and business models for the delivery of music and related content empowers innovators and promotes new commercial and artistic opportunities.

We harness technological innovation to drive market growth. Through our expansive alliances and groundbreaking partnerships across the industry, we enable our artists to monetize their work and build deeper engagement with their fans. We view innovation as central to our approach to bring more music to more people around the world. Some of these areas of focus include:

ADVANCE DATA AND INSIGHTS

UMG is advancing our capabilities in data and insights to help fuel discovery and inform our ability to connect our artists with their fans anywhere in the world.

A crucial aspect of our focus on innovation is the high priority we place on operationalizing data and analytics at an industry-leading scale to promote the interests of our artists. We have made ongoing strategic investments in data and analytics over the past several years, including building a world-class analytics infrastructure based on cloud technology.

Our data and analytics team comprises analysts, data scientists, and front-end/ back-end coders who develop algorithms to help UMG identify talent faster and more efficiently than our competition. We have developed innovative methods to identify tracks that are popular among distinct audience clusters, and we can quickly detect viral moments, including those driven by social platforms. We can then tailor our marketing initiatives to the target audience, which maximizes reach and conversion. Our data scientists have developed a proprietary marketing mix model and a framework for testing causal effects to help us both optimize our marketing mix and the creative content used to activate on these channels.

GO DIRECT TO FANS

UMG is committed to exploring ways to strengthen and better serve the artist-fan relationship through superfan experiences and products. In recent years, UMG has advanced the company's direct-to-consumer strategy and capabilities, leaning further into e-commerce and focusing efforts towards building an enhanced and holistic fan-centric ecosystem for UMG artists, providing them with a robust network of tools and services to build comprehensive global campaigns that will help them reach fans around the world.

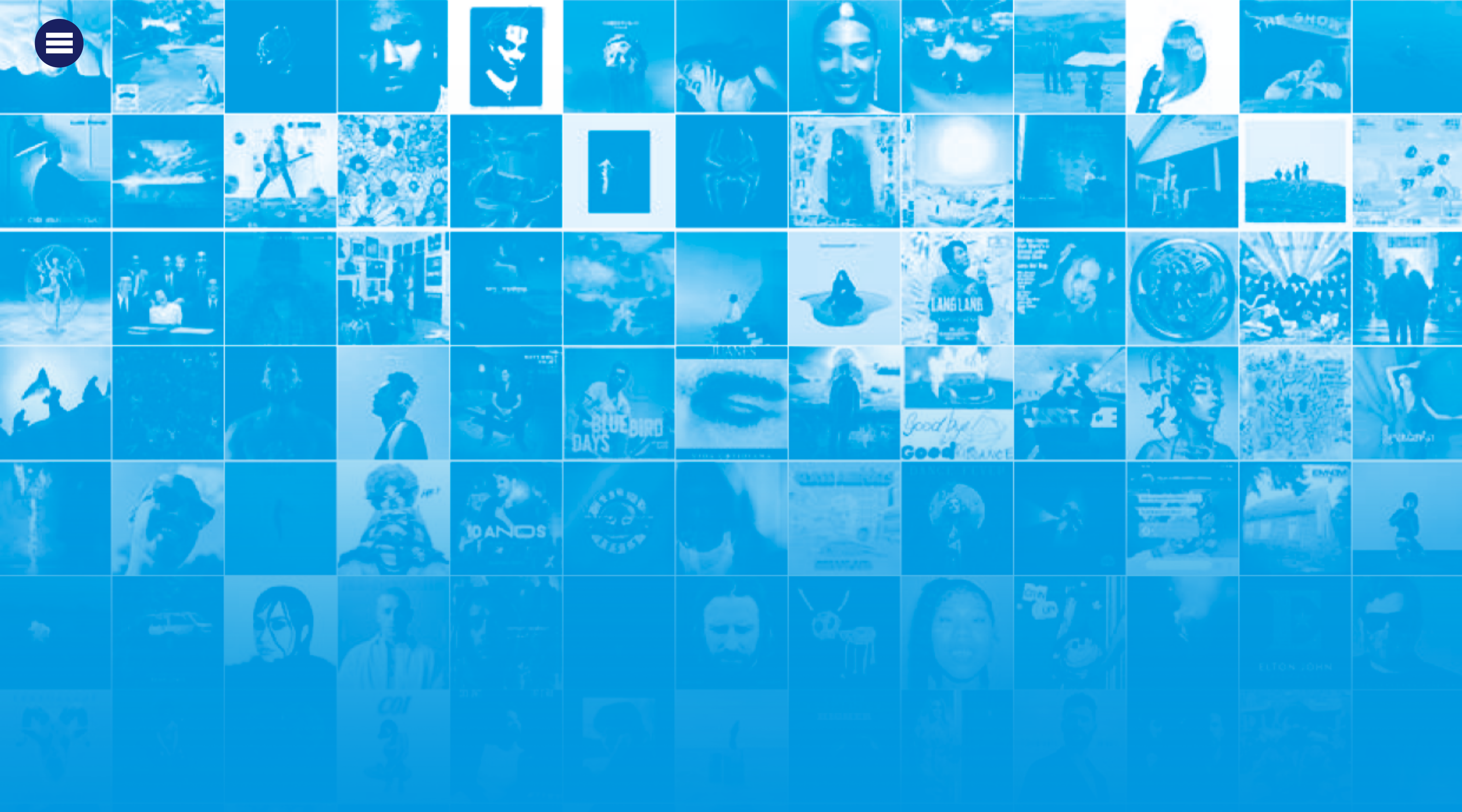
The launch of UMG's own global eCommerce platform has enabled its D2C, digital goods, merchandise and e-commerce divisions to accelerate and amplify artists' ability to create experiential, commerce and content offerings for their fans. The platform is already supporting hundreds of artist stores globally, with many more to launch in 2024.

UMG is actively increasing its global audience and customer footprint, connecting with music fans and superfans around the world in order to retain and deliver subscribers and fans access to the experiences and products they want the most.

Embrace entrepreneurs to accelerate the next wave of transformation

With a view to our industry's future, UMG continues to advance our role as industry leader in promoting entrepreneurship. We do this through a wide range of digital innovation programs, including Abbey Road Red. In addition, we drive innovation through a broadly deployed Accelerator Engagement Network. Since 2017, UMG's multifaceted Digital Innovation programs — which include 11 active accelerator partners based in entrepreneurial centers around the world — have nurtured and mentored 170 music start-ups, enabling them to raise over $220 million in funding.

UMG's core music DNA — conveyed through incubation, connectivity, mentorship and the strategic partner network that we can provide startups and entrepreneurs — is the greatest asset we can provide early-stage companies. Some examples of companies backed by UMG and its accelerator program include music and health innovators like MedRhythms, Music Health, soundBrilliance and MediMusic among others.

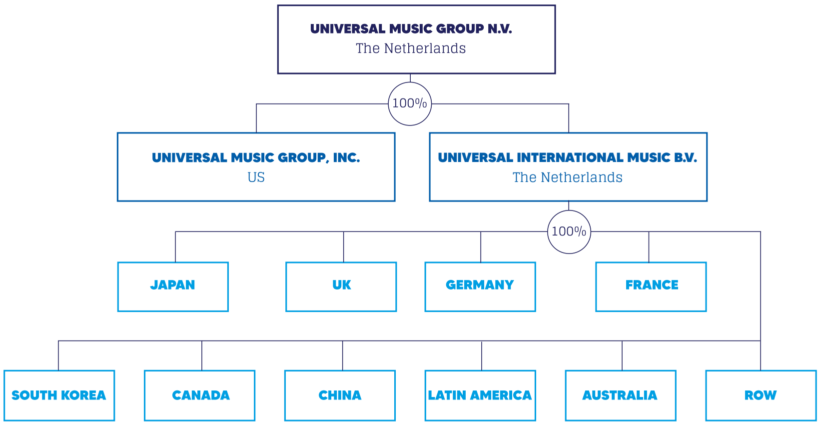


BOARD REPORT

ORGANIZATIONAL AND REPORTING STRUCTURE

ORGANIZATIONAL AND REPORTING STRUCTURE

The following structure chart illustrates the simplified structure of the Group as at December 31st, 2023



Corporate Executives

The Group is managed by corporate executives (the Corporate Executives). The current Corporate Executives consists of nine key members, each of whom oversees a specific aspect of the business. The persons set forth below are the current members of the Corporate Executives.

Name	Age	Position
Sir Lucian Grainge	64	Chairman & Chief Executive Officer
Philippe Flageul	59	Executive Vice President, Controller
Jody Gerson	63	Chairman & CEO for Universal Music Publishing Group
Jeffrey Harleston	63	General Counsel and Executive Vice President of Business & Legal Affairs
Eric Hutcherson	54	Executive Vice President, Chief People and Inclusion Officer
Boyd Muir	64	Executive Vice President, Chief Financial Officer and President of Operations
Michael Nash	67	Executive Vice President, Chief Digital Officer
Will Tanous	53	Executive Vice President, Chief Administrative Officer
Vincent Vallejo	63	Deputy Chief Executive Officer, Corporate

Set out below are brief summaries of the biographies of the members of the Corporate Executives:

Sir Lucian Grainge (Chairman and Chief Executive Officer)

Sir Lucian Grainge has spent his entire career in the music industry and has signed and worked with many worldwide stars, including ABBA, Jay Z, Elton John, Katy Perry, Queen, Rihanna, The Rolling Stones, Sam Smith, U2 and Amy Winehouse, among many others. Over the span of four decades, he has not only pioneered new approaches to the signing and development of the world's most successful recording artists and songwriters but he has consistently championed the development of innovative business models and partnerships with a wide range of technology and media partners around the world. He has transformed UMG into the most successful company in the history of the music industry, both competitively and financially, and his vision and leadership is widely recognized as having returned the entire industry to growth after many years of decline. In 2011, he led UMG's successful acquisition of the recorded music assets of the legendary British music company EMI, revitalizing its iconic Capitol Records, and, in the process, further strengthening UMG's position as the global leader in music. A native of London, Sir Lucian was bestowed with a knighthood in 2016 by Her Majesty Queen Elizabeth II in the Queen's 90th Birthday Honours list for accomplishments in the music industry and leadership through its challenging times, contributions to British business and inward investment, as well as his development of innovative business models, technology and media partnerships that have expanded UMG's global presence. He serves on the board of Northeastern University in Boston, Massachusetts.

Vincent Vallejo (Deputy Chief Executive Officer, Corporate)

Based at the Company's corporate headquarters in Hilversum, Netherlands and reporting to UMG's Chairman and Chief Executive Officer Sir Lucian Grainge, Vincent Vallejo led a number of corporate initiatives related to the Company's listing on the Euronext NV in Amsterdam. Vallejo joined UMG in 2021 and has worked closely across UMG matters since he joined Vivendi in 1998, where he served most recently as SVP, Audit & Special Projects. Prior to joining Vivendi, Vallejo held positions at AGF-ALLIANZ France (Deputy CFO) and Ernst & Young Paris and Madrid. He received an MBA from Montpellier University and a Master of Science from Cornell-Essec, CergyPontoise, France.

Philippe Flageul (Executive Vice President, Controller)

Philippe Flageul is responsible for overseeing many aspects of UMG's finance operations, including accounting, tax, treasury, risk management and IT and supply chain finance. He also oversees UMG's global procurement. Flageul joined UMG in 2015 from Bolloré Group, where he worked for more than two decades as CFO of the industrial division and Chairman of IER. Philippe holds an MBA from EDHEC.

Jody Gerson (Chairman & CEO for Universal Music Publishing Group)

Jody Gerson is one of music's most respected, accomplished executives and creative authorities. She is the first female chairman of a global music company and the first woman to be named CEO of a major music publisher. Since joining UMPG in 2015, Gerson has transformed the company into the industry's best global home to songwriters and a billion-dollar business – more than doubling revenue and substantially increasing profit. Gerson led UMPG's historic catalog acquisitions of Bob Dylan, Sting, Neil Diamond and others. She has signed and works with the world's biggest superstars including Elton John, Taylor Swift, Harry Styles, Kendrick Lamar, Bad Bunny, Adele, The Weeknd, Billie Eilish, SZA, Rosalia, Drake, Steve Lacy, Alicia Keys,Lana Del Rey. Coldplay, Justin Bieber, Post Malone, Ariana Grande, H.E.R., Maren Morris, the Bee Gees, Prince, and more. Additionally, Gerson jointly oversees Polygram Entertainment, a film and television development and production division of UMG which has produced award-winning projects including The Bee Gees: How to Mend a Broken Heart (HBO), Dear Mama (FX) and HBO's Music Box series. Gerson cofounded nonprofit She Is The Music and serves on Boards for the USC Annenberg Inclusion Initiative, The Rock & Roll Hall of Fame, the National Music Publishers Association, The Archer School for Girls and New Roads School. Gerson executive produced numerous acclaimed film/TV projects, including HBO's 'The Bee Gees: How Can You Mend a Broken Heart' and HBO's 'Music Box' series, and produced feature films 'Drumline' and 'ATL.'

Jeffrey Harleston (General Counsel and Executive Vice President, Business & Legal Affairs)

Jeffrey Harleston is responsible for the global oversight of all business transactions, contracts and litigation. He is additionally responsible for the development of corporate policies, including the coordination of UMG's government relations, trade and anti-piracy activities, to ensure a unified strategy across the Company's divisions. Harleston joined the Company in 1993 at MCA Records, after serving as Associate Independent Counsel for the Iran-Contra Investigation and prior to that as an Associate at Covington & Burling LLP. Harleston serves as co-chair of UMG's Task Force for Meaningful Change, where he leads a group of influential executives from across the Company to focus on issues regarding inclusion and social justice. Harleston also serves on the boards of the Recording Industry Association of America (RIAA), MusiCares, Williams College and the Harvard-Westlake School. He received a B.A. in Political Science from Williams College and a J.D. from the University of California, Berkeley School of Law.

Eric Hutcherson (Executive Vice President, Chief People and Inclusion Officer)

With a focus on people, culture and inclusion, Eric Hutcherson leads a global team across UMG's record labels, publishing division and operating companies to align talent functions, amplify the Company's entrepreneurial-based culture, accelerate diversity and inclusion across all levels and territories, attract, retain and develop talent, accelerate the Company's social justice initiatives and build on UMG's successful track-record of driving innovation by recruiting employees who bring new ideas, perspectives and skillsets. Prior to joining UMG, he was EVP, Chief Human Resources Officer of the National Basketball Association (NBA) where he managed a team that drove the NBA's global workforce strategy. Hutcherson earned a bachelor's degree in Political Science from New York University and a master's degree in Sports Management and Administration from the University of Massachusetts-Amherst.

Boyd Muir (Executive Vice President, Chief Financial Officer and President of Operations)

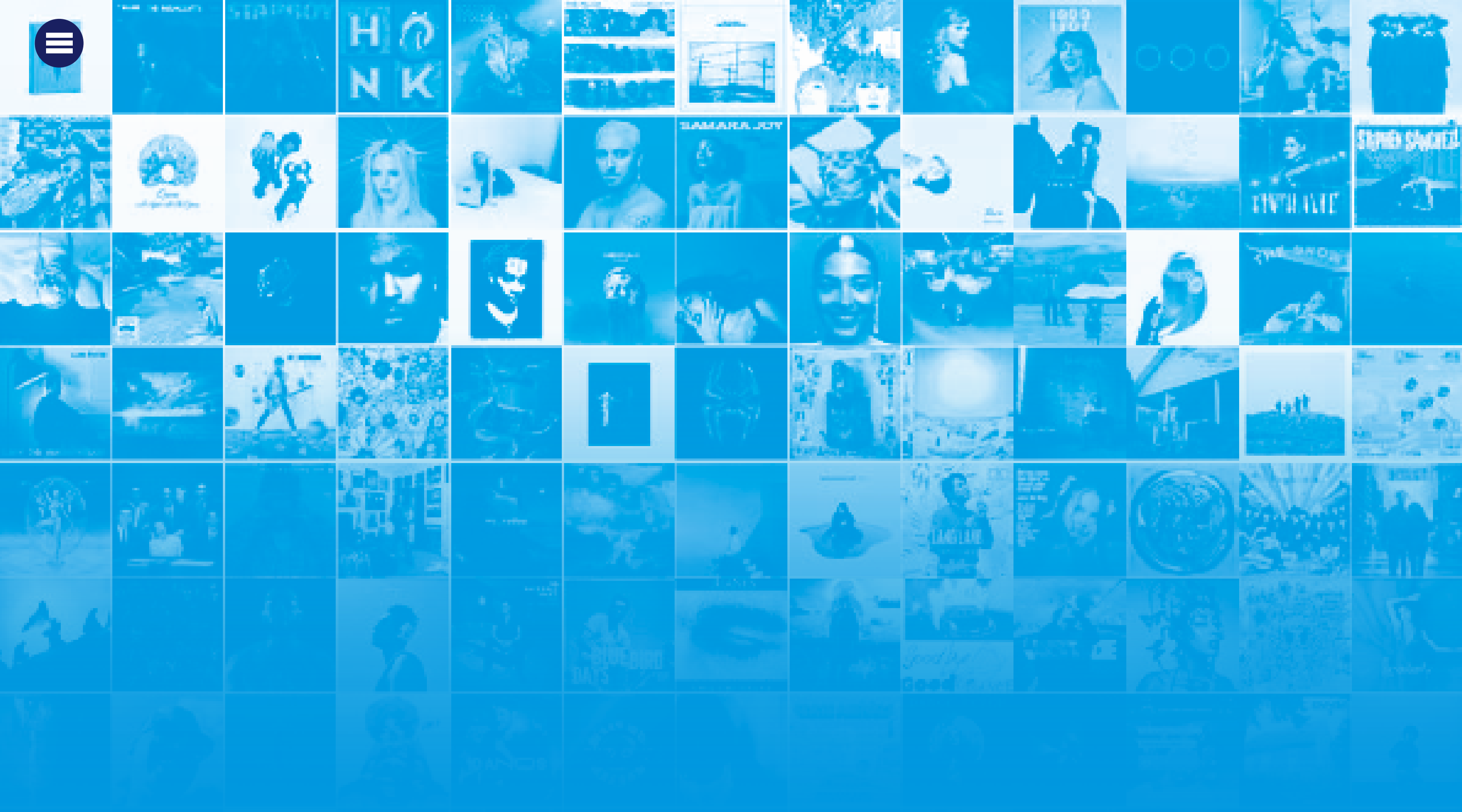
Working seamlessly across the corporate and creative aspects of UMG's operations, Boyd Muir is responsible for overseeing many of UMG's corporate operations including global finance. Muir led the strategic physical-to-digital reshaping of the Company's businesses, and he has played a key role in several of UMG's most prominent acquisitions, including Sanctuary Group and V2 Music Group, as well as the Company's successful acquisition of EMI, Ingrooves Music Group and Epic Rights, among others. Muir joined UMG in 1994 and previously served as Chief Financial Officer for Universal Music Group International, a division that managed UMG's businesses in more than 50 countries.

Michael Nash (Executive Vice President, Chief Digital Officer)

Michael Nash supervises UMG's digital business development activities around the world, manages strategic relationships with the Company's largest partners, and oversees global digital licensing, as well as numerous innovation initiatives. Nash has worked at the forefront of media and technology convergence for his entire career as an executive, entrepreneur and producer. Before joining UMG in 2015, he served as a strategic advisor to Warner Music Group, as well as several digital media startups; prior to that, he served as WMG's Executive Vice President of Digital Strategy and Business Development, responsible for WMG's global digital business. Prior to WMG, Nash was the Executive Director of the Madison Project, the music industry's first digital distribution trial, and he was the founding CEO of Inscape, an interactive entertainment and games publishing joint venture backed by Time Warner.

Will Tanous (Executive Vice President, Chief Administrative Officer)

Will Tanous plays a key role in the development of the Company's business strategy, overseeing several major strategic and corporate endeavors, as well as managing worldwide external and internal communications, global public policy, investor and government relations, event functions and social responsibility. Prior to joining UMG in 2013, Tanous served as Executive Vice President of Communications & Marketing for Warner Music Group where he was central in all of the company's major corporate initiatives, including: the sale of WMG to Access Industries, Inc.; WMG's initial public offering on the New York Stock Exchange in 2005; and the sale of WMG by Time Warner Inc. to a private equity consortium. He serves on the board of the Recording Industry Association of America and is a graduate of Georgetown University in Washington D.C.



BOARD REPORT

FINANCIAL REVIEW

EARNINGS ANALYSIS: GROUP AND BUSINESS SEGMENTS

Consolidated Statement of Profit or Loss

	Year ended December 31,	
(millions of euros)	2023	2022
Revenues	**11,108**	**10,340**
Cost of revenues	(6,208)	(5,753)
Selling, general and administrative expenses	(3,213)	(2,702)
Amortisation and impairment losses on intangible assets	(269)	(285)
Operating profit	**1,418**	**1,600**
Financial income	454	37
Financial expenses	(151)	(735)
	303	**(698)**
Income/(loss) from equity affiliates	-	(2)
Profit before income taxes	**1,721**	**900**
Income taxes	(458)	(115)
Net profit	**1,263**	**785**
Of which:		
Net profit attributable to equity holders of the parent	1,259	782
Net profit attributable to non-controlling interests	4	3
Earnings per share (in euros)		
Earnings for the period attributable to equity holders of the parent - basic	0.69	0.43
Earnings for the period attributable to equity holders of the parent - diluted	0.68	0.43
Adjusted net profit	*1,595*	*1,454*
Adjusted net profit per share (in euros) - basic[1]	0.88	0.80
Adjusted net profit per share (in euros) - diluted[1]	0.87	0.80

1 Non-IFRS measures as defined in the Appendix to the Annual Report

Reconciliation of Operating Profit to EBITDA and Adjusted EBITDA

	Year ended December 31,	
(millions of euros)	2023	2022
Operating Profit	1,418	1,600
Adjustments		
Amortization and depreciation expense	382	377
Restructuring expenses	41	32
(Gain)/loss on sale of assets	(26)	2
Impairment (reversal)/charge on intangible assets	(7)	17
EBITDA[1]	1,808	2,028
Non-cash share-based compensation expense	561	107
Adjusted EBITDA[1]	2,369	2,135

1 As defined in the Appendix to the annual report

Analysis of the Consolidated Statement of Profit or Loss

Revenues

In 2023, UMG's revenues of €11,108 million were up 7.4% compared to 2022 and up 11.1% at constant currency. This increase was driven by improvements across all divisions. Recorded Music grew 6.6% year-over-year and 10.2% at constant currency compared to 2022, Music Publishing was up 8.7% or 12.3% in constant currency and Merchandising and Other grew by 14.2% year-over-year or 17.9% in constant currency.

For a detailed analysis of revenues by business segment, please refer to the Analysis of revenues and operating results by business segment section below and to Note 3 to the Consolidated Financial Statements for the year ended December 31, 2023.

Operating results

Analysis of cost of revenues

	Year ended December 31,	
(millions of euros)	2023	2022
Artist costs	5,152	4,704
Product costs	1,056	1,049
Cost of Revenues	6,208	5,753

Cost of Revenues grew by €455 million to €6,208 million in 2023 from €5,753 million in 2022, reflecting the increase in revenues. Cost of revenues as a percentage of revenues increased to 55.9% from 55.6% driven by higher relative artist costs and despite lower relative product costs.

Artist costs increased by €448 million to €5,152 million in 2023 from €4,704 million in 2022 driven by the increase in sales. As a percentage of revenues, artists costs increased to 46.4% in 2023 from 45.5% in 2022 as a result of a higher proportion of Music Publishing revenues that have higher relative artist costs and from Recorded Music repertoire mix.

Product costs increased by €7 million to €1,056 million in 2023 from €1,049 million in 2022 reflecting the growth in revenues. Product costs as a percentage of revenues decreased to 9.5% from 10.1% due to revenue mix.

Selling, general and administrative expenses increased by €511 million to €3,213 million in 2023 from €2,702 million in 2022 and increased as a percentage of revenues to 28.9% in 2023 from 26.1% in 2022 due largely to higher non-cash share-based compensation expenses. Non-cash share-based compensation expenses increased to €561 million in 2023 from €107 million in 2022, up by €454m following the rollout of the UMG Global Equity Plan beginning in Q4 2022. Non-cash share-based compensation expense in both years was impacted by one-time transition awards and the front loading of expense recognition. Cash compensation savings of €76 million associated with this rollout were reflected in 2023.

Operating profit was €1,418 million in 2023, compared to €1,600 million for 2022, a decrease of €182 million, -11.4% or -8.3% at constant currency, driven by the higher non-cash share based compensation expenses (discussed above) partly compensated by the increase in revenues. As a percentage of revenues, operating profit declined to 12.8% in 2023 from 15.5% in 2022.

EBITDA decreased by €220 million, -10.8% or -7.8% at constant currency to €1,808 million in 2023 compared to €2,028 million in 2022 driven by the increase in non-cash share based compensation expenses (discussed above) partly compensated by the increase in revenues. EBITDA margin decreased by 3.3pp to 16.3% in 2023 compared to 19.6% in 2022.

Adjusted EBITDA was €2,369 million in 2023 up €234 million, 11.0% or 14.6% at constant currency compared to €2,135 million in 2022. Adjusted EBITDA margin increased by 0.7pp to 21.3% in 2023 from 20.6% in 2022.

For a detailed analysis of EBITDA and Adjusted EBITDA by business segment, please refer to the Analysis of revenues and operating results by business segment section below.

Financial results

Financial income and Financial expenses were a net income of €303 million in 2023, compared to a net expense of €698 million for 2022, an improvement of €1,001 million. For 2023, the revaluation of the investments in listed companies including Spotify and Tencent Music Entertainment was a net income amount of €425 million, compared to a net expense of €617 million for 2022, an improvement of €1,042 million.

Income taxes

For 2023, income taxes were a net expense of €458 million, compared to a net expense of €115 million for 2022. This increase notably reflected the increase in the deferred tax charge relating to the revaluation of the investments in listed companies including Spotify and Tencent Music Entertainment (-€111 million expense in 2023, compared to +€166 million benefit in 2022) and the favourable settlement of tax litigations in 2022 (€90 million income in 2022).

Non-controlling interests

For 2023, earnings attributable to non-controlling interests were €4 million, slightly higher than the €3 million for 2022.

Net profit attributable to equity holders of the parent

For 2023, net profit attributable to equity holders of the parent amounted to a profit of €1,259 million (or €0.69 per share - basic), compared to €782 million for 2022 (or €0.43 per share - basic), an increase of €477 million. Net profit attributable to equity holders of the parent increased by €477 million, reflecting:

- the variance in financial results (+€1,001 million) driven by the revaluation of the investments in Spotify, Tencent Music Entertainment and other listed investments (+€1,042 million);

partially offset by:

- the decline in operating profit (-€182 million) due to the increase in non-cash share based compensation (discussed above); and
- the increase in income taxes reported to net income (-€343 million), mainly due to the increase in the deferred tax charge relating to the revaluation of the investments in Spotify, Tencent Music Entertainment and other listed investments and the favourable settlement of tax litigations in 2022.

Adjusted net profit

Adjusted net profit in 2023 amounted to a profit of €1,595 million (or €0.88 per share - basic), compared to €1,454 million for 2022 (or €0.80 per share - basic), an increase of €141 million. Adjusted net profit increased by €141 million, including:

- the growth in Adjusted EBITDA (+€234 million); partially offset by
- the increase in income taxes reported to adjusted net profit (-€75 million).

Analysis of revenues and operating results by business segment

	Year ended December 31,			
(millions of euros)	2023	2022	% Change	% Change at constant currency
Revenues				
Recorded Music	8,461	7,937	6.6%	10.2%
Music Publishing	1,956	1,799	8.7%	12.3%
Merchandising & Other	706	618	14.2%	17.9%
Corporate Centre	–	–	0.0%	0.0%
Elimination of inter-segment transactions	(15)	(14)		
Total UMG	**11,108**	**10,340**	**7.4%**	**11.1%**
EBITDA[1]				
Recorded Music	1,618	1,827	(11.4%)	(8.5%)
Music Publishing	420	395	6.3%	9.4%
Merchandising & Other	43	36	19.4%	26.5%
Corporate Centre	(273)	(230)	(18.7%)	(21.3%)
Total UMG	**1,808**	**2,028**	**(10.8%)**	**(7.8%)**

1 As defined in the Appendix to the Annual Report

Recorded Music

(millions of euros)	Year ended December 31, 2023	2022	% Change	% Change at constant currency
Subscriptions and streaming revenue	5,700	5,321	7.1%	10.4%
of which streaming	*1,425*	*1,420*	*0.4%*	*3.6%*
of which subscription	*4,275*	*3,901*	*9.6%*	*12.8%*
Downloads and other digital revenue	207	337	(38.6%)	(35.7%)
Physical revenue	1,380	1,207	14.3%	19.4%
License and other revenue	1,174	1,072	9.5%	13.6%
Recorded Music Revenues	**8,461**	**7,937**	**6.6%**	**10.2%**
EBITDA[1]	**1,618**	**1,827**	***(11.4%)***	***(8.5%)***
EBITDA margin[1]	*19.1%*	*23.0%*	*(3.9pp)*	
Adjusted EBITDA[1]	**2,042**	**1,900**	***7.5%***	***11.0%***
Adjusted EBITDA margin[1]	*24.1%*	*23.9%*	*0.2pp*	
Recorded music revenues by geographic area				
North America	4,316	4,077	5.9%	9.2%
Europe	2,392	2,191	9.2%	10.9%
Asia	1,118	1,007	11.0%	20.6%
Latin America	358	302	18.5%	19.3%
Rest of the world	277	360	(23.1%)	(18.0%)
Recorded Music Revenues	**8,461**	**7,937**	**6.6%**	**10.2%**

1 As defined in the Appendix to the Annual Report

In 2023, Recorded Music revenues were €8,461 million, up 6.6% compared to 2022, and up 10.2% in constant currency. Subscription revenues grew by 9.6% or 12.8% in constant currency driven by the growth in global subscribers as well as impact of price increases at certain platforms. Streaming revenue grew 0.4%, or 3.6% in constant currency as the broader advertising industry continued to slowly recover. Physical revenue grew 14.3%, or 19.4% in constant currency, driven by strong new releases and growth in direct-to-consumer sales. Downloads and other digital revenue declined by 38.6%, and 35.7% in constant currency, on last year that included the €71 million benefit from the settlement of a copyright infringement lawsuit with an internet service provider also due to the continued decline in download sales. License and other revenue improved 9.5% or 13.6% in constant currency, as a result of improved live, brand sponsorship, neigbouring rights and synchronization income, as well as the timing related benefit of a new licensing deal. Top sellers for the year included Taylor Swift, King & Prince, Morgan Wallen, Karol G and The Weeknd. Top sellers in the prior-year included Taylor Swift, BTS, the Encanto soundtrack, Olivia Rodrigo and Morgan Wallen.

Recorded Music EBITDA in 2023 of €1,618 million was down €209 million from €1,827 million in 2022 due to the increase in non-cash share based compensation partly offset by the growth in revenues. In 2023, EBITDA included €424 million of non-cash share based compensation compared to €73 million of non-cash share-based compensation expense in 2022.

Adjusted EBITDA for Recorded Music increased by €142 million to €2,042 million in 2023 from €1,900 million in 2022 as a result of the revenue growth. Adjusted EBITDA margin increased by 0.2pp to 24.1% of revenues from 23.9% of revenues in 2022.

Music Publishing

	Year ended December 31,			
(millions of euros)	2023	2022	% Change	% Change at constant currency
Performance revenue	416	371	12.1%	15.9%
Synchronisation revenue	254	236	7.6%	10.0%
Digital revenue	1,128	1,040	8.5%	12.5%
Mechanical revenue	108	97	11.3%	14.9%
Other revenue	50	55	(9.1%)	(7.4%)
Music Publishing Revenues	**1,956**	**1,799**	**8.7%**	**12.3%**
EBITDA[1]	**420**	**395**	***6.3%***	***9.4%***
EBITDA margin[1]	*21.5%*	*22.0%*	*(0.5pp)*	
Adjusted EBITDA[1]	**470**	**410**	***14.6%***	***17.8%***
Adjusted EBITDA margin[1]	*24.0%*	*22.8%*	*1.2pp*	

1 As defined in the Appendix to the Annual Report

Music Publishing revenue amounted to €1,956 million in 2023, up 8.7% year-over-year, or 12.3% in constant currency. Revenues benefited from the continued growth in subscription and streaming and an improvement in both performance and synchronization income. Revenues in 2023 also benefited from the €53 million accrual for a catch-up payment from certain digital service providers related to the Copyright Royalty Board Phonorecords III ruling. Revenues in Q2 of 2022, included the receipt of €98 million higher income than was accrued at the end of 2021 when UMG adjusted its accounting policy in relation to certain revenues that are collected through societies.

Music Publishing EBITDA in 2023 of €420 million was up €25 million from €395 million in 2022 driven by the growth in revenues. EBITDA was impacted by €50 million of share based compensation expense in 2023 (€15 million in 2022).

Music Publishing Adjusted EBITDA increased by €60 million to €470 million in 2023 compared to €410 million in 2022 as a result of the revenue growth. Adjusted EBITDA margin increased by 1.2pp to 24.0% from 22.8% of revenues in 2022.

Merchandising & Other

(millions of euros)	Year ended December 31, 2023	2022	% Change	% Change at constant currency
Merchandising and Other Revenues	706	618	14.2%	17.9%
EBITDA[1]	43	36	*19.4%*	*26.5%*
EBITDA margin[1]	*6.1%*	*5.8%*	*0.3pp*	
Adjusted EBITDA[1]	47	36	*30.6%*	*38.2%*
Adjusted EBITDA margin[1]	*6.7%*	*5.8%*	*0.9pp*	

1 As defined in the Appendix to the Annual Report

Merchandising and Other revenue grew to €706 million, up 14.2%, or 17.9% in constant currency driven by the strong growth in direct-to-consumer sales.

Merchandising and Other EBITDA in 2023 of €43 million was up €7 million from €36 million in 2022 due to the improved revenues. EBITDA was impacted by €4 million of share based compensation expense in 2023 (€0 million in 2022).

Merchandising and Other Adjusted EBITDA increased by €11 million to €47 million in 2023 compared to €36 million in 2022. Adjusted EBITDA margins increased by 0.9pp to 6.7% of revenues from 5.8% of revenues in 2022 due to lower relative product costs resulting from the shift in revenue mix towards higher margin direct-to-consumer sales.

Corporate

(millions of euros)	Year ended December 31, 2023	2022	% Change	% Change at constant currency
EBITDA[1]	(273)	(230)	18.7%	21.3%
EBITDA margin[1]	–	–		
Adjusted EBITDA[1]	(190)	(211)	(10.0%)	(7.8%)
Adjusted EBITDA margin[1]	–	–		

1 As defined in the Appendix to the Annual Report

Corporate EBITDA was a net expense of €273 million, compared to a net expense of €230 million for 2022, a €43 million increase in expense. EBITDA in 2023 included €83 million of non-cash share-based compensation related expenses (€19 million in 2022).

Corporate Adjusted EBITDA was a net expense of €190 million in 2023, a €21 million decrease in expense from the Adjusted EBITDA expense in 2022 of €211 million.

LIQUIDITY AND CAPITAL RESOURCES

Financial Net Debt

	Year ended December 31,	
(millions of euros)	2023	2022
Cash and cash equivalents	**413**	**439**
Derivative financial assets	**2**	**1**
Drawn revolving credit facilities	-	(125)
Bank overdrafts	(26)	(1)
Bonds	(1,808)	(1,004)
Commercial papers	(197)	(929)
Other	(73)	(191)
Borrowings at amortized cost	**(2,104)**	**(2,250)**
Financial Net Debt[1]	**(1,689)**	**(1,810)**

1 As defined in the Appendix to the Annual Report

Changes in the Financial Net Debt

As of December 31, 2023, UMG's Financial Net Debt amounted to -€1,689 million compared to Financial Net Debt of -€1,810 million as of December 31 ,2022, i.e., a decrease in net debt of €121 million. This change was mainly attributable to the following:

- Net cash provided by operating activities of €1,885 million;

partially offset by:

- in June and July 2023, UMG paid the final dividend with respect to fiscal year 2022 of €492 million;
- in October and November 2023, UMG paid an interim dividend with respect to fiscal year 2023 of €437 million;
- Net cash used for investing activities of -€622 million primarily due to the €330 million net purchase of consolidated companies, equity affiliates and financial assets relating to several strategic investments in the year, €178 million investment in Music Publishing and Recorded Music catalogues and €121 million investment in other intangible and capital expenditure; and
- repayment of €94 million in relation to lease liabilities and related interest and €87 million in other interest and financing related payments.

UMG believes that the cash flow generated by its operating activities, its cash surpluses, net of amounts used to reduce UMG's debt, as well as funds available through undrawn bank credit facilities and additional funding opportunities will be sufficient to cover expenses and investments necessary for its operations, its debt service, the payment of income taxes, the distribution of dividends, as well as its investment projects, if any, for the next 12 months.

Equity portfolio

As of December 31, 2023, UMG held a portfolio of listed non-controlling equity interests (including Spotify) with an aggregate market value of approximately €1,227 million (before taxes), compared to €597 million as of December 31, 2022. The increase in market value during 2023 was due to the fluctuation in share price of our listed investments most notably of Spotify. As at February 29, the aggregate market value of these listed investments had increased to approximately €1,671 million (before taxes).

Cash flow analysis

	Year ended December 31,	
(millions of euros)	2023	2022[1]
Operating activities		
Operating profit	1,418	1,600
Adjustments	796	568
Royalty advances payments, net of recoupments	(100)	(148)
Gross cash provided by/(used for) operating activities before income tax paid	*2,114*	*2,020*
Other changes in net working capital	164	(33)
Net cash provided by/(used for) operating activities before income tax paid	*2,278*	*1,987*
Income tax paid	(393)	(255)
Net cash provided by/(used for) operating activities	**1,885**	**1,732**
Investing activities		
Catalogue investments	(178)	(359)
Other intangible assets investments	(74)	(60)
Capital expenditures	(47)	(33)
Purchases of consolidated companies, after acquired cash	(97)	(22)
Investments in equity affiliates	(81)	(22)
Purchase of financial assets	(154)	(36)
Investments	*(631)*	*(532)*
Proceeds from sales of consolidated companies, after divested cash	1	-
Proceeds from sale of financial assets	1	9
Divestitures	*2*	*9*
Dividends received from equity affiliates	4	2
Dividends received from investments	3	1
Net cash provided by/(used for) investing activities	**(622)**	**(520)**
Financing activities		
Distributions to shareowners	(929)	(798)
Dividends paid by consolidated companies to their non-controlling interests	(2)	(2)
Transactions with shareowners	*(931)*	*(800)*
Proceeds from borrowings	6,647	5,938
Repayments of borrowings	(6,815)	(6,359)
Interest, net	(77)	(30)
Other cash items related to financing activities	(10)	4
Transactions on borrowings and other financial liabilities	*(255)*	*(447)*
Repayment of lease liabilities	(80)	(86)
Payment of interest of lease liabilities	(14)	(14)
Net cash provided by/(used for) financing activities	**(1,280)**	**(1,347)**
Net change in cash and cash equivalents	**(17)**	**(135)**
Foreign currency translation adjustments	(34)	1
Change in cash and cash equivalents	**(51)**	**(134)**
Cash and cash equivalents		
At beginning of the period	438	572
At end of the period	387	438

1 Reclassified amounts are presented in Note 2.3 of the Annual Consolidated Financial Statements

Reconciliation of cash provided by operating activities to Free Cash Flow

	Year ended December 31,	
(millions of euros)	2023	2022
Net cash provided by/(used for) operating activities	1,885	1,732
Net cash provided by/(used for) investing activities	(622)	(520)
Repayment of lease liabilities and related interest expenses	(94)	(100)
Interest, net	(77)	(30)
Other cash items related to financing activities	(10)	4
Free Cash Flow[1]	**1,082**	**1,086**

1 As defined in the Appendix to the Annual Report

Net cash provided by operating activities before income tax

For 2023, Net cash provided by operating activities before income tax amounted to an inflow of €2,278 million compared to an inflow of €1,987 million for 2022, an improvement of €291 million. This increase was mainly attributable to the following items:

- the increase in Adjustments (+€228 million) including the offset of the non-cash share based compensation expense reflected in Operating profit net of the employee tax withheld (see breakdown of Adjustments in the Appendix);
- the reduction in Royalty advances payments net of recoupments (+€48 million) due to the timing of major artist renewals and higher recoupments; and
- the favourable variance in Other changes in net working capital (+€197 million) including timing of digital advance receipts;

partially offset by

- the decrease in Operating profit (-€182 million).

Net cash provided by operating activities

Net cash provided by operating activities in 2023 amounted to an inflow of €1,885 million compared to an inflow €1,732 million for 2022, an improvement of €153 million. Net cash provided by operating activities before income tax in 2023 was €291 million higher than in 2022 but income tax paid in 2023 was €138 million greater than in 2022 in part due to the €62 million in refunds from litigation received in 2022.

Net cash used for investing activities

Net cash used for investing activities in 2023 was a €622 million net outflow compared to a €520 million net outflow for 2022, an increased outflow of €102 million. The net purchase of consolidated companies, equity affiliates and financial assets was €259 million higher than in 2022 and represented various strategic investments entered into during the year. Catalogue investments in 2023 were lower than in 2022 (+€181 million) due to the timing of deals but investment in other intangible assets and capital expenditure was higher (-€28 million).

Net cash used for financing activities

Net cash used for financing activities in 2023 was a €1,280 million net outflow compared to a €1,347 million net outflow for 2022, a decreased outflow of €67 million. This was mainly attributable to the following items:

- a net repayment of borrowing in 2023 of €168 million compared to €421 million in 2022 (+€253 million);
- higher dividend payments in 2023 (-€131 million); and
- higher interest payments, repayment of lease liabilities and other cash items related to financing activities of €181 million in 2023 compared to €126 million in 2022 (-€55 million).

Free Cash Flow

Free Cash Flow in 2023 was a €1,082 million net inflow compared to a €1,086 million net inflow for 2022, a decrease of €4 million. Net cash provided by operating activities improved by €153 million compared to 2022 but this was offset by greater net cash used for investing activities (-€102 million) and higher interest payments, repayment of lease liabilities and other cash items related to financing activities (-€55 million) in 2023 compared to 2022.

BOARD REPORT
CORPORATE GOVERNANCE

THE GOVERNANCE STRUCTURE

Universal Music Group N.V. (**UMG** or the **Company**) is a public limited liability company (*naamloze vennootschap*) incorporated under the laws of the Netherlands. The Shares (as defined in the Shareholder information section under 'Share capital') were first admitted to listing and trading on Euronext Amsterdam (the **Listing**), the regulated market of Euronext Amsterdam N.V., on September 21, 2021. The Company has a one-tier board (the **Board**), which currently comprises of two executive directors (the **Executive Directors**) and eleven non-executive directors (the **Non-Executive Directors** and, together with the Executive Directors, the **Directors**). The Executive Directors are primarily responsible for all day-to-day operations of the Company. The Non-Executive Directors supervise the Executive Directors' policy and performance of duties and the Company's general course of affairs and business, and render advice and direction to the Executive Directors. The Directors furthermore perform any duties allocated to them under or pursuant to the law or the Company's articles of association (the **Articles**). Each Director has a duty to the Company to properly perform the duties allocated to him or her and to act in the Company's corporate interests. Under Dutch law, the Company's corporate interests extend to the interests of all of the Company's stakeholders, including the Company's shareholders (the **Shareholders**), creditors, customers and employees.

The Company acknowledges the importance of good corporate governance and complies with most of the principles and best practice provisions of the Dutch Corporate Governance Code of December 20, 2022 (the **Code**), the full text of which can be found on www.mccg.nl. Deviations from any of the principles and best practice provisions of the Code are explained under 'Compliance with the Code--Deviations' in accordance with the Code's 'comply or explain' principle. Substantial changes in the Company's corporate governance structure and in the Company's compliance with the Code, if any, will be dealt with at the annual General Meeting (as defined under 'The Board') as a separate item.

The annual report also includes the information that the Company is required to disclose pursuant to the Dutch Decree on Article 10 of the Takeover Directive (*Besluit artikel 10 overnamerichtlijn*) and the Dutch Decree on the Content of the Board Report (*Besluit inhoud bestuursverslag*).

THE BOARD

The Board is the executive and supervisory body of the Company. It is entrusted with the management of the Company, it supervises the general course of affairs of and the business affiliated with the Company and is responsible for the continuity of the Company. The Board is accountable for these matters to the Company's general meeting of shareholders (the **General Meeting** (being the corporate body or, where the context so requires, the physical meeting)).

The Board's responsibilities include, among others, developing a view on sustainable long-term value creation by the Company and formulating a strategy as well as specific objectives in line with this view, identifying and managing the risks associated with the Company's strategy and business, appointing and dismissing the senior internal auditor, annually assessing the way in which the internal audit function fulfills its responsibility and ensuring that such assessment is performed by an independent third party at least every five years, approving the internal audit plan, giving account of the effectiveness of the design and operation of the internal risk management and control systems, ensuring compliance with all applicable laws and regulations and the Company's corporate governance structure and preparing, approving and signing the (semi-annual) financial statements and Board report and approving the annual budget and major capital expenditures in excess thereof.

The Board may perform all acts necessary or useful for achieving the Company's objectives, with the exception of those acts that are prohibited pursuant to the law or the Articles. Pursuant to the Articles, the Board may allocate its duties and powers among the Directors pursuant to the Board Regulations (as defined under 'The Board––Board Regulations') or otherwise in writing, provided that the following duties and powers may not be allocated to the Executive Directors: (i) supervising the performance of the Executive Directors, (ii) making a nomination for the appointment of Directors, (iii) determining an Executive Director's remuneration and (iv) instructing the external auditor(s) to audit the financial statements. Regardless of an allocation of duties and powers, all Directors remain collectively responsible for the proper management and strategy of the Company (including the supervision thereof in the case of the Non-Executive Directors).

Board Regulations

The Board has drawn up regulations dealing with its internal organization and setting out, among others, the role and responsibilities of the Board, its composition and size and the manner in which its meetings should be held (the **Board Regulations**). The Board Regulations are available on the investor relations part of the UMG website.

Composition

The Articles provide that the Board shall consist of one or more Executive Directors and one or more Non-Executive Directors. The number of Executive Directors and the number of Non-Executive Directors shall be determined by the Board. The Board currently comprises of two Executive Directors and eleven Non-Executive Directors, one of whom, being Haim Saban, was appointed to the Board by the General Meeting on May 11, 2023:

Name	Function
Sir Lucian Grainge	Executive Director, Chairman and Chief Executive Officer
Vincent Vallejo	Executive Director, Deputy Chief Executive Officer, Corporate
Sherry Lansing	Non-Executive Director, Chairman of the Board
Antoine Fiévet	Non-Executive Director
Bill Ackman	Non-Executive Director
Cathia Lawson-Hall	Non-Executive Director
Cyrille Bolloré	Non-Executive Director
Haim Saban	Non-Executive Director
James Mitchell	Non-Executive Director
Luc van Os	Non-Executive Director
Manning Doherty	Non-Executive Director
Margaret Frerejean-Taittinger	Non-Executive Director
Nicole Avant	Non-Executive Director

Appointment and appointment term

The Executive Directors and Non-Executive Directors are appointed as such by the General Meeting at the non-binding nomination of the Board. A nomination by the Board shall state whether a person is nominated for appointment as Executive Director or Non-Executive Director. The person so nominated is appointed by a resolution adopted by the General Meeting with a simple majority of the votes cast. A Director shall be appointed for a maximum period of two years, provided, however, that his or her term of office shall lapse immediately after the close of the annual General Meeting held in the second year after his or her appointment. A Director may be reappointed with due observance of the preceding sentences. At the proposal of the Board, the General Meeting may resolve to deviate from the maximum period of two years. The Articles provide that each Non-Executive Director may be in office for a maximum period of twelve years, unless at the proposal of the Board the General Meeting resolves otherwise. A Non-Executive Director's term of office shall lapse in accordance with a retirement schedule drawn up by the Board to avoid, as much as possible, reappointments and retirements of Non-Executive Directors occurring all at the same time so as to ensure continued experience on the Board. Currently, the terms of office of eight (out of eleven) Non-Executive Directors lapse at the close of the annual General Meeting to be held in 2024, and it is the intention that the use of the retirement schedule will result in a more staggered replacement of the Non-Executive Directors over time.

The appointment dates of the Non-Executive Directors and the end of their current terms are as follows:

Name	Initial appointment date	Reappointment date	Term	End of current term
Sherry Lansing	May 12, 2022	May 11, 2023	Second term	Until annual General Meeting to be held in 2025
Antoine Fiévet	September 20, 2021		First term	Until annual General Meeting to be held in 2024
Bill Ackman	May 12, 2022		First term	Until annual General Meeting to be held in 2024
Cathia Lawson-Hall	September 20, 2021		First term	Until annual General Meeting to be held in 2024
Cyrille Bolloré	May 12, 2022		First term	Until annual General Meeting to be held in 2024
Haim Saban	May 11, 2023		First term	Until annual General Meeting to be held in 2025
James Mitchell	September 20, 2021		First term	Until annual General Meeting to be held in 2024
Luc van Os	September 20, 2021	May 11, 2023	Second term	Until annual General Meeting to be held in 2025
Manning Doherty	September 20, 2021		First term	Until annual General Meeting to be held in 2024
Margaret Frerejean-Taittinger	September 20, 2021		First term	Until annual General Meeting to be held in 2024
Nicole Avant	May 12, 2022		First term	Until annual General Meeting to be held in 2024

In accordance with the Relationship Agreement, which was co-signed by the Company for agreement and acknowledgement, the Tencent-led consortium (consisting of Concerto Investment B.V. and Scherzo Investment B.V.) has the right to designate up to two Non-Executive Directors for appointment by the General Meeting until the close of the annual General Meeting to be held in 2024, subject to the Tencent-led consortium holding at least 181,324,116 Shares (the **Threshold Stake**). Moreover, the parties to the Relationship Agreement have agreed to vote in favor of the appointment of a person designated by the Tencent-led consortium in case one of the Non-Executive Directors appointed at the designation of the Tencent-led consortium no longer serves as a Non-Executive Director during the period until the close of the annual General Meeting to be held in 2024.

Should at any time during the period until the close of the annual General Meeting to be held in 2024, (i) the Tencent-led consortium own in aggregate less than the Threshold Stake, but still 50% or more of the Threshold Stake, the Tencent-led consortium shall procure that one of the Non-Executive Directors appointed at the designation of the Tencent-led consortium resigns and (ii) the Tencent-led consortium own in aggregate less than 50% of the Threshold Stake, the Tencent-led consortium shall procure that both of the Non-Executive Directors appointed at the designation of the Tencent-led consortium resign.

James Mitchell and Manning Doherty have been appointed at the designation of the Tencent-led consortium such in accordance with the Relationship Agreement.

Suspension and dismissal

The General Meeting may at all times suspend or dismiss any Director. The Board may at all times suspend an Executive Director. A suspension may be extended one or more times but may not last longer than three months in aggregate. If at the end of that period, no decision has been taken on the termination of the suspension or on a dismissal, the suspension shall end. A suspension can be terminated by the General Meeting at any time.

Independence

A Non-Executive Director shall not be considered independent if such Non-Executive Director or his or her spouse, registered partner or life companion, (foster) child or relative by blood or marriage up to the second degree:

- has been an employee of the Company or Executive Director or an employee or member of the management (or executive) board of an associated issuing institution in the five years prior to his or her appointment;
- receives personal financial compensation from the Company or an associated company, other than the compensation received for the work performed as a Non-Executive Director and in so far as this is not in keeping with the normal course of business;
- has had an important business relationship with the Company or an associated company in the year prior to the appointment;
- is a member of the management (or executive) board of a company in which an Executive Director is a supervisory (or non-executive) board member;
- has temporarily performed management (or executive) duties during the previous twelve months in the absence or incapacity of Executive Directors;
- has a shareholding of at least 10% in the issued share capital of the Company, taking into account the shareholding of natural persons or legal entities cooperating with him or her on the basis of an express or tacit verbal or written agreement; or
- is a member of the management (or executive) board or supervisory (or non-executive) board – or is a representative in some other way – of a legal entity which holds at least 10% of the issued share capital of the Company, unless the legal entity is a subsidiary.

The independency of Non-Executive Directors is assessed prior to their nomination for appointment to the Board and, thereafter, annually.

Limitations on supervisory or non-executive positions

The number of an Executive Director's supervisory (or non-executive) positions of large Dutch companies or foundations shall be limited to a maximum of two. An Executive Director may not be the chairperson of a supervisory board (or of a one-tier board) of another large Dutch company or foundation. The number of a Non-Executive Director's supervisory (or non-executive) positions of large Dutch companies or foundations shall be limited to a maximum of five, for which purpose the chairmanship of a supervisory board (or of a one-tier board) of another large Dutch company or foundation counts twice. Executive Directors shall not pursue the candidacy for a supervisory (or non-executive) or similar position in companies other than subsidiaries of the Company without the Board's prior approval. Such position may not conflict with the Company's interests. Other important positions held by a Director shall be notified to the Board.

Diversity and inclusion

For the workforce as a whole, diversity and inclusion is dealt with in the Code of Conduct, which encourages an inclusive environment that promotes individual expression, creativity, innovation and achievement and emphasizes that within UMG diverse backgrounds and skills are valued as well as individual differences in race, ethnicity, gender or gender identity, sexual orientation, disability, religious affiliation, age, experience and thought.

For the Board and senior management, the Company has also adopted a separate diversity and inclusion policy (the **D&I Policy**) as per articles 2:142b and 2:166 of the Dutch Civil Code and best practice provision 2.1.5 of the Code, laying down the elements of a diverse and inclusive composition of the Board and senior management.

As set out in the D&I Policy, the Company acknowledges the benefits of greater diversity, including with regards to gender or gender identity, age, nationality, ethnicity and cultural or other background, and remains committed to ensuring that the Directors and senior management bring a wide range of expertise, experience, competencies, other personal qualities and perspectives. All nominations for appointments to the Board and senior management will be made based on merit against objective criteria, in the context of the overall balance of expertise, experience, competencies, other personal qualities and perspectives that are needed for the Company to remain effective.

The Board

With respect to the Board, the Company is committed to promoting diversity and inclusion in the boardroom and to ensuring that all Directors are able to contribute to Board discussions and has the aspiration:

- to improve or safeguard gender diversity among the Non-Executive Directors, such that at least one third of the Non-Executive Directors is female and at least one third of the Non-Executive Directors is male, thereby at all times taking into account the Dutch statutory gender diversity requirements with regards to non-executive directors.
- to improve gender diversity among the Executive Directors, such that at least one Executive Director is female and at least one Executive Director is male in the event that there are three (or more) Executive Directors.
- to improve or safeguard diversity with regards to age, nationality, ethnicity and cultural or other background as well as to create and maintain a variation in expertise, experience, competencies, other personal qualities and perspectives within the Board.

The Company is further committed to considering candidates for Non-Executive Director positions from a wide pool, including candidates with no prior publicly listed company board level experience.

The Nomination Committee (as defined under 'The Board––Committees') is responsible for supporting the Board in applying the D&I Policy with respect to the composition of the Board by annually assessing the Board's size and composition and, as part thereof, for considering (i) with respect to the Directors in general, the level of diversity with regards to expertise, experience, competencies, other personal qualities, perspectives, gender or gender identity, age, nationality, ethnicity and cultural or other background, and (ii) with respect to the Non-Executive Directors in particular, the level of independence, ahead of making recommendations to the Board for any proposed changes. In addition, the Nomination Committee is required to consider the benefits of all aspects of diversity, without compromises as to the caliber of the candidate Directors, when identifying candidate Directors to be nominated for appointment to the Board.

The senior management

With respect to the senior management, the Company is committed to promoting diversity and inclusion among the senior managers and has the aspiration:

- to improve gender diversity among the senior managers, such that by December 31, 2026, at least 20% of the senior managers is female, which would reflect a 2.5% increase compared to December 31, 2023, and at least 20% of the senior managers is male; and
- to improve or safeguard diversity with regards to age, nationality, ethnicity and cultural or other background as well as to create and maintain a variation in expertise, experience, competencies, other personal qualities and perspectives within the senior management.

For purposes of the D&I Policy and the aspirations laid down therein, the senior management is currently comprised of 63 senior managers.

Overview

The following table provides an overview of the composition of the Executive Directors, Non-Executive Directors and senior managers by gender:

Executive Directors		Non-Executive Directors		Senior Managers	
Female	0	Female	4	Female	11
Male	2	Male	7	Male	52
Total female and male	2	**Total female and male**	**11**	**Total female and male**	**63**
% female	0	% female	36	% female	17
% male	100	% male	64	% male	83

The current composition of the Board is considered to be diverse with regards to age, nationality, ethnicity and cultural or other background as well as to have a variation in expertise, experience, competencies, other personal qualities and perspectives. With the appointment of Haim Saban to the Board, the diversity has further increased, including with regards to age and nationality but also with regards to expertise and experience. Even though the female representation on the Board decreased because of Anna Jones' resignation from the Board, with women representing 36% of all Non-Executive Directors, the current composition of the Non-Executive Directors is considered to be in line with the gender diversity requirements included in the D&I Policy and Dutch law.

While the current composition of the senior management is also considered to be diverse, the Company acknowledges that there is room for improvement, especially with regards to gender diversity. Although such improvement cannot happen overnight, especially since the senior managers are typically committed to the Company for the long term, the Company has the aspiration that by December 31, 2026, at least 20% of the senior managers is female, which would reflect a 2.5% increase compared to December 31, 2023.

Actions to improve diversity and inclusion

The Company believes that the best way to foster an environment where original ideas are generated and creativity can flourish is to build an inclusive workplace that attracts and promotes talent from diverse backgrounds and cultures. Key actions from the Company's plan to foster, and further enhance, such an environment are set out in the Non-Financial Information section under 'Our commitments--Social' and include:

Embracing cultural differences and raising awareness

- The Company recognizes many cultural milestones and historically significant events.
- The Company's employee resource groups (ERGs) provide a platform for underrepresented employees to network, share experiences and help shape employee programming, and play a crucial role in supporting the Company's commitment to fostering inclusion and belonging.

Attracting and retaining talent

- To attract the next generation of talent, the Company hosts internship programs, allowing students, including from certain minority-serving institutions, to take part in such programs.
- The Company provides inclusive interviewing training to further support its goal of championing inclusion and belonging throughout the employee lifecycle.
- The Company is putting in place a workforce data insights initiative, which includes the implementation of a global job architecture and a quarterly review of workforce changes, including turnover, to allow it to improve and prioritize its talent attraction and retention programs.

Enhancing employee experience and development

- To obtain feedback on the employee experience, the Company uses a series of employee lifecycle surveys as well as exit surveys. The insights so obtained are turned into actions to further enhance the employee experience.
- To cultivate leadership, the Company offers multiple programs specifically developed to drive leadership preparedness, including among certain underrepresented groups.
- While the Company already offers a broad range of employee development opportunities, it plans to further expand the number of initiatives, including to programs centered on career conversations and personal development, plans for future workforce needs and plans to link personal development to specific skills with career paths.

Ensuring equitable pay practices

- The Company supports equitable pay practices through the implementation of a global job architecture, in which individual pay reflects experience, skillset, performance against goals and scope of responsibilities but does not differentiate on the basis of protected characteristics.

Supporting employee wellbeing

- As the Company is committed to enhancing its appeal as an employer and creating a positive and healthy workplace, it provides programming and support for a Company-wide culture of physical health, mental health and overall wellbeing. The Company has in place regionally-specific employee assistance programs, which, among others, include counseling sessions, in-the-moment support for emotional wellness, self-guided mindfulness, cognitive behavioral therapy programs and work-life assistance.

Mitigating measures

- As the Company promotes a respectful workplace, where harassment and discrimination have no place, the Company offers multiple options for employees to seek guidance and report potential instances of misconduct, including concerns related to harassment and discrimination, without fear for retaliation.

Conflicts of interest and related party transactions

A Director may not take part in the discussion and/or decision-making process of the Board where it concerns (i) a transaction in respect of which he or she has a direct or indirect personal conflict of interest with the Company or one of its subsidiaries (a **conflict of interest**) or (ii) a related party transaction in which he or she is involved. If the Board is unable to take a decision as a result of all Directors being unable to take part in the discussion and/or decision-making process of the Board due to a conflict of interest or due to all Directors being involved in a related party transaction, the decision shall nevertheless be taken by the Board.

The Board has drawn up a related party transactions policy (the **RPT Policy**) for the purpose of providing a procedure that prevents related parties from taking advantage of their position as well as adequate protection for the interests of the Company and its stakeholders. In accordance with the RPT Policy, (i) any transaction in respect of which a Director has a (potential) conflict of interest that is of material significance to the Company and/or the Director concerned (a **Code RPT**) or (ii) any material related party transaction in which a Director is involved and that is not entered into in the ordinary course of business and under normal market conditions (a **DCC RPT**, and together with a Code RPT, a **Related Party Transaction**) must be approved by the Board.

In accordance with the RPT Policy, a Director shall promptly notify any (potential) Related Party Transaction to the Chairman of the Board; the Chairman of the Board shall promptly notify any (potential) Related Party Transaction to the Vice-Chairman of the Board. In so notifying the Chairman of the Board or the Vice-Chairman of the Board, the Director concerned must provide all relevant information, including information relevant to the situation concerning any close family member.

In accordance with best practice provisions 2.7.3 and 2.7.4 of the Code, any Code RPT must be approved by the Board, entered into on terms which are customary in the market, and published in the Board report together with a statement of the conflict of interest and a declaration that best practice provisions 2.7.3 and 2.7.4 of the Code have been complied with.

In accordance with best practice provision 2.7.5 of the Code, any transaction between the Company and a natural or legal person who or which holds at least 10% of the issued share capital of the Company that is of material significance to the Company and/or the natural or legal person concerned must be approved by the Board, entered into on terms which are customary in the market and published in the Board report together with a declaration that best practice provision 2.7.5 of the Code has been complied with.

In 2023, neither any Code RPTs nor any transactions between the Company and a natural or legal person who or which holds at least 10% of the issued share capital of the Company that was of material significance to the Company and/or the natural or legal person concerned have been entered into.

In Note 24 'Related parties' to the consolidated financial statements, details of all related party transactions (including DCC RPTs, if any) are set out.

Resolutions subject to approval of the Board

In addition to Related Party Transactions, which require the approval of the Board as set out under 'The Board––Conflicts of interest and related party transactions', in accordance with the Board Regulations, the Company does not enter into any transaction with a value in excess of €300,000,000 that relates to (i) a disposal, sale or acquisition of all or a portion of investments in any company, business or group created or to be created, whatever its legal form, (ii) a proposal or approach to a third party concerning a significant transaction involving the Company or any of its subsidiaries, and (iii) a financing activity (including a bank loan, overdraft, vendor financing, asset securitization program, pension fund or transaction involving a joint venture or minority interest) and the granting of a guarantee or security right, without the approval of the Board.

Remuneration

The remuneration of the Executive Directors and Non-Executive Directors shall be determined by the Board with due observance of the remuneration policies for the Executive Directors and Non-Executive Directors, respectively. The Executive Directors shall not participate in the discussion and/or decision-making process regarding the determination of the remuneration of the Executive Directors. The remuneration policies as well as the main elements of the agreements with Sir Lucian Grainge and Vincent Vallejo are available on the investor relations part of the UMG website. In the Remuneration report, details of the individual remuneration of the Executive Directors and Non-Executive Directors are set out.

Severance

Under his employment agreement, Sir Lucian Grainge is entitled to severance payments as set out in the Remuneration report under 'Severance payments and termination provisions--Sir Lucian Grainge' in the event of (i) termination of his employment agreement by Universal Music Group, Inc. (i.e., the formal employer of Sir Lucian Grainge) without cause, (ii) non-renewal of his employment agreement by Universal Music Group, Inc. or (iii) termination of his employment agreement by Sir Lucian Grainge for good reason, which includes a change in control (as defined in the Remuneration report under 'Severance payments and termination provisions--Sir Lucian Grainge').

Under his management services agreement, Vincent Vallejo is not entitled to any severance payments in the event of termination or non-renewal of his management services agreement; he is, however, entitled to severance payments in accordance with Dutch law.

Directors' and officers' liability insurance policy and indemnity

The Executive Directors and Non-Executive Directors as well as certain officers are insured under a directors' and officers' liability insurance policy taken out by the Company against damages resulting from their conduct when acting in their capacities as Directors or officers with coverage and terms customary for a publicly listed company of the size of the Company. Although the policy provides for broad coverage, the Executive Directors, Non-Executive Directors and officers may become subject to uninsured liabilities.

In addition, pursuant to the Articles, the Company has agreed to indemnify each Executive Director and each Non-Executive Director for any claim against him or her that he or she may derive from exercising his or her duties as an Executive Director or Non-Executive Director, provided that he or she acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the Company or out of his or her mandate and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful.

Committees

The Board has appointed from among its Non-Executive Directors three committees to assist it in discharging its responsibilities: an audit committee (the **Audit Committee**), a remuneration committee (the **Remuneration Committee**) and a nomination committee (the **Nomination Committee**). Without prejudice to the collegiate responsibility of the Board, the duty of these committees is to prepare the decision-making of the Board.

The Board has drawn up regulations for each committee, setting out the role and responsibilities of the committee concerned, its composition and size and the manner in which its meetings should be held. These regulations are available on the investor relations part of the UMG website.

The Report of the Non-Executive Directors states the composition of the committees, the number of meetings held and the main items discussed at such meetings.

The Audit Committee

According to the regulations of the Audit Committee, the Audit Committee shall advise the Board in relation to its responsibilities, shall undertake preparatory work for the Board's decision-making regarding the supervision of the integrity and quality of the Company's financial and sustainability reporting and the effectiveness of the Company's internal risk management and control systems and shall prepare resolutions of the Board in relation thereto.

In addition to the foregoing, the Audit Committee's main responsibilities include: (i) supervising and monitoring, and discussing with and advising the Board on, the effectiveness of the design and operation of the internal risk management and control systems, including supervising the enforcement of all applicable laws and regulations and supervising the effect of the Code of Conduct, (ii) supervising the preparation and submission of financial and sustainability information by the Company, (iii) supervising the compliance with recommendations, comments and observations of the internal auditor, the external auditor(s) and any other external party involved in the auditing of the sustainability reporting, (iv) instructing the external auditor(s) and the internal audit function to inform the Executive Directors and the chair of the Audit Committee without delay if it or they discover(s) or suspect(s) an instance of misconduct or irregularity, (v) supervising the functioning of the internal audit function, (vi) ensuring that the way in which the internal audit function fulfills its responsibility is assessed by an independent third party at least every five years, (vii) supervising the policy of the Company on tax planning, (viii) supervising the financing of the Company, (ix) supervising the applications of information and communication technology, including risks relating to cybersecurity and data protection and risks relating to new technologies, (x) maintaining frequent contact and supervising the relationship with the internal auditor, the external auditor(s) and any other external party involved in the auditing of the sustainability reporting, (xi) implementing the procedure for the selection of the external auditor(s) and submitting a recommendation to the Non-Executive Directors for the (re)appointment or dismissal of the external auditor(s) by the General Meeting, (xii) informing the Board of the outcome of the statutory audit and explaining how the statutory audit contributed to the integrity of the financial reporting and what the role of the Audit Committee was in that process, (xiii) monitoring the financial reporting and submitting recommendations or proposals to ensure its integrity, (xiv) determining whether, and if so, how the external auditor(s) shall be involved in the content and publication of financial reports other than the financial statements, (xv) issuing a recommendation on the appointment and dismissal of the senior internal auditor, (xvi) submitting a proposal to the Board for the engagement of the external auditor(s) to audit the financial statements, and (xvii) considering and, where appropriate, approving for recommendation to the Board the (semi-annual) financial statements, the annual budget and major capital expenditures of the Company.

The Audit Committee shall consist of at least three members appointed by the Board from among its Non-Executive Directors. More than half of the members of the Audit Committee, including the chair of the Audit Committee, shall be independent within the meaning of best practice provision 2.1.8 of the Code. The Audit Committee may not be chaired by the Chairman of the Board or by a former Executive Director. At least one member of the Audit Committee shall have competence in accounting and/or auditing and the members of the Audit Committee as a whole shall have competence relevant to the sector in which the Company operates.

The Audit Committee shall hold at least four meetings per year and whenever one or more of its members have requested a meeting. The quorum of any meeting shall be a majority of the members of the Audit Committee. The Audit Committee shall meet with the external auditor(s) as often as it considers necessary, but at least once a year, outside the presence of the Executive Directors. The Chief Financial Officer, the internal auditor and the external auditor(s) shall in principle attend the meetings of the Audit Committee, unless the Audit Committee determines otherwise. The Audit Committee shall decide whether and, if so, when the Chairman of the Board shall attend its meetings.

The Remuneration Committee

According to the regulations of the Remuneration Committee, the Remuneration Committee shall advise the Board in relation to its responsibilities, shall undertake preparatory work for the Board’s decision-making regarding the determination of the remuneration of the individual Executive Directors and Non-Executive Directors, with due observance of the remuneration policies for the Executive Directors and Non-Executive Directors, respectively, and shall prepare resolutions of the Board in relation thereto.

In addition to the foregoing, the Remuneration Committee’s main responsibilities include: (i) at least every four years submitting a proposal to the Board for the remuneration policies to be pursued with regard to the Executive Directors and Non-Executive Directors, to be tabled at the annual General Meeting for adoption and (ii) annually preparing the remuneration report, to be tabled at the annual General Meeting for a non-binding advisory vote.

The Remuneration Committee shall consist of at least three members appointed by the Board from among its Non-Executive Directors. More than half of the members of the Remuneration Committee shall be independent within the meaning of best practice provision 2.1.8 of the Code. The Remuneration Committee may not be chaired by the Chairman of the Board or by a former Executive Director.

The Remuneration Committee shall hold at least two meetings per year and whenever one or more of its members have requested a meeting. The quorum of any meeting shall be a majority of the members of the Remuneration Committee.

The Nomination Committee

According to the regulations of the Nomination Committee, the Nomination Committee shall advise the Board in relation to its responsibilities, shall undertake preparatory work for the Board's decision-making and shall prepare resolutions of the Board in relation thereto.

In addition to the foregoing, the Nomination Committee's main responsibilities include: (i) drawing up selection criteria and appointment procedures for the Directors, (ii) annually assessing the size and composition of the Board, and making a proposal for the profile for Non-Executive Directors, (iii) annually evaluating the functioning of the Board as a whole, the individual Directors and the various committees, ensuring that such evaluation periodically takes place under the supervision of an external expert and reporting on this to the Board, (iv) formulating succession plans and drawing up a retirement schedule, (v) making recommendations for the (re)appointment of Directors and (vi) supervising the policy of the Board on the selection criteria and appointment procedures for senior management.

The Nomination Committee shall consist of at least three members appointed by the Board from among its Non-Executive Directors. More than half of the members of the Nomination Committee shall be independent within the meaning of best practice provision 2.1.8 of the Code.

The Nomination Committee shall hold at least two meetings per year and whenever one or more of its members have requested a meeting. The quorum of any meeting shall be a majority of the members of the Nomination Committee.

The Market Disclosure Committee

The Board has also appointed a market disclosure committee (the **Market Disclosure Committee**), consisting of seven members, which is responsible for the timely and accurate disclosure of all information that is required to be so disclosed to the market in order to meet the applicable legal and regulatory obligations and requirements arising from the Listing.

The Market Disclosure Committee shall meet whenever necessary to fulfill its responsibilities and meetings can be called by and at the request of any of the members of the Market Disclosure Committee. The Market Disclosure Committee is not a committee of the Board although its members are appointed by the Board.

THE GENERAL MEETING

Annual and extraordinary General Meetings

The Shareholders exercise their rights through annual and extraordinary General Meetings.

Annual General Meetings

The annual General Meeting shall be held within six months after the end of the financial year. The agenda of the annual General Meeting typically includes the following (discussion or voting) items: (i) the discussion of the annual report, (ii) the consideration of the remuneration report, (iii) the adoption of the financial statements, (iv) the discussion of the dividend policy and the proposal to distribute dividends, (v) the discharge of the Directors for the performance of their duties, (vi) the (re)appointment of Directors, (vii) the adoption of the remuneration policies for the Executive Directors and Non-Executive Directors insofar as any adjustments to the remuneration policies so require or four years after their former adoption, (viii) the appointment of the external auditor(s), and (ix) any other items brought forward by the Board.

Extraordinary General Meetings

Extraordinary General Meetings shall be held as often as the Board deems necessary. In addition, one or more of the Shareholders representing individually or jointly at least 10% of the issued share capital of the Company are entitled to request the Board in writing that a General Meeting is convened, the request setting out in detail the items to be discussed. If the Board has not taken the steps necessary to ensure that a General Meeting can be held within eight weeks of the request, the relevant Shareholder or Shareholders may at its or their request be authorized by a Dutch court in summary proceedings to convene a General Meeting. In any event, a General Meeting shall be held to discuss any requisite measures within three months of it becoming apparent to the Board that the shareholders' equity of the Company has decreased to an amount equal to or lower than 50% of the paid-up and called-up part of the share capital of the Company.

Place

According to the Articles, General Meetings shall be held in Amsterdam, Rotterdam, Hilversum or Haarlemmermeer (including Schiphol Airport).

Convocation

A General Meeting is convened by the Board by means of a convocation notice, which must be given at least forty-two days before the day of the General Meeting.

Right to include items on the agenda

One or more of the Shareholders representing individually or jointly at least 3% of the issued share capital of the Company are entitled to request the Company in writing that an item is included on the agenda of the General Meeting. The request must be sufficiently motivated and received by the Company at least sixty days before the day of the General Meeting. The Company cannot be forced to include a voting item on the agenda of the General Meeting where the voting item concerns a matter which does not lie within the powers of the General Meeting. In accordance with best practice provision 4.1.6 of the Code, the

Shareholders are expected to only exercise the right of including an item on the agenda of the General Meeting after having consulted the Board in that respect.

Response time

If one or more of the Shareholders request that an item is included on the agenda of the General Meeting that may result in a change in the Company's strategy (via, for example, a change in the composition of the Board), the Board may invoke a response time. The possibility to invoke a response time also applies to a request of such Shareholder or Shareholders to be authorized to convene a General Meeting as set out under 'The General Meeting––Annual and extraordinary General Meetings––Extraordinary General Meetings'.

Chairperson of the General Meeting

The General Meeting shall be presided over by the Chairman of the Board or another Director designated for that purpose by the Board. If the Chairman of the Board is not present at the General Meeting and no other Director has been designated by the Board to preside over the General Meeting, the General Meeting itself shall appoint a chairperson of the General Meeting. The chairperson has all powers necessary to ensure the orderly and efficient conduct of the General Meeting. The chairperson decides on all matters relating to admission to the General Meeting and may admit third parties to the General Meeting. The Directors are in any event authorized to attend the General Meeting, in which they have an advisory vote. The external auditor(s) is or are also authorized to attend the General Meeting.

Participation

Each Shareholder is entitled, in person or represented by a proxy authorized in writing, to attend and address the General Meeting and to exercise its voting rights. Each Shareholder may exercise such rights if it is a Shareholder on the record date, which is the twenty-eighth day before the day of the General Meeting, and it has notified the Company in writing of its intention to do so in the manner and by the date specified in the convocation notice. The Board may determine that a Shareholder entitled to exercise its voting rights may cast its vote prior to the General Meeting by means of electronic communication or letter. Votes cast in accordance with the previous sentence rank equal to votes cast at the General Meeting.

Each Share confers the right on the holder thereof to cast one vote at the General Meeting. All resolutions of the General Meeting shall be adopted by a simple majority of the votes cast, unless Dutch law or the Articles require a qualified majority. Some resolutions require a qualified majority if less than half of the issued share capital of the Company is present or represented at the General Meeting. No special control rights are attached to the Shares. There are no restrictions on the exercise of voting rights under Dutch law or the Articles nor, as far as the Company is aware, under the Relationship Agreement.

The General Meeting has authority to adopt resolutions concerning, among others, the following matters:

- the issue of Shares or the granting of rights to subscribe for Shares (and to designate the Board as the competent body to issue Shares or to grant rights to subscribe for Shares)
- the limitation or exclusion of the pre-emptive right in relation to Shares or rights to subscribe for Shares (and to designate the Board as the competent body to limit or exclude the pre-emptive right in relation to Shares or rights to subscribe for Shares)

- the authorization of the Board to acquire Shares on behalf of the Company
- the reduction of the issued share capital of the Company
- the (re)appointment of Executive Directors and Non-Executive Directors
- the suspension and dismissal of Executive Directors and Non-Executive Directors
- the adoption of the remuneration policies for the Executive Directors and Non-Executive Directors
- the adoption of the financial statements
- the appointment of the external auditor(s)
- the distribution of dividends
- the amendment of the Articles
- the dissolution of the Company

No resolutions may be adopted on items other than those that have been included on the agenda of the General Meeting (unless the resolution would be adopted unanimously during a General Meeting where the entire issued share capital of the Company is present or represented).

Resolutions of the Board regarding a significant change in the identity or character of the Company or its business are subject to the approval of the General Meeting. Such changes include in any event:

- the transfer of the business or practically the entire business to a third party
- the conclusion or cancellation of any long-lasting cooperation of the Company or a subsidiary with any other legal person or company or as a fully-liable general partner in a partnership, provided that the conclusion or cancellation of such cooperation is of material significance to the Company
- the acquisition or disposal of a participation in the issued share capital of a company with a value of at least one third of the assets, as shown in the consolidated balance sheet with explanatory notes according to the most recently adopted consolidated financial statements, by the Company or a subsidiary

Minutes

Minutes of the proceedings at the General Meeting shall be kept by a secretary who shall be designated by the chairperson of the General Meeting. Within three months after the end of the General Meeting, the minutes shall be made available to the Shareholders, which then have the opportunity to provide their comments in the three months thereafter. The minutes shall then be adopted by the chairperson and the secretary and signed by them as evidence thereof.

Issue of Shares and limitation or exclusion of pre-emptive right

The General Meeting is authorized to issue Shares. The General Meeting may designate the Board as the competent body to issue Shares and to determine the issue price and other conditions of the issue for a specified period not exceeding five years (which period can be extended from time to time for further periods not exceeding five years). Such designation must state the number of Shares that may be so issued. The General Meeting shall, in addition to the Board, remain authorized to issue Shares if such is specifically stipulated in the resolution of the General Meeting designating the Board as the competent body to issue Shares. A resolution of the General Meeting to issue Shares and a resolution of the General Meeting designating the Board as the competent body to issue Shares can only be adopted at the proposal of the Board. The foregoing applies by analogy to the granting of rights to subscribe for Shares but does not apply to the issue of Shares to a person exercising previously granted rights to subscribe for Shares.

Each Shareholder has a pre-emptive right in proportion to the aggregate number of its Shares upon an issue of Shares. The pre-emptive right does not apply to: (i) Shares issued to employees of the Company or of a group company, (ii) Shares issued against payment other than in cash and (iii) Shares issued to a person exercising previously granted rights to subscribe for Shares. The pre-emptive right may be limited or excluded by a resolution of the General Meeting. The pre-emptive right may also be limited or excluded by a resolution of the Board if the Board has been designated as the competent body to limit or exclude the pre-emptive right by the General Meeting for a specified period not exceeding five years (which period can be extended from time to time for further periods not exceeding five years), and the Board has also been designated as the competent body to issue Shares by the General Meeting. A resolution of the General Meeting to limit or exclude the pre-emptive right and a resolution of the General Meeting designating the Board as the competent body to limit or exclude the pre-emptive right can only be adopted at the proposal of the Board and requires a qualified majority of at least two thirds of the votes cast if less than half of the issued share capital of the Company is present or represented at the General Meeting. The foregoing applies by analogy to the granting of rights to subscribe for Shares.

On May 12, 2022, the General Meeting approved the 2022 UMG Global Equity Plan (as defined in the Shareholder information section under '2022 UMG Global Equity Plan') as well as the issuance of Shares or the granting of rights to subscribe for Shares in order to give effect to awards granted under the 2022 UMG Global Equity Plan to employees of the Company and its subsidiaries and to Executive Directors up to a total amount of 5% of the issued share capital of the Company as at May 12, 2022 and, to the extent necessary, the exclusion of the statutory pre-emptive right with respect to such Shares or rights to subscribe for Shares. The actual number of Shares to be issued or rights to subscribe for Shares to be granted in order to give effect to awards granted under the 2022 UMG Global Equity Plan is determinable by the Board (or a committee of the Board designated for such purpose).

Acquisition of Shares

The Company cannot subscribe for Shares. The Company may, however, acquire fully paid-up Shares for no consideration or under universal title of succession. In addition, the Company may acquire fully paid-up Shares against consideration if (i) the shareholders' equity of the Company less the acquisition price of the Shares does not fall below the sum of the paid-up and called-up part of the share capital of the Company and any reserves that must be maintained pursuant to Dutch law, (ii) the aggregate nominal value of the Shares which the Company acquires, holds or on which it holds a right of pledge or which are held by a subsidiary does not exceed 50% of the issued share capital of the Company and (iii) the Board has been authorized to acquire Shares on behalf of the Company by the General Meeting. Such authorization is valid for a maximum period of eighteen months and as part of the authorization, the General Meeting must specify the number of Shares that may be acquired as well as the manner in which and the price range within which the Shares may be acquired. Such authorization is not required if the Company acquires fully paid-up Shares for the purpose of transferring such Shares to employees of the Company or of a group company under an equity compensation plan. Any acquisition of Shares that are not fully paid-up shall be null and void.

In calculating the amount of any dividend distribution on the Shares, Shares held by the Company shall be disregarded, unless such Shares are encumbered with a right of pledge or usufruct. Furthermore, the Company or a subsidiary may not cast votes in respect of Shares held by it or on which it holds a right of pledge or usufruct. However, a holder of a right of pledge or usufruct on Shares held by the Company or a subsidiary may cast votes in respect of such Shares, if the right of pledge or usufruct was created before the Shares were acquired by the Company or a subsidiary. In determining how many votes can be cast, how many Shareholders are present or represented or which part of the issued share capital of the Company is present or represented at the General Meeting, no account shall be taken of Shares in respect of which no votes can be cast.

On May 11, 2023, the General Meeting resolved to grant the Board the authority to cause the Company to acquire Shares up to a maximum number of Shares representing 10% of the issued share capital of the Company as at May 11, 2023, through purchases effected on a stock exchange or otherwise, for a period of eighteen months, including for the purpose of effecting potential share buyback programs in an efficient manner. The price shall range between an amount equal to the nominal value of the Shares and an amount equal to 110% of the share price, whereby the share price shall be understood to mean the average of the highest quoted price for each Share during the five trading days prior to the date of acquisition as published in the Daily Official List (*Officiële Prijscourant*) of Euronext Amsterdam.

Reduction of the issued share capital of the Company

At the proposal of the Board, the General Meeting may resolve to reduce the issued share capital of the Company by (i) cancelling Shares held by the Company or (ii) reducing the nominal value of the Shares by way of an amendment of the Articles. A resolution of the General Meeting to reduce the issued share capital of the Company requires a qualified majority of at least two thirds of the votes cast if less than half of the issued share capital of the Company is present or represented at the General Meeting.

Appointment of the external auditor(s)

The General Meeting appoints the external auditor(s) to audit the financial statements. The Non-Executive Directors submit a nomination for the appointment of the external auditor(s) to the General Meeting, upon the recommendation of the Audit Committee. Unless it concerns the renewal of an audit engagement, the recommendation of the Audit Committee shall be prepared following a selection procedure (an **auditor selection procedure**) organized by the Company under the responsibility of the Audit Committee in accordance with Regulation (EU) No 537/2014 of the European Parliament and of the Council of April 16, 2014 on specific requirements regarding statutory audit of public-interest entities.

Pursuant to the non-binding guidelines of the Committee of European Auditing Oversight Bodies on the appointment of statutory auditors or audit firms by public-interest entities adopted on March 16, 2021 (the **Guidelines**), a publicly listed company who has become a public-interest entity for the first time after having already appointed an external auditor is required to organize an auditor selection procedure as soon as possible. In order to comply with the Guidelines and to move from a dual external auditor structure to a single external auditor structure, which is more in line with Dutch market practice, the Company under the responsibility of the Audit Committee organized an auditor selection procedure in the second half of 2022 which was led by a selection committee designated by the Audit Committee for such purpose. Having completed the auditor selection procedure in the first quarter of 2023, the Non-Executive Directors, at the recommendation of the Audit Committee, consequently nominated Ernst & Young Accountants LLP for appointment by the General Meeting as the Company's external auditor for the financial years 2023 up to and including 2025, and on May 11, 2023, the General Meeting appointed Ernst & Young Accountants LLP accordingly.

Amendment of the Articles

At the proposal of the Board, the General Meeting may resolve to amend the Articles. If a proposal to amend the Articles is to be submitted to the General Meeting, the convocation notice must state so and a copy of the proposal, including the verbatim text thereof, must be made available at the Company's office for inspection by, and must be made available free of charge to, the Shareholders until after the close of the General Meeting. An amendment of the Articles requires a notarial deed.

Dutch Decree on Article 10 of the Takeover Directive

Pursuant to the Dutch Decree on Article 10 of the Takeover Directive, the Board report needs to include information on, among others, the Company's share capital structure, any restrictions on voting rights and the transfer of Shares, substantial shareholdings in the Company, any special control rights attached to the Shares, any system of control regulating equity plans, the rules governing the appointment and dismissal of Executive Directors and Non-Executive Directors and the amendment of the Articles, the powers of the Board (in particular the power to issue Shares and to cause the Company to acquire Shares), any material agreement to which the Company is a party and which comes into force or is amended or terminated upon a change of control over the Company following a takeover offer, and any agreement between the Company and a Director or employee providing for compensation if his or her employment is terminated because of a takeover offer. The information that needs to be included in the Board report pursuant to the Dutch Decree on Article 10 of the Takeover Directive is included in this Corporate governance section and in the Shareholder information section.

Compliance with the Code

The Company acknowledges the importance of good corporate governance and complies with most of the principles and best practice provisions of the Code, the full text of which can be found on www.mccg.nl. Deviations from any of the principles and best practice provisions of the Code are explained below in accordance with the Code's 'comply or explain' principle. Substantial changes in the Company's corporate governance structure and in the Company's compliance with the Code, if any, will be dealt with at the annual General Meeting as a separate item.

Deviations

Best practice provision 2.1.7 item (i) of the Code

As James Mitchell, Luc van Os and Manning Doherty were all Executive Directors (as from February 26, 2021, December 4, 2020 and February 26, 2021, respectively) prior to being appointed as Non-Executive Directors by the General Meeting, effective September 20, 2021, the Company does not comply with best practice provision 2.1.7 item (i) of the Code, which recommends that at most one Non-Executive Director is a former Executive Director. However, the Company deems that this deviation does not negatively impact the ability of these Non-Executive Directors to perform their duties critically and independently given the short period during which they were involved in the executive management of the Company prior to, and primarily in preparation for, the Listing.

Best practice provision 2.1.7 item (ii) of the Code
Since six out of eleven Non-Executive Directors, being Bill Ackman, Cathia Lawson-Hall, Cyrille Bolloré, James Mitchell, Luc van Os and Manning Doherty, are considered non-independent within the meaning of best practice provision 2.1.8 of the Code, the Company does not comply with best practice provision 2.1.7 item (ii) of the Code, which recommends that less than half of the Non-Executive Directors should be non-independent.

Best practice provision 2.1.7 item (iii) of the Code
Since two Non-Executive Directors, being James Mitchell and Manning Doherty, have been appointed by the General Meeting at the designation of the Tencent-led consortium, they are considered to be affiliated with or representing a (group of affiliated) shareholder(s) holding, directly or indirectly, more than 10% of the issued share capital of the Company and as such, the Company does not comply with best practice provision 2.1.7 item (iii) of the Code, which recommends that at most one Non-Executive Director is considered to be affiliated with or representing such (group of affiliated) shareholder(s).

Best practice provision 2.2.1 of the Code
The Company does not comply with (the second sentence of) best practice provision 2.2.1 of the Code, which recommends that a management board member may be reappointed for a term of not more than four years at a time, now that the General Meeting, on May 11, 2023, reappointed Sir Lucian Grainge as an Executive Director for a period ending on May 1, 2028. At the recommendation of the Nomination Committee, the Board made its (non-binding) nomination for the reappointment of Sir Lucian Grainge for such an extended period in order to align the term of his appointment as an Executive Director with the term of his employment agreement.

Best practice provision 2.2.2 of the Code
The Company does not comply with (the first sentence of) best practice provision 2.2.2 of the Code, which recommends that a supervisory board member is appointed for a period of four years and may then be reappointed once for another four-year period, now that all Non-Executive Directors have been appointed or reappointed by the General Meeting for a period of two years in order to comply with the base scenario under the Articles.

Best practice provision 2.3.4 of the Code
Since the Audit Committee is chaired by Luc van Os, a former Executive Director, the Company does not comply with (the first sentence of) best practice provision 2.3.4 of the Code, which recommends that the Audit Committee should not be chaired by a former Executive Director. However, the Company deems that this deviation does not negatively impact his ability to perform his duties critically and independently given the short period during which he was involved in the executive management of the Company prior to, and primarily in preparation for, the Listing.

Because of Anna Jones' resignation from the Board on September 30, 2023, and the consequent termination of her committee membership, the Company no longer complies with (the second sentence of) best practice provision 2.3.4 of the Code, which recommends that more than half of the members of each committee should be independent, now that two out of four of the Audit

Committee members, being Cathia Lawson-Hall and Luc van Os, are considered non-independent within the meaning of best practice provision 2.1.8 of the Code and two out of four Remuneration Committee members, being Cyrille Bolloré and James Mitchell, are considered non-independent within the meaning of best practice provision 2.1.8 of the Code. This deviation is intended to be of a temporary nature only as the Board intends to appoint another independent Non-Executive Director to the Audit Committee and Remuneration Committee in the course of the financial year 2024.

Best practice provision 2.3.6 item (ii) of the Code

Because of Anna Jones' resignation from the Board on September 30, 2023, and the consequent termination of her vice-chairmanship of the Board, the Company no longer complies with best practice provision 2.3.6 item (ii) of the Code, which recommends that a vice-chairman is elected. This deviation is intended to be of a temporary nature only as the Board intends to appoint another Non-Executive Director as Vice-Chairman of the Board in the course of the financial year 2024.

Best practice provision 3.1.2 item (vi) of the Code

The Company does not comply with best practice provision 3.1.2 item (vi) of the Code, which recommends that if shares are being granted, they should be held for at least five years after the grant date. Although the awards granted to the Executive Directors under the 2022 UMG Global Equity Plan are (and will be) subject to (multiple-year) time-based and/or performance-based vesting requirements as set out in Note 23 'Share-based compensation plans' to the consolidated financial statements, there is no requirement that Shares should continue to be held once vested. Considering that the Company operates in a highly competitive environment, requiring the Executive Directors to hold the Shares for at least five years after the grant date could meaningfully reduce the perceived value of the awards for motivational and retention purposes, without reducing the cost to the Shareholders in terms of dilution, while the vesting requirements attached to the awards are already efficacious at aligning the Executive Directors' and Shareholders' interests.

Best practice provision 3.1.2 item (vii) of the Code

The Company does not comply with best practice provision 3.1.2 item (vii) of the Code, which recommends that if share options are being granted, they should not be exercisable during the first three years after they are granted. Although the performance stock options (the **PSOs**) granted under the 2022 UMG Global Equity Plan to Sir Lucian Grainge are subject to (multiple-year) time-based and performance-based vesting requirements, half of them could become exercisable within the first three years after they are granted. On each of the first four anniversaries of the grant date, one fourth of the PSOs will vest; in addition, one third of the PSOs will become eligible for exercise if the first share price hurdle of €26.50 is met, one third of the PSOs will become eligible for exercise if the second share price hurdle of €30.00 is met, and one third of the PSOs will become eligible for exercise if the third share price hurdle of €38.00 is met. Only those PSOs that have vested due to the passage of time and have become eligible for exercise due to a share price hurdle having been met become exercisable.

Best practice provision 3.2.3 of the Code

Sir Lucian Grainge is entitled to severance payments as set out in the Remuneration report under 'Severance payments and termination provisions' in the event of (i) termination of his employment agreement by Universal Music Group, Inc. (i.e., the formal employer of Sir Lucian Grainge) without cause, (ii) non-renewal of his employment agreement by Universal Music Group, Inc. or (iii) termination of his employment agreement by Sir Lucian Grainge for good reason, which severance payments are in excess of (the fixed remuneration component of) one year's salary. Accordingly, the Company does not comply with best practice provision 3.2.3 of the Code, which recommends that any severance payments in the event of dismissal should not exceed (the fixed remuneration component of) one year's salary or be awarded in the event that the employment agreement is terminated by the management board member. However, as the recommended severance payments are inconsistent with industry practices in the primary fields in which the Company competes for talent, i.e., the fields of United States media, entertainment and tech, complying with best practice provision 3.2.3 of the Code could be detrimental to Executive Director recruitment and retention. Accordingly, at the time of renewal of Sir Lucian Grainge's employment agreement, it was decided to agree to a severance arrangement, which is in deviation of best practice provision 3.2.3 of the Code.

Corporate governance statement

Pursuant to the Dutch Decree on the Content of the Board Report, the Company is required to publish a statement concerning its approach to corporate governance and compliance with the Code. The information required to be included in this statement can be found in the following sections of the annual report:

- The information concerning compliance with the Code is set out under 'Compliance with the Code'.
- The information concerning the Company's internal risk management and control systems relating to the financial reporting process is set out in the Risk and Risk Management section.
- The information concerning the functioning of the General Meeting and its powers and rights is set out under 'The General Meeting'.
- The information concerning the composition and functioning of the Board and its committees is set out under 'The Board' and in the Report of the Non-Executive Directors under 'Composition' and 'Committees'.
- The information concerning the D&I Policy is set out under 'The Board––Diversity and inclusion' and in the Report of the Non-Executive Directors under 'Diversity and inclusion'.
- The information concerning the inclusion of the information required by the Dutch Decree on Article 10 of the Takeover Directive is set out under 'Dutch Decree on Article 10 of the Takeover Directive'.

STATEMENTS OF THE BOARD

In control statement

In accordance with best practice provision 1.4.3 of the Code, the Board is of the opinion that for the financial year 2023:

- the Board report provides sufficient insight into any failings in the effectiveness of the internal risk management and control systems with regard to the risks associated with the strategy and activities of the Company and its affiliated enterprise, which in any case include strategic, operational, compliance and reporting risks.
- the internal risk management and control systems provide reasonable assurance that the financial reporting does not contain any material inaccuracies.
- based on the current state of affairs, it is justified that the financial reporting is prepared on a going concern basis.
- the Board report states those material risks associated with the strategy and activities of the Company and its affiliated enterprise and uncertainties that are relevant to the expectation of the Company's continuity for the period of twelve months after the preparation of the Board report.

It should be noted that the foregoing does not imply that these systems and these procedures provide absolute assurance as to the realization of operational and strategic business objectives or that they can prevent all misstatements, inaccuracies, errors, fraud and non-compliance with all applicable laws and regulations.

For a detailed description of the internal risk management and control systems and the principal risks identified, please refer to the Risk and Risk Management section.

Responsibility statement

In accordance with article 5:25c(2)(c) of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*), the Board confirms that, to the best of its knowledge:

- the financial statements 2023 give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation as a whole for the financial year 2023.
- the Board report provides a true and fair view of the position as at December 31, 2023 and of the performance of the business during the financial year 2023 of the Company and the undertakings, details of which have been included in the financial statements 2023.
- the Board report includes a description of the principal risks that the Company faces.

The Board, Hilversum, March 28, 2024

Sir Lucian Grainge
Vincent Vallejo
Sherry Lansing
Antoine Fiévet
Bill Ackman
Cathia Lawson-Hall
Cyrille Bolloré

Haim Saban
James Mitchell
Luc van Os
Manning Doherty
Margaret Frerejean-Taittinger
Nicole Avant

BOARD REPORT
SHAREHOLDER INFORMATION

SHARE CAPITAL

The authorized share capital of the Company amounts to €27,000 million and is divided into 2,700,000,000 ordinary shares with a nominal value of €10 per Share (the **Shares**). All Shares are registered and numbered consecutively from one onwards.

As at December 31, 2023, the issued share capital of the Company amounted to €18,216,654,410 and was divided into 1,821,665,441 Shares, the Company held 214,235 Shares in treasury and no depositary receipts for Shares were issued with the cooperation of the Company.

All Shares rank *pari passu* with each other. There are no restrictions on the transferability of the Shares under Dutch law or the Articles nor, as far as the Company is aware, under the Relationship Agreement.

Relationship Agreement

On September 8, 2021, Vivendi SE, Concerto Investment B.V., Scherzo Investment B.V., Compagnie de l'Odet and Compagnie de Cornouaille entered into a relationship agreement (the **Relationship Agreement**), which was co-signed by the Company for agreement and acknowledgement.

Further details on the Relationship Agreement are set out in the Corporate governance section under 'The Board––Appointment and appointment term' and 'The General Meeting––Annual and extraordinary General Meetings––Participation', above under 'Share capital' and below under 'Substantial shareholdings' and 'Dividend policy'.

Substantial shareholdings

Pursuant to the Dutch Financial Supervision Act, Shareholders are required to notify the Dutch Authority for the Financial Markets (*Autoriteit Financiële Markten*) (the **AFM**) in the event that they acquire or lose the disposal of a capital interest (and/or voting rights) in the Company as a result of which their percentage of capital interest (and/or voting rights) in the Company reaches, exceeds or falls below one of the following thresholds: 3%, 5%, 10%, 15%, 20%, 25%, 30%, 40%, 50%, 60%, 75% and 95%. The requirement to notify the AFM also applies in the event that their percentage of capital interest (and/or voting rights) in the Company passively reaches, exceeds or falls below one of the thresholds due to a change in the issued share capital of (and/or voting rights in) the Company.

According to the AFM register, the following Shareholders have notified the AFM of their capital interest in the Company as at December 31, 2023:

Shareholder	Notification date	Capital interest
W.A. Ackman	October 31, 2023	10.25[1]
FMR LLC	July 25, 2023	3.00%
Concerto Partners LLC[2]	June 30, 2023	19.92%[3]
Vivendi SE[2]	June 30, 2023	9.98%
V. Bolloré[2]	September 22, 2021	18.01%[4]

1 Held via PS VII Master L.P. (This percentage is based on notifications reflected in the AFM's Executive and Non-Executive Directors register rather than in the AFM's Substantial Shareholdings register.)

2 Each of V. Bolloré, Vivendi SE and Concerto Partners LLC has notified a percentage of voting rights in the Company of ~48% based on a voting agreement included in the Relationship Agreement.

3 Held via Scherzo Investment B.V. and Concerto Investment B.V.

4 Held via Bolloré Participations SE, Omnium Bolloré, Financière V, Sofibol, Compagnie de l'Odet, Bolloré SE and Compagnie de Cornouaille.

It is possible that the stated percentages of capital interest differ from the actual percentages of capital interest as the Shareholders may only be required to notify the AFM in the event that their percentage of capital interest reaches, exceeds or falls below one of the thresholds.

In the Relationship Agreement, the parties have agreed to, among others, consult with one another prior to each General Meeting in order to form and exercise, to the extent possible, a common view and vote in respect of the various items related to the subjects included in and the obligations of the parties under the Relationship Agreement concerning the right of the Tencent-led consortium to designate up to two Non-Executive Directors for appointment by the General Meeting as set out in the Corporate governance section under 'The Board––Appointment and term of appointment' and the dividend policy as set out under 'Dividend Policy'. Accordingly, the parties are considered to have concluded a voting agreement and are therefore required to aggregate their voting rights in the Company as set out in note 2 to the table above.

Change of control

The Company's €2 billion revolving credit facility agreement and the Company's €500 million bilateral revolving credit facility agreement each (potentially) entitle each bank to claim early repayment of the amounts borrowed by it to the Company in the event of a change of control over the Company (as defined in the relevant revolving credit facility agreement).

In addition, the final terms of the €750 million 4.00% senior notes due June 13, 2031, the final terms of the €500 million 3.00% senior notes due June 30, 2027 and the final terms of the €500 million 3.75% senior notes due June 30, 2032 each entitle a holder of a note to require the Company to redeem or, at the Company's option, purchase such note at such note's nominal amount together with (an amount equal to) accrued interest in the event of a change of control over the Company (as defined in the terms and conditions of the notes).

2022 UMG Global Equity Plan

On May 12, 2022, the General Meeting approved the 2022 Universal Music Group Global Equity Plan (the **2022 UMG Global Equity Plan**) as well as the issuance of Shares or the granting of rights to subscribe for Shares in order to give effect to awards granted under the 2022 UMG Global Equity Plan to employees of the Company and its subsidiaries and to Executive Directors up to a total amount of 5% of the issued share capital of the Company as at May 12, 2022 and, to the extent necessary, the exclusion of the statutory pre-emptive right with respect to such Shares or rights to subscribe for Shares. The actual number of Shares to be issued or rights to subscribe for Shares to be granted in order to give effect to awards granted under the 2022 UMG Global Equity Plan is determinable by the Board (or a committee of the Board designated for such purpose). The 2022 UMG Global Equity Plan is available on the investor relations part of the UMG website.

The purpose of the 2022 UMG Global Equity Plan is to provide long-term incentives to employees of the Company and its subsidiaries and to Executive Directors which are linked to value creation for Shareholders and, where appropriate, the achievement of certain long-term strategic and financial goals through a variety of awards designed to attract, retain and motivate the best possible workforce. In addition, the 2022 UMG Global Equity Plan aims to afford employees of the Company and its subsidiaries and Executive Directors the opportunity to acquire and maintain ownership of Shares, thereby strengthening and aligning their concern for the interests of the Company and its stakeholders.

In Note 23 'Share-based compensation plans' to the consolidated financial statements, details of the various awards are set out.

Dividend policy

The distribution of profits shall be made after the adoption of the financial statements by the General Meeting from which it appears that the distribution is allowed. The Company may only make distributions to the extent the shareholders' equity of the Company exceeds the sum of the paid-up and called-up part of the share capital of the Company and any reserves that must be maintained pursuant to Dutch law.

In accordance with the Relationship Agreement, and subject to all applicable laws, the Company intends to, on an annual basis, pay dividends to all Shareholders, on a *pro rata* basis in two semi-annual instalments, in the aggregate amount of no less than 50% of the Company's net profits, subject to agreed non-cash items, calculated as follows:

- consolidated net profits of the most recent audited consolidated financial statements as of December 31 prepared in accordance with EU IFRS; *plus*
- (a) any loss arising on any change in fair value of any intangible assets, tangible assets or financial assets, (b) any amortization or impairment of intangible assets, (c) share-based compensation expenses, (d) net losses related to non-consolidated companies consolidated under the equity method, (e) net losses related to minority interests, (f) net provisions for inventories and (g) any unrealized loss related to derivative financial instruments; *minus*
- (h) any gain arising on any change in fair value of any intangible assets, tangible assets or financial assets, (i) any unrealized gain related to derivative financial instruments, (j) income or reversal related to share-based compensation, (k) net profits related to non-consolidated companies

consolidated under the equity method and (l) net profits related to minority interests.

The Company intends to pay an interim dividend in the fourth quarter of each financial year after the publication of the semi-annual financial report, and a final dividend in the second quarter of the following financial year following adoption of the financial statements by the General Meeting.

On June 6, 2023, the Company paid a final dividend of €0.27 per Share, bringing the total dividend for the financial year 2022 to €0.51 per Share.

On October 27, 2023, the Company paid an interim dividend of €0.24 per Share, and the Board now proposes that on June 11, 2024, the Company pays a final dividend of €0.27 per Share, such proposal to be approved at the annual General Meeting to be held on May 16, 2024. If approved, this would bring the total dividend for the financial year 2023 to €0.51 per Share.

Capital events

Credit ratings

On May 31, 2022, the Company announced that it had been assigned a Baa1 long-term credit rating and a Prime-2 short-term credit rating with stable outlook by Moody's, as well as a BBB long-term credit rating and an A-2 short-term credit rating with stable outlook by S&P.

Euro Medium Term Note program

On June 13, 2023, the Company issued €750 million of 4.00% senior notes due June 13, 2031, and on June 30, 2022, the Company issued €500 million of 3.00% senior notes due June 30, 2027 as well as €500 million of 3.75% senior notes due June 30, 2032 under its Euro Medium Term Note program. The notes are admitted to trading on Euronext Amsterdam. The proceeds have been used for the refinancing of indebtedness and payment of transaction fees and expenses.

Negotiable European Commercial Paper program

On June 16, 2023, the Company extended its €1 billion Negotiable European Commercial Paper program. The Company uses this financing for general corporate purposes.

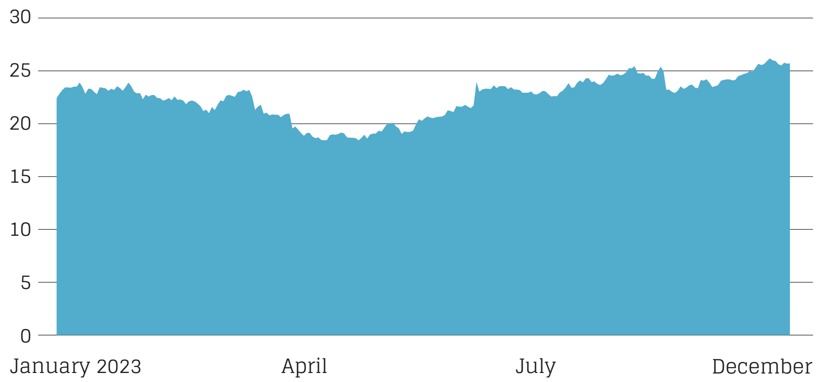
Investor Relations

UMG is committed to maintaining an open and constructive dialogue with Shareholders (including potential Shareholders and other investors) and aims to keep Shareholders updated by informing them clearly, accurately and in a timely manner about its strategy, performance and other matters and developments that could be relevant to their investment decisions.

Shares

On September 21, 2021, the Shares were admitted to listing and trading on Euronext Amsterdam (ticker symbol: UMG). The Shares are included in a number of indices, including the AEX, which index reflects the twenty-five largest and most actively traded companies on Euronext Amsterdam in terms of free float market capitalization. At year-end 2023, the share price was €25.81 and the market capitalization was €47.0 billion. The average daily trading volume in 2023 was €34.4 million or 1.5 million Shares.

Share price information	2023
Market capitalization at year-end (€ billion)	47.0
Lowest closing price (May 31, 2023, €)	18.50
Highest closing price (December 18, 2023, €)	26.29
Closing price year-end (€)	25.81
Total shareholder return	17.5%
Average daily trading volume on Euronext (shares)	1.5 million



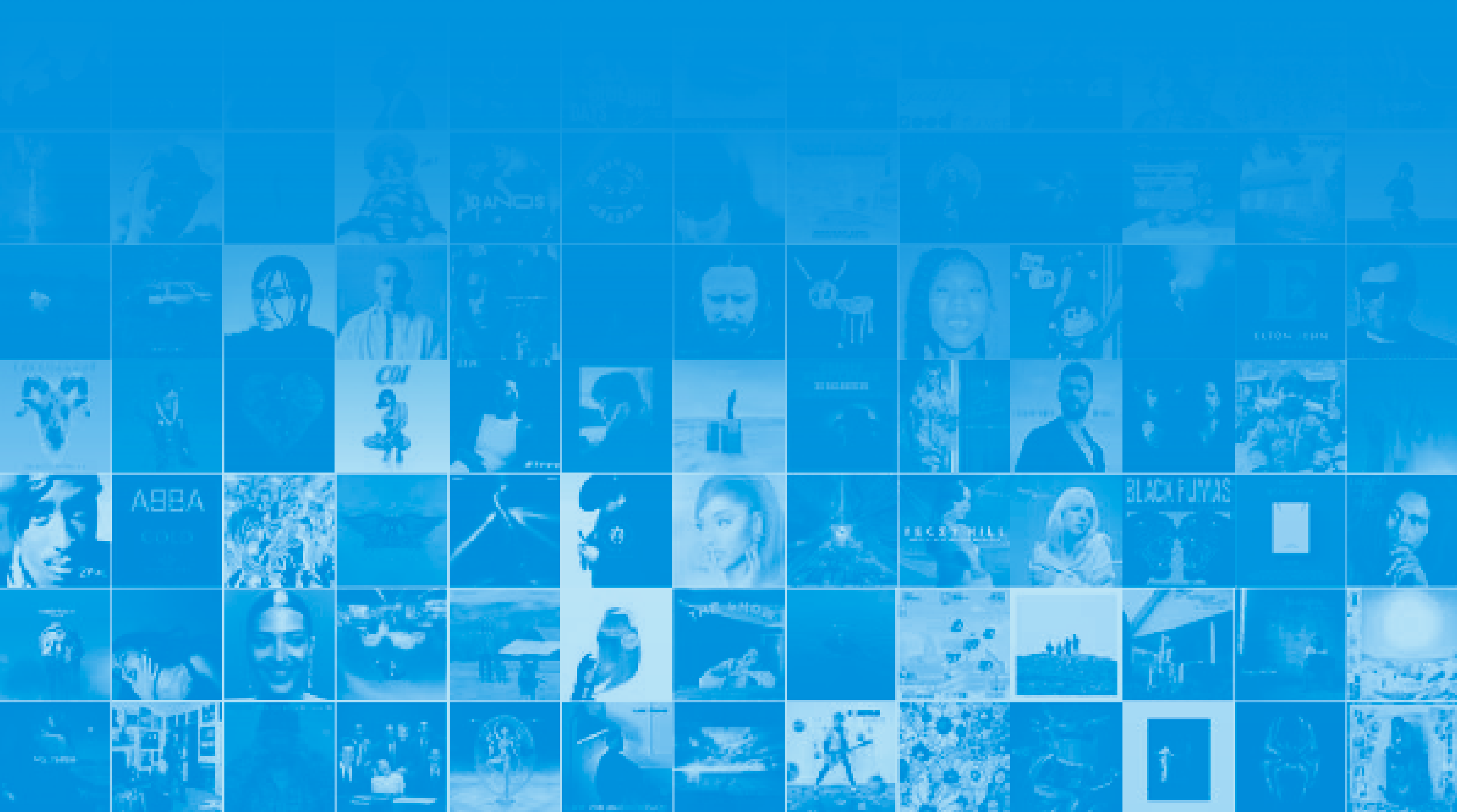
Per share data	2023
Dividend (€): 0.24 interim + 0.27 proposed final	0.51
EPS - basic (€)	0.69
EPS - diluted (€)	0.68
Adjusted EPS - basic (€)	0.88
Adjusted EPS - diluted (€)	0.87

Contact

Further information on UMG is available from the Investor Relations department, which can be reached by telephone: +31 35 799 4200 or by email: investorrelations@umusic.com. Further shareholder information is available on the investor relations part of the UMG website: https://investors.universalmusic.com.

BOARD REPORT

RISK AND RISK MANAGEMENT



UMG has a diverse portfolio of brands, music labels, artists, established (predictable) and developing businesses, all spread across different geographies and business structures. Whilst this level of diversification generally spreads risk across our business, it is critically important that the Company manages risks in a proactive and responsible way to ensure we can deliver on our multi-faceted growth strategies.

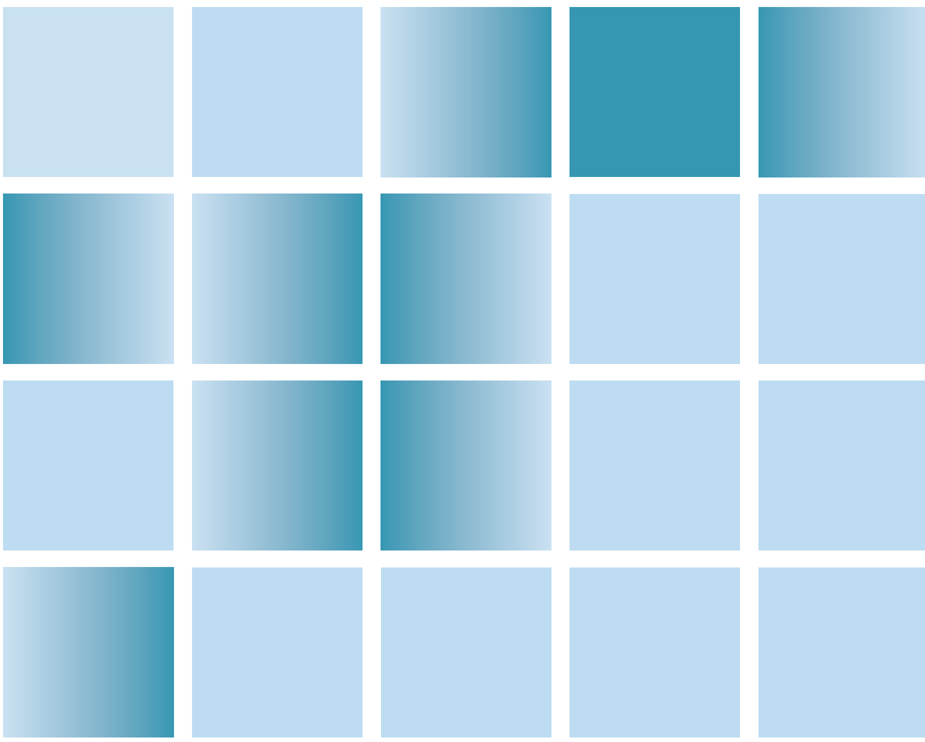
The Company's risk management is designed to provide reasonable assurance that strategic and operational objectives are met, legal requirements are complied with, and the integrity of the Company's financial reporting and related disclosures is safeguarded. However, there can be no absolute assurance that our risk management will avoid or mitigate all risks that UMG faces. The material risks are described in Risk Factors.

Risk Appetite

The Board of Directors and management seek to manage risks consistently within the risk appetite. UMG's risk appetite differs depending on the type of risk, ranging from averse to a seeking approach. We believe we must operate within the dynamics of the music industry and take risks needed to ensure we continually revitalize our offerings for our artists and the way we work. At the same time, UMG attaches prime importance to integrity, sustainability and compliance with laws and regulations. Risk appetite for the four main risk categories is visualized below.

UMG does not classify these risks in order of importance.

Risk appetite	Very low	Low	Medium	High	Very high
Behavior towards risk	Averse	Prudent	Balanced	Considerable	Seeking



Strategic
e.g. Competition, Streaming & Subscription adoption. Reliance on DSP's, Piracy

Operational
e.g. Attract & retain talent, Cybersecurity, Geopolitical instability & economic downturn

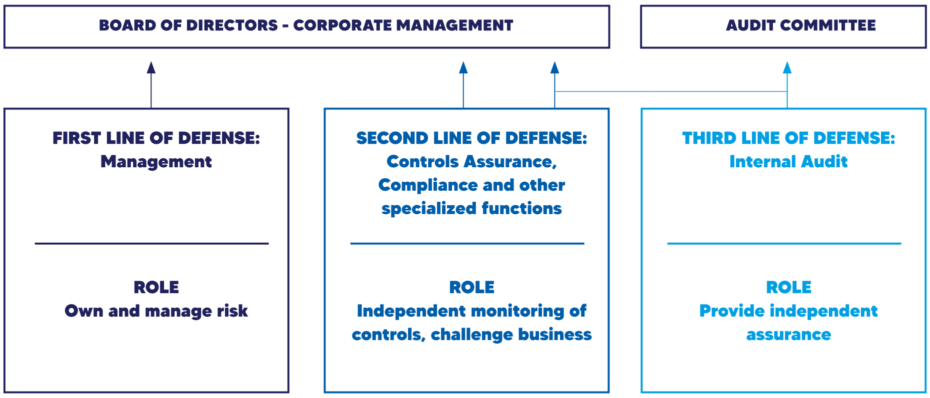
Financial
e.g. Access to financing, Change in Tax Laws

Compliance (Laws & Regulations)
e.g. Intellectual Property, Data Protection, Government regulations, Changes in laws & regulations

Governance, Risk and Compliance

The Company has an Internal Control Framework (ICF) modelled upon the COSO (Committee of Sponsoring of the Treadway Commission) 2013 framework. The ICF incorporates risk assessment, control activities and monitoring into our business practices at entity wide and functional levels.

For the organization of risk management and internal control systems, we have adopted a 'Three lines of defense' model (see chart below) to provide reasonable assurance that risks to achieving important objectives are identified and managed. To enhance and coordinate risk assurance across the company, a Governance, Risk and Compliance working group has been established in 2022 that has continued to meet on a periodic basis in 2023 to review and monitor UMG's risk and control environment.



Monitoring and Assurance

A key element of our ICF is monitoring and assurance. The Company uses a comprehensive business planning and performance review process to monitor the Company's performance. This process covers the adoption of strategy, budgeting and the reporting of current and projected results. The company assesses business performance according to both financial and non-financial (including sustainability) targets.

All our businesses are required to maintain and manage a sound internal control environment with robust policies, procedures and controls and strong financial discipline.

In order to meet business needs and the requirements of the Dutch Corporate Governance Code, the Company has a Group-wide management certification process in place, which requires that the designated executive management team member at each of the reporting entities send attestation letters on a periodic basis to both the Corporate Financial Reporting Group (quarterly) and the Controls Assurance Function (semi-annually). Summarized, these letters confirm whether the reporting entities have incorporated the ICF in the local control policies and procedures and where deficiencies, non-adherence or breaches to the controls and/or procedures were found, that these have been reported and that the necessary remedial action has been undertaken to ensure that the internal control systems remain effective in preventing and detecting fraud and error.

Both the Controls Assurance and Internal Audit functions help to ensure that the Company maintains and improves the integrity and effectiveness of the system of risk management and internal control.

The ICF is being monitored by the second line of defense Controls Assurance function through controls testing and other monitoring activities. Internal Audit undertakes regular risk-based audits in accordance with the audit plan as approved by the UMG Audit Committee.

Continuous ICF Improvements

Management continues to invest in the further improvement of the risk and internal control systems in the Company. Through upgrading its systems (including computer hardware infrastructure), adding additional financial and management controls as well as enhancing reporting systems and procedures. Management will continue to make further improvements in 2024, which will be aimed at, amongst other things:

- Implementing company wide third party governance, risk and compliance software.
- Optimizing the level of monitoring of the risk and control systems.
- Optimizing enterprise risk management and a coordinated risk assurance process.
- Continue improving the quality and in particular the level of documentation of key controls across primary business processes.

Compliance and Integrity

As the world's leading music company, UMG recognizes that we have a responsibility to lead by example and ensure that all of our actions and decisions are based on honesty and integrity. UMG's global Code of Conduct sets our foundation that how we conduct business is as important as our results. The Code of Conduct outlines the key responsibilities for all our employees, officers, members of the board of directors, and (where permitted) third party consultants and advisors or representatives and requires:

- Honesty in all of our actions and decisions.
- Treating everyone with respect.
- Following the law and UMG policies when conducting company business.
- Seeking guidance when we are not certain about the right thing to do.
- Speaking up when we see a problem.

We meet these requirements by focusing on four key principles:

1. **SETTING THE RIGHT TONE WITH OUR PEOPLE** by valuing diversity and inclusion; promoting a respectful, safe and healthy workplace; and by protecting human rights.
2. **SETTING THE RIGHT TONE FOR OUR COMPANY** by properly disclosing or avoiding any conflicts of interests and monitoring the receipt of gifts.
3. **SETTING THE RIGHT TONE IN THE MARKETPLACE** by following laws and regulations related to bribery and corruption; marketing and advertising; fair purchase practices and international trade regulations.
4. **SETTING THE RIGHT TONE IN OUR COMMUNITIES** by protecting the environment and contributing to our communities.

The Code of Conduct provides all employees a road map of how to make ethical choices and how to comply with our legal and regulatory obligations. Most importantly, it provides guidance on when and where to seek guidance or to report a potential compliance breach. All UMG employees are trained on the Code of Conduct annually and must certify compliance with the Code of Conduct on an annual basis. The Code of Conduct is available in the investor relations section of UMG's public website.

Our compliance obligations are overseen by our Compliance department as well as our Control Assurance department, Internal Audit department and our Finance department. An internal control framework, including policies, procedures and financial discipline underpins our risk management.

Corruption and Bribery

UMG is committed to complying with all applicable laws in each of the countries in which we operate, including compliance with laws relating to anti-corruption and bribery. UMG does not tolerate any form of corruption or bribery within its organization. Non-compliance with laws and regulations, including anti-corruption, bribery and related laws could expose the Group to legal liability and may negatively impact the Company's reputation, financial position, results of operations and/or prospects. These risks may manifest themselves in interactions with government bodies, trade associations, and in the merchandising division.

The Company has implemented a number of measures to counter the aforementioned risks. UMG's stance against, and prohibition of, corruption and bribery is covered not only in its Code of Conduct but also in its global stand-alone anti-corruption and lobbying policy, which applies globally to all of UMG's employees and its directors. In addition to the annual Code of Conduct training, all employees in all UMG territories are periodically expected to complete training specifically on the topic of anti-corruption.

UMG's anti-corruption compliance program provides risk mitigation guidance on matters including, but not limited to: interactions with government officials; conflicts of interest; political contributions/lobbying activities/charitable giving; gifts/travel and entertainment; and proper maintenance of books and records. Employees are offered a multitude of ways to raise any concerns of anti-corruption and bribery, including dedicated reporting channels for conflicts of interest and gifts/hospitality, in addition to the option to use UMG's dedicated whistleblower reporting line or by making direct reports to supervisors, the General Counsel, or the Chief Compliance Officer.

Where relevant, UMG will take appropriate action in response to any allegations or reports of misconduct, including investigations, disciplinary action and/or criminal or civil procedures. The compliance department and internal audit department regularly monitor the effectiveness of the company's anti-corruption and bribery compliance program. UMG has a dedicated ethics committee to ensure compliance with the Code. The Chief Compliance Officer provides regular reports to the ethics committee of any material potential violations of the Code, including anti-corruption and bribery, the status of any investigations, and the outcome of any investigations. The ethics committee and the internal audit department will further notify the audit committee of the Board and the Board, itself, as required, depending on the circumstances of the potential violation. In 2023, no reports were received related to bribery or corruption and there were no known instances of bribery or corruption.

Fraud Risk

The Company maintains a global fraud risk register that summarizes risks and compensating measures. The global fraud risk assessment is an annual process and was performed in the latter half of 2023.

The Company's stance with regard to integrity is clearly outlined in its Code of Conduct, as also explained in this Risk Management chapter. Any incidents of fraud and theft within the Company will be promptly investigated, reported and, where appropriate, lead to disciplinary actions (from warnings to immediate terminations). In addition, we carry out in-depth investigations of (possible) fraud cases, which may lead to an intermediate update of the fraud risk assessment.

Whistleblowing Policy and Reporting

UMG's Code of Conduct and our standalone Whistleblowing Policy (which can also be found in the investor relations section of UMG's public website: https://investors.universalmusic.com/governance) provide numerous options for employees to seek guidance and report potential breaches of the Code of Conduct, including contacting the company's Chief Compliance Officer or General Counsel directly. Additionally, UMG provides a global reporting line, through a third-party provider. The global compliance and ethics hotline is available 24 hours a day, seven days a week via telephone or the internet. Reports can be made in all the languages in which we do business and may be made anonymously in those jurisdictions which permit anonymous reporting. The whistleblower hotline is available not only to UMG employees but third parties as well. Reports are maintained as confidentially as possible (or fully confidentially as may be required by law) and are investigated. In 2023, there were no substantiated reports of significant financial reporting, accounting, fraud or ethical (including human rights) violations.

Additionally, the Compliance Department maintains and monitors email boxes dedicated to reporting potential conflicts of interest.

Prohibition Against Retaliation

In order to encourage reporting of potential breaches of the Code of Conduct or other company policies, we prohibit retaliation of any kind against anyone who makes a complaint or report of a potential violation of law or policy in good faith. Engaging in retaliation is itself a violation of our Code and may result in disciplinary action, up to and including termination of employment.

Risk Factors

UMG's business and the industry in which it operates, are subject to a number of risks. UMG believes that the risk factors as set out below, are the key risks and uncertainties concerning UMG's business and industry, and that, alone or in combination with other events or circumstances, could have a material adverse effect on UMG's business, results and financial position.

In making this selection, UMG has considered circumstances such as the probability of the risk materializing on the basis of the current state of affairs, the potential impact which the materialization of the risk could have on the Group's business, results and financial position, and the attention that management would, on the basis of current expectations, have to devote to these risks if they were to materialize.

While UMG believes that the risks and uncertainties described below are the key material risks and uncertainties concerning its business and industry, they are not the only risks and uncertainties relating to UMG.

Other risks, events, facts or circumstances not presently known to UMG, or that the UMG currently deems to be immaterial could, individually or cumulatively, prove to be important and may have a significant negative impact on its business, results and financial position. The risk factors below have been divided into categories; however, some risk factors appear in more than one category.

Risk	Likelihood	Impact
Challenge to attract, sign and retain successful artists and/or absence of superstar releases in a highly competitive and evolving industry	High	Moderate
Decline in streaming revenue, subscription adoption and digital marketshare	Moderate	Moderate
Digital service provider dependency	Moderate	Moderate
Competition in evolving markets	High	Moderate
Inability to timely adapt to trends and developments in the markets in which UMG operates	Moderate	Low
Piracy and content protection	High	High
Challenge to attract and retain internal talent	Moderate	Moderate
Cybersecurity	High	High
Changes in global economic and financial conditions	High	Moderate
Geopolitical Instability	High	Moderate
Dependency on information technology systems	Moderate	Moderate
Access to and cost of financing	Low	Low
Currency fluctuations	Moderate	Low
Changes in tax laws	Moderate	Moderate
Loss of intellectual property rights	Low	High
Data protection compliance	Moderate	High
Governmental and regulatory challenges	High	Moderate
Changes in laws and regulations	Moderate	High

For each of the risks set out below, UMG has indicated examples of the programs, processes and controls which are designed to help manage and mitigate the risks. These risk responses are designed to manage risks towards, and should be read in conjunction with, the Risk Appetite as described above.

It is however possible that these initiatives may not be successful in limiting fully or partly the occurrence and impact of the risks on UMG's business, results and financial position.

Strategic Risks

Challenge to attract, sign and retain successful artists and/or absence of superstar releases in a highly competitive and evolving industry

UMG may be unable to compete successfully in the highly competitive industry and markets in which it operates and UMG's business may be adversely affected if UMG fails to identify, attract, sign and retain successful recording artists and songwriters or by the absence of superstar releases.

The industry in which UMG operates is highly competitive, influenced by consumer preferences and rapidly evolving. UMG's competitive position is dependent on identifying, attracting, signing and retaining recording artists and songwriters who are or will become commercially successful, who have long-term potential, whose music is well received, whose subsequent music is demanded by consumers and whose music will continue to generate sales as part of its catalog for years to come.

UMG faces competition from traditional music industry players as well as new entrants, including investment funds whose investment thesis includes making acquisitions of collections of musical compositions, or "catalog acquisitions".

UMG is also dependent on signing and retaining songwriters who are capable of writing songs that will be the popular hits of today and the classics of tomorrow. UMG's competitive position is dependent on its continuing ability to attract and develop such recording artists and songwriters whose work can achieve a high degree of popularity and thereafter continue to create music and songs to retain, engage and expand their fan base.

UMG uses external sources of data provided by streaming platforms or other external providers. Limitations to access of such data could adversely impact UMG's capability of identifying future talents and therefore negatively affect its business. While UMG is required to devote significant time and investment to signing, retaining and developing artists, the returns on these activities are influenced by a number of factors, including factors outside of the control of UMG, and are uncertain at the time of investment. To the extent that the expected returns from these activities fail to materialize or are not in line with expectations, this may negatively impact UMG's results and financial position.

UMG's competitors may become more successful at signing, marketing and promoting recording artists, for example if UMG's competitors increase the amounts they spend to discover, or to market and promote, recording artists and songwriters or reduce the prices of their music in an effort to expand market share, which may adversely impact UMG's business, results and financial position.

UMG's recorded music business is to a large extent dependent on rapid and significant technological developments in order to remain competitive, including access to, selection and viability of new technologies, and UMG's recorded music business is subject to potential pressure from competitors as a result of technological developments modifying the nature of UMG's competition.

In addition, changing business practices, particularly due to the emergence of new technologies and access to a global network of consumers, has and could further result in artists choosing to make content available to consumers directly without being affiliated with a label or an intermediary, or could result in music services playing some of the roles that UMG has traditionally played. In this regard, UMG also competes with certain of the music distribution platforms who distribute the works of artists and songwriters without the involvement of labels or intermediaries.

Adapting to, and competing with, rapid technological advancements require substantial investment of time and resources; however, such investment does not guarantee UMG's success in developing, implementing, transitioning to, competing with, utilizing or defending against new technology. Any failure by UMG to accurately anticipate customers' changing needs and emerging technological trends could significantly harm UMG's competitive position and results of operations.

If UMG is unable to remain competitive as a result of technological developments, this could have a material adverse effect on UMG's business, results and financial position.

Risk response

With regard to the development of recording artists and songwriters, UMG believes that traditional, high-touch, full-service label deals with its portfolio of world- renowned labels provide the most long-term value to an artist and greatly increase the commercial success, consumer base and longevity potential for artists at every stage of their careers. These deals provide for the full suite of professional expertise and global resources of a major label, including a comprehensive approach to content creation, organic artist development, timing, marketing, promotion, financial investment, and forward planning.

UMG is pioneering partnerships with new platforms, continuing the decades-long fight for copyright protections all around the world while combatting piracy in its many forms and creating commercial environments for artists in countries where commerce in music was basically non-existent; UMG continues investing in the next generation of creative leaders.

UMG has consistently demonstrated the value it represents to an artist's success. Producing and marketing music successfully requires significant upfront investment and involves collaborating with the best writers and producers. UMG invests more money and expertise through its staff of industry specialists than any other recorded music company in signing and developing talent. Combining these investments and expertise with UMG's excellence in marketing and in promoting artists globally, enables UMG to consistently lead the industry in breaking artists.

UMG's diverse range of artists and labels helps the business consistently cater to changing consumer trends. As a result of having such a broad array of artists and labels, UMG is not reliant on one artist, or on a small number of artists, to generate revenue in any given year.

Decline in streaming revenue and/or subscription adoption

UMG's business may be adversely affected should streaming and subscription adoption or revenue fail to grow or grow less rapidly than UMG anticipates.

Revenues from subscription music services are important to UMG because they offset declines in downloads and physical sales and represent a growing area of UMG's recorded music business. In 2023, UMG generated €5,700 million of revenue from subscription music services and ad- supported streaming, as compared to €5,321 million in 2022.

Consumption formats in the music industry are susceptible to technological advancements and changing consumer preferences around how music is accessed, as illustrated in recent years by the global decline in revenue derived from CD sales, and subsequently downloads. Technological developments, and other factors, may in the future negatively impact streaming or otherwise disrupt, the music industry.

Vast quantities of low-quality content delivered daily to digital platforms (including via the use of generative AI) increase the challenges for marketing music to fans and policing infringements. Additionally, technology around streaming manipulation, fraud and hacking is becoming increasingly refined and subscription streaming services are vulnerable which could undermine consumer confidence and cause revenue loss.

If UMG's subscription or streaming revenue fails to grow, grows less rapidly than it has over the past several years or declines, UMG's recorded music business may experience reduced levels of revenue and operating income. Additionally, slower growth in streaming adoption or revenue is also likely to have a negative impact on UMG's music publishing business, which generates a significant portion of its revenue from sales and other uses of recorded music.

Risk response
UMG continues to actively and successfully work with existing streaming and subscription partners to develop existing and create new revenue streams and help develop new regional and local streaming and subscription partners. UMG also spearheaded the re-imagining of the subscription streaming model, encouraging digital partners to tackle streaming manipulation and fraud, and to evolve the revenue model to reward real artists that drive engagement and retention on streaming platforms. UMG plays an active role in promoting the continued development of new digital services and consumer offerings in order to support a competitive, healthy and increasingly global market, as well as in developing and growing new categories for exploitation of digital music, including fitness and wellness. UMG has agreements with several hundred global and local digital service providers around the world, establishing legal consumption of music in markets with high levels of piracy that previously didn't have legitimate commercial outlets, including the high-growth countries Brazil, India, China, Latin America, Africa, the Middle East, Eastern Europe and Southeast Asia. These partnerships have made music more accessible to fans around the world, offering a free-to-use option for consumers as an alternative to pirated content, with additional upsell opportunities created.

The result of UMG's leadership position, as well as its willingness to embrace new business partners and spearhead the development of new business models around the world, has resulted in an expanded market for music consumption and monetization, benefiting artists, fans, platform partners and music companies.

Digital service provider dependency
UMG relies on digital service providers for the online distribution and marketing of its music on the basis of contractual terms that are subject to change.

UMG derives an increasing portion of its revenues from the distribution of music through digital distribution channels and partners with several hundred music services around the world. In 2023, the top 50 music services accounted for 98% of UMG's recorded music digital revenue, as compared to 96% in 2022. In 2023, 70% of UMG's recorded music revenue was derived from digital channels, as compared to 71% in 2022.

UMG currently enters into relatively short-term agreements with digital music streaming services. There can be no assurance that UMG will be able to renew or enter into new agreements with any digital music service. The terms of these agreements, including the rates that UMG receives pursuant to them and the basis for calculation of those rates, may change as a result of changes in the industry or changes in the law, or for other reasons. Decreases in rates or changes to other terms of agreements with digital music streaming services could adversely impact UMG's business, prospects, financial condition and results of operations.

UMG's music is also promoted by the digital music services on playlists curated by such services or generated from their algorithms (or a combination of both). Any unfavorable changes made by such service providers to their algorithms or to the terms on which they market or promote UMG's music could adversely affect UMG's revenues, operating results and financial position.

Risk response

While a number of digital service providers compete with each other in the music industry around the world, they all seek to work closely with UMG, the largest supplier of content to all of the digital service providers. This is because UMG's artist content is a key driver of customer acquisition and retention for all of these platforms. UMG's world-renowned catalog, which is continuously growing through UMG's proven ability to develop and break new artists, makes UMG an important partner for platforms. The introduction of new products, services and revenue streams across segments spanning voice, fitness, wellness, social media, gaming, live streaming, brand partnerships, start-ups and other categories helps to further mitigate the reliance on a limited number of digital service providers.

Competition in evolving markets

UMG may be unable to compete successfully in the evolving markets in which it operates or unable to execute its business strategy.

UMG expects to increase revenues and cash flow through a business strategy which requires, among other things, continuing to maximize the long-term value of its music by expanding the licensing partners with which UMG works and diversifying its revenue streams by partnering with an increasing array of new businesses that benefit from the use of music content to engage consumers.

The success of these initiatives relies on adequate third-party support and requires UMG to accurately forecast and keep up with technological developments and consumer preferences relating to platforms and may require UMG to implement new business models or adapt to new distribution platforms. If UMG is unable to implement its strategy successfully or properly react to changes in consumer preference, then its financial condition, results of operations and cash flows could be adversely affected.

Risk response

UMG is a key promotor of innovation across the digital ecosystem through partnerships in new product categories and through proactive efforts to cause its partners to evolve and innovate. UMG maximizes opportunities to introduce new products, services and revenue streams in various segments spanning voice, fitness, welness, social media gaming, live streaming, brand partnerships, start-ups and other categories.

As discussed above, UMG also spearheaded the re-imagining of the subscription streaming model.

Inability to timely adapt to trends and developments in the markets in which UMG operates

UMG operates in many jurisdictions around the world and therefore is subject to a variety of trends, developments and limitations in those jurisdictions, which could affect it adversely.

UMG has offices engaged in recorded music, music publishing, merchandising and audiovisual content in more than 60 territories around the world. UMG's local presences have become increasingly important as the popularity of music originating from a country's own language and culture is very significant, and more countries around the world have developed legitimate business models to monetize music. In addition, UMG's business model is increasingly focused on developing business in new high-growth music markets. For example, in 2023, we strengthened our global presence through new activities, acquisitions, label launches and key partnerships in United Arab Emirates and Thailand. However, if UMG's music does not continue to have appeal in various countries, UMG's results of operations could be adversely impacted and its investments in new jurisdictions could fail to generate returns for UMG in line with expectations. Additionally, UMG may not be successful in identifying and signing the most promising artists in these markets, which may negatively impact UMG's competitive position in these geographies, its prospects and its ability to generate returns in these markets.

In countries in which UMG currently conducts, or may in the future conduct, its businesses, UMG's operations, growth strategy and development may be negatively impacted as a result of less developed digital, internet and mobile network infrastructure. UMG's success, particularly streaming revenues, depend on the continued development and use of internet by consumers to access music as well as increasing high-speed internet and smartphone penetration. If internet access or smartphone penetration in these markets develops slower than expected, or is stalled, UMG's growth strategy could be adversely affected.

Further, depending on the customs and norms in various markets, UMG's presence in and generation of revenues from other countries may require UMG to accept longer accounts receivable settlement cycles and may subject UMG to difficulties in collecting its accounts receivables.

Risk response

UMG is committed to shaping culture through artistry and is responsive to the needs and ambitions of local talent. UMG's expansion strategy in markets around the world is already bearing fruit. In 2023, 62% of UMG's physical & digital recorded music revenues came from local repertoires in their own countries, as compared to 62% in 2022. Prior to entering a new market, UMG teams carefully identify areas of risk and develop a business case and strategic plan.

Piracy and content protection

Piracy continues to adversely impact UMG's business and content protection is a key focus of UMG's business.

Technological advances and the conversion of music into digital formats have made it easy to create, transmit and distribute high-quality unauthorized copies of music in a manner that does not provide an economic return for UMG or its artists and songwriters. This includes "stream-ripping" to access UMG's music illegally through the internet. In a 2022 IFPI survey of 44,000 internet users across 22 countries, 40% of respondents aged 16-24 admitted using illegal stream-ripping services, the leading form of music piracy. Organized industrial piracy may also lead to decreased revenues and/or slowed growth of revenues.

The impact of piracy on legitimate music revenues and subscriptions is hard to quantify, but UMG believes that illegal file sharing and other forms of unauthorized activity, including stream manipulation, have a substantial negative impact on music revenues. If UMG is not successful in its content protection efforts as discussed below, its business, results of operations, financial condition and prospects may suffer.

In addition, while UMG embraces responsible and innovative artificial intelligence and is optimistic about the potential benefits and opportunities brought by AI, technology to create AI-generated music and images has introduced new challenges for the protection of intellectual property and artist rights. These include intellectual property infringement through the unauthorised reproduction of copyrighted works to train AI technology, which in turn enables the creation of AI generated works that infringe intellectual property rights and embody unauthorised renditions of artist voices, images and likenesses.

Risk response

UMG invests significant resources in combatting the many forms of piracy of its music including through litigation, lobbying and interdiction. UMG also encourages its digital partners to support UMG's content protection efforts by taking direct action against unauthorized activity on their platforms.

In addition, we are protecting creators' rights in the AI environment through litigation. For example, UMPG, alongside two other music publishers, filed a copyright infringement lawsuit against Anthropic for its large-scale, wholesale copying of copyrighted lyrics. See also risk factor 'Loss of intellectual property rights'.

Operational risks

Challenge to attract and retain internal talent

UMG's ability to operate effectively could be impaired if it fails to attract and retain its executive officers and other key personnel.

UMG's success depends, in part, upon the continuing contributions of its executive officers and key operational and creative personnel, led by its Chairman and Chief Executive Officer. These executive officers and key personnel possess significant experience within the music industry and their established personal connections and relationships in the music industry are important to the UMG's operations. UMG competes with other music and entertainment companies, record labels, digital service providers, technology companies and other companies for top talent, including executive officers and other key personnel.

If UMG were to unexpectedly lose a member of its key management, its business activities, results of operations, financial position and prospects could be materially and adversely affected.

Risk response

UMG is an established brand with both an attractive name and business reputation in the talent market. UMG has taken proactive and preventative measures to attract and retain talent.

UMG has added more offerings geared towards equitable professional development across UMG's diverse employee community. These include tailored programming and resources, such as renowned guest instructors, and executive coaches to prepare employees for the next level of their career at

UMG. The initiatives are geared towards incentivizing early and mid-career employee retention, which are the groups most susceptible to risk.

In addition, in 2022, UMG established an Equity Plan to provide long-term incentives to senior employees which are linked to value creation and designed to attract, retain and motivate the best possible workforce.

Cybersecurity

Cybersecurity presents ongoing risks that could adversely impact UMG's global data and operations.While no such attack has had a material adverse effect on its business in the past, UMG's systems may be vulnerable to damage from such attacks in the future.

UMG processes personal data related to customers, employees, business partners, artists, and vendors. UMG also maintains sensitive confidential business information of itself and, in some cases, counterparties, as well as intellectual property including rights in music recordings and compositions that in some cases are not yet released. UMG relies on both its computer systems and those of its service providers for day-to-day operations and to manage these kinds of critical business data. No computer system is immune from attacks or other incidents, and UMG's system may be vulnerable to, or may have suffered unknown, security breaches by computer hackers and others that attempt to penetrate or otherwise defeat the security measures that it has in place. A compromise of its security systems that results in the loss or exposure of personal data, confidential information, or intellectual property could lead to operational disruptions and significant expenditures to address the incident. Such a compromise could lead to the loss of competitively sensitive information, theft of funds, reputational harm, litigation and investigations, legal expenses, liability, penalties, or the imposition of ongoing monitoring or audit requirements which may create operational disruptions and/or significant expenditures. Any of the foregoing may adversely impact UMG's business, results of operations, financial position, and prospects.

Risk response

UMG employs multiple layers of cybersecurity defenses to protect assets, systems, and employees from cyberattacks. These controls include broad deployment of advanced authentication controls including multi-factor authentication, deprecation of privileged service accounts, active network and system monitoring, centralized logging, and incident response and business continuity planning.

UMG has further implemented controls to enhance remote access security, augment visibility to network behavior, and improve cybersecurity control governance. It has implemented a cross-functional process to identify and improve incident response procedures and increase testing for evolving attack vectors such as social engineering.

UMG conducts regular security training including regular phishing training of all employees and a blend of online and in-person training covering general security as well as application and developer security. It has implemented additional non-technical measures including cyber insurance policies, security incident simulations, and audits to mitigate the risks of an adverse cybersecurity event.

Changes in global economic and financial conditions

A decrease in global economic growth, an extended recession, sustained high inflation rates or other periods of declining economic conditions, either globally or in any of the markets in which UMG operates, could adversely affect UMG's results from operations, cash flows and financial conditions.

A significant portion of UMG's revenue relies on consumers spending discretionary funds on leisure activities, such as music subscriptions, CDs, vinyl albums and artist merchandise. The state of the economy, inflation, deflation, political uncertainty, the availability of consumer credit, taxation, unemployment and the impact of pandemics, including the COVID-19 pandemic, are all factors that can influence the prevailing macroeconomic conditions and affect UMG's business. Economic growth and consumer confidence are important for UMG's growth and strategy.

Continuing in 2023, a number of countries, including most major economies in Europe and North America, have reported high inflation. Concurrently, central banks in such countries have raised or discussed the possibility of further increases of interest rates in the future. Such increases in interest rates may reduce growth or result in a global or regional recession. Further market volatility may occur as inflation continues to rise and markets respond to the interest rate increases and the cessation of quantitative easing programmes by major central banks. Increased inflation may impact the disposable income and shopping habits of our customers which may in turn affect the demand for our products and services and our ability to maintain our revenues in line with targets and expectations. Each of these events may negatively impact discretionary funds available to consumers for leisure activities, and as a result may negatively impact UMG's revenues.

Risk response

UMG benefits from a diverse set of growth drivers, such as DSP penetration growth, social media platforms, health/fitness applications, gaming, and Audio Video, which makes UMG less dependent on one particular growth driver. Furthermore, music consumption is relatively inexpensive compared to other forms of media entertainment, and DSP providers generally make all content available, thus not requiring multiple subscriptions. In the past music consumption proved to be resilient in macro-economic downturns and so far we have not seen any material impact from the global economic downturn on UMG results (despite lower ad-funded streaming income growth as the advertising industry was impacted by the difficult economic environment).

Geopolitical instability

UMG's results of operations, cash flows and financial condition may be adversely affected by geopolitical instability. Unfavourable conditions can depress revenues in any given market and prompt actions that adversely affect our business and/or financial performance.

Sanctions and other measures imposed in response to the Russia-Ukraine conflict have increased global economic and political uncertainty. In addition, on October 7, 2023, Hamas led attacks against Israel. In response to the attacks, Israel formally declared war on Hamas and the armed conflict in Israel and Gaza is ongoing.

While neither our operations in Russia nor Israel constitute a material part of our business, the significant escalation or expansion of these conflicts, including but not limited to the imposition of economic sanctions or devaluation of local currencies, could increase economic instability and disruption both inside those countries and across their regions. The extent and duration of the military action, sanctions and resulting market disruptions could be significant and could potentially have substantial impact on the global economy for an unknown period of time. As a result of UMG's revenue profile being very geographically diverse, any such downturn in the global economy that reduces the disposal income of UMG's customers may in turn have a negative impact on UMG's revenues.

Risk response

Since our announcement on 8 March 2022, UMG's operation in Russia continued to be suspended. Although revenues and EBITDA in Russia and Ukraine in 2022 and 2023 were not material and therefore this suspension only had a minor impact on the Company, UMG has no way to predict the progress or outcome of such conflict.

UMG monitors political and general societal changes and, where necessary, develops response strategies to such events. Furthermore, music consumption has proven to be resilient in macro-economic downturns in the past and so far UMG has not experienced any material impact arising from the effect of sanctions. Consequently any extension of sanctions is perceived as having a minimal impact on UMG's result from operations.

Dependency on information technology systems

UMG's operations are dependent on its information technology and information systems, and any disruption to, or failure in, UMG's IT system could adversely impact UMG's operations.

The integrity, reliability and operational performance of UMG's information technology (IT) infrastructure and technology network are critical to its operations. UMG relies upon the capacity, reliability, and security of its IT hardware and software infrastructure and its ability to expand and update this infrastructure in response to changing needs.

Certain elements of the IT systems infrastructure on which UMG depends are outsourced to third parties. The services and functions provided by these third parties are critical to UMG's business and include (but are not limited to) storage, data processing and network.

The availability of UMG's IT platforms and other services may be interrupted by damage or disruption to the UMG's or UMG's third-party service providers' IT systems, which may be caused by, for example hardware or software defects, human error, unauthorized access, fire, power loss, natural hazards, the impact of war and terrorism, disasters or similarly disruptive events, as well as planned upgrades and improvements which may be subject to developmental delay or fail to be effective.

While UMG has in place business continuity procedures, there can be no assurance that these will be fully successful in preventing all disruptions to the availability of UMG's IT platforms or other services. To the extent UMG outsources its business continuity or disaster recovery operations, it is at risk of the vendor's unresponsiveness in the event of breakdowns in UMG's systems, which could cause delays in recovering service.

Furthermore, performance issues, system interruptions or other failures in the UMG's IT systems could expose UMG to potential liability to pay damages as well as reputational harm, additional operating expenses to remediate the IT failures and exposure to other losses or other liabilities, all of which could have a material adverse effect on UMG's business, financial condition and results of operations.

Risk response

UMG continues to invest in the maintenance, upgrading and testing of its IT infrastructure and technology network, in addition to maturation of failover and overall Tech recovery plans to minimize the risk impact of disruption.UMG also maintains what it considers to be an appropriate level of insurance against some of these risks. UMG's insurance coverage may not cover all of the costs and liabilities it incurs as the result of any such interruptions or failures of its IT systems, and if its business continuity and/or disaster recovery plans do not effectively and timely resolve issues resulting from a disruption UMG may suffer material adverse effects on its business.

Financial risks

Access to and cost of financing

Risks related to access to and cost of financing are assessed based on UMG's capacity in the coming twelve months to have ready access to cash and cash equivalents and available confirmed credit facilities and to generate sufficient cash flows and proceeds from sales to cover debt repayments, dividend payouts and financial commitments.

Risk response

UMG has access to a €2 billion confirmed syndicated financing package (RCF) which provides the necessary funds to cover UMG's financial requirements and is used as back up for a €1 billion NEU commercial paper program. The RCF was extended from April 2026 to April 2028. In June and July 2023, UMG issued successfully a €750 million bond with an 8- year maturity and a JPY 7 billion private placement with a 15- year maturity, respectively.

UMG's average debt maturity is 5 years, its liquidity remains above € 2 billion and the fixed-rate debt ratio remains above 85%.

Currency fluctuations

Unfavorable currency exchange rate fluctuations could adversely affect UMG's results of operations.

A significant portion of UMG's assets, liabilities, revenues and costs are denominated in currencies other than Euros, in particular U.S. Dollars.
To prepare UMG's Financial Statements, UMG must translate those assets, liabilities, revenues and expenses into Euros from such currencies at then-applicable exchange rates. Consequently, increases and decreases in the value of the Euro as compared to such other currencies will affect the amount of these items in the UMG Financial Statements, even if their value has not changed in their original currency. These translations could result in significant changes to its results of operations from period to period. In addition, exchange rate fluctuations could cause expenses to increase as a percentage of net sales, affecting profitability and cash flows.

Risk response

From time to time, UMG enters into foreign exchange contracts to hedge the risk of unfavorable foreign currency exchange rate movements. UMG seeks to hedge currency transaction risks by offsetting opposing cash flows (natural hedging) and using derivative hedges.

Changes in tax laws

Changes in tax laws or challenges to UMG's tax position could adversely affect UMG's results of operations and financial condition.

Given the international footprint of the UMG's operations globally, UMG is subject to tax laws and regulations in more than 60 countries where it operates. Adverse developments in applicable tax laws or regulations, or any change in the position by the relevant tax authorities or tax courts regarding the application, administration or interpretation of any applicable tax laws or regulations, could subject UMG to additional or increased tax payments, and in turn have a material adverse effect on UMG's business, financial condition and results of operations. If UMG's tax positions are challenged by tax authorities, the potential imposition of additional or increased taxes could require UMG to pay taxes that UMG currently does not collect or pay or increase the costs of UMG's services to track and collect such taxes, which could in turn increase UMG's costs of operations or the UMG's effective tax rate and have a negative effect on UMG's business, financial condition and results of operations.

Moreover, any change in the tax law, such as an increase of tax rate or a change in determination of tax basis, could have a material adverse impact. Given the international nature of UMG's operations, UMG may be particularly impacted by changes to regulations relating to transfer pricing and withholding taxes on the repatriation of funds.

Risk response

The Tax Policy supervised and approved by the Audit Committee states that UMG has a very low tolerance to tax risk. The application of this guidance alleviates the potential adverse impact of any change either in the application, administration or interpretation by tax administration or tax courts. Moreover, as positions taken either for transactions, compliance and accounting purposes are conservative any change in tax rates or tax basis might be mitigated.

Therefore, UMG's tax procedures follow this governance and there is a process in place to implement and monitor compliance with them. These procedures comply with tax rules in countries where UMG operates as well as with requirements enacted by supra-national organizations, such as OECD and the European Union. These procedures take into account the spirit of the laws and are updated each time it is needed in order to incorporate any change of tax law or tax regulation impacting UMG. The Group Tax Department and finance teams are in charge of establishing, maintaining and overseeing these policies. The aim is to file all the required tax-relevant returns with the appropriate Tax Authorities in a correct, timely and complete manner. To ensure this happens, (tax) compliance & reporting processes are monitored through the Tax Risk and Control Framework which sets out the controls established to assess and monitor tax risk for direct and indirect taxes (e.g., corporate income tax, transfer pricing, VAT, wage tax and tax accounting).

The Group Tax Department monitors proposed changes in taxation legislation and ensures these are taken into account when considering the operations and compliance. For this purpose, the Group Tax Department employs qualified tax professionals who follow carefully any change in tax law or tax regulations, with the assistance of qualified and reputable external advisors with requisite qualifications and reputation.

Laws and regulations

Loss of intellectual property rights

The success of UMG's business depends on its ability to obtain, maintain, protect and enforce its trademarks, copyrights and other intellectual property rights around the world.

UMG's intellectual property rights, as well as its ability to enforce such rights depend on the laws and regulations of the many jurisdictions in which it conducts business, which are not consistent across jurisdictions. An inability to obtain, maintain, protect or enforce its intellectual property rights could harm UMG's brand or brand recognition and adversely affect its business, prospects, financial condition and results of operations.

In addition, if UMG is alleged to have infringed, misappropriated or otherwise violated the intellectual property rights of a third party (even where such claims are without merit), any litigation to defend the claim could be costly and would divert the time and resources of management, regardless of the merits of the claim and whether the claim is settled out of court or determined in its favor.

There can be no assurance that UMG would prevail in any such litigation. If UMG were to lose a litigation relating to intellectual property, in addition to the potential reputational damage, it could be forced to pay monetary damages, to obtain a license, or to cease using certain intellectual property or technologies.

Additionally, artists signed by UMG may seek to challenge and dispute the scope or term of intellectual property rights under their contracts entered into with UMG, including potential disputes as to the application and effect of technological developments and new formats to access music.

Furthermore, notwithstanding any potential benefit of AI, new challenges for protecting our intellectual property and other rights of our artists and songwriters may also arise from AI generated music. The resulting new form of intellectual property infringement is caused by unauthorised reproduction of copyrighted works, names, images, likeness and voices of UMG's artists and songwriters to "train" AI applications to create unauthorised derivative works.

Any of the foregoing may cause UMG to suffer economic loss and reputational damage, which would adversely affect UMG's business, results of operations, financial condition and prospects.

Risk response

In order to obtain, maintain, protect and enforce its intellectual property rights, UMG takes a variety of measures, including maintaining a staff of senior intellectual property and litigation lawyers, engaging lawyers in different jurisdictions covering different fields of law and if necessary, conducting litigation or proceedings before courts, governmental authorities or administrative bodies. UMG also works through lobbying (both directly and through trade associations) to influence any changes so that they do not negatively affect the business or broader music industry and its stakeholders.

For example, UMG supports the Human Artistry Campaign ('HAC') and its principles – the HAC is a global initiative formed in early 2023 to protect creators' rights in the age of AI, with more than 170 supporting organizations from 40+ countries.

In addition to responsible and ethical AI industry collaborations and thought leadership, UMG is pursuing the establishment of legislative and regulatory "guardrails" for AI, including backing legislation that would establish a federal right of publicity in the United States protecting all Americans' image, likeness and voice – and helping to prevent deepfakes. We are vigorously advocating for public policies furthering Responsible AI with governments around the globe, including through multi-stakeholder coalitions and trade bodies, as well as on our own.

In addition, we are protecting creators' rights in the AI environment through litigation. For example, UMPG, alongside two other music publishers, filed a copyright infringement lawsuit against Anthropic for its large-scale, wholesale copying of copyrighted lyrics.

Data protection compliance

UMG's business is subject to an increasing number of global laws, regulations, rules, and other obligations governing data protection in addition to contractual obligations to business partners.

These restrictions and obligations govern the collection, use, retention, disclosure, transfer, and security of data by UMG and its subsidiaries. Operations impacted by these laws include consumer-facing operations such as eCommerce, online advertising, direct marketing, website operation, and social media activities, as well as internal operations such as human resources activities, management of royalties and artist relations, IT activities, and transfers of data among UMG's subsidiaries.

Regulatory, media, and political scrutiny of data protection compliance continues to grow. This attention is further intensified by the emergence of powerful artificial intelligence tools that create legal, ethical, and societal risk.

The legal landscape is also becoming more complex, with an ever-evolving landscape of laws and regulations. Major new legislation by US states, the European Union, and China among others has further increased the complexity and risk of data protection laws. These laws, and the ways in which authorities interpret and enforce them, may be inconsistent from jurisdiction to jurisdiction. Complying with changing requirements may cause UMG to incur substantial costs, change its business practices, modify its product and service offerings, and forego business opportunities.

In particular, the United States has seen a significant emergence of state-level privacy laws as well as increased enforcement by federal agencies such as the Federal Trade Commission. California, where UMG's operational headquarters are located, continues to implement the strictest privacy requirements in the United States, including recent passage of the DELETE Act. Eleven other states have passed privacy laws that are either in effect or will be in the near future.

These state laws are similar but not identical, creating additional sources of complexity and potential costs to UMG.

Any perceived or actual failure by UMG, including its third-party service providers, to protect confidential data or any material noncompliance with data protection laws could reduce UMG's ability to attract and retain customers, artists, and other business relationships and counterparties and result in litigation or other actions being brought against UMG. Lastly, if third parties that UMG works with, such as UMG's suppliers, violate applicable laws or UMG's policies, such violations may also put UMG data at risk and could in turn have an adverse impact on UMG's business, prospects, financial condition and results of operations.

Noncompliance, or even allegations of noncompliance, with these laws or UMG's public statements or contracts in these areas, could lead regulators or private actors to institute investigations into or proceedings against UMG. These investigations or proceedings may entail legal costs and reputational harm for UMG, and if defense of such proceedings is unsuccessful even in part, UMG may face significant penalties, liability, or ongoing monitoring or audit requirements.

Risk response

UMG maintains a global data protection compliance program including personnel dedicated to managing data protection risk. UMG's data protection team partners with personnel throughout the organization to identify and mitigate data protection risks.

Recent initiatives include updates or improvements to privacy disclosures, governance and data management processes, data subject rights processes, employee training, cross-border data transfer agreements, supplier contract terms, internal audit procedures, and incident response processes.

UMG's data protection compliance program prioritizes streamlined global rules and processes to manage increasingly complex requirements. This improves the efficiency of compliance efforts and reflects the interconnected nature of UMG's artists, fans, and business operations.

Governmental and regulatory challenges

A significant portion of UMG's revenues are subject to 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 or be subject to legislative intervention, which may limit its profitability.

Mechanical royalties and performance royalties (on both physical and digital sales) are two of the main sources of income for UMG's music publishing business, accounting for 14% of UMG's revenue in 2023 (2022: 14%), and mechanical royalties are an expense for its recorded music business (except in instances when digital service providers pay such mechanical royalties directly to publishers), representing 0.8% of UMG's revenue in 2023 (2022: 0.7%). In the United States, compulsory mechanical royalty rates are set every five years pursuant to an administrative process under the U.S. Copyright Act, unless rates are determined through industry negotiations, and performance royalty rates are most commonly, but not exclusively, determined by negotiations by performing rights organizations, which in the U.S. include American Society of Composers, Authors and Publishers (ASCAP), Broadcast Music, Inc. (BMI), the

Society of European Stage Authors and Composers (SESAC), and Global Music Rights, LLC (GMR). ASCAP and BMI are subject to a consent decree rate-setting process if negotiations are unsuccessful.

The Antitrust Division of the U.S. Department of Justice (the DOJ) has previously reviewed its consent decrees with ASCAP and BMI and, while in January 2021, the DOJ announced that it would take no further action to modify or terminate such decrees, there is no guarantee that the DOJ will not choose to review such decrees in the future. Changes to the mechanical royalty rate, the performance royalty rates or consent decrees governing the U.S. performing rights organizations could potentially impact the profitability of UMG's music publishing business.

Outside of the United States, mechanical rates are typically negotiated on an industry-wide basis (or for multi-territorial online licensing, on a repertoire-specific basis but still necessarily in partnership with collecting societies as rights holders) and may be subject to mandatory collecting regimes. In most territories outside the United States, mechanical royalties are typically based on a percentage of wholesale prices for physical products and based on a percentage of consumer prices for digital formats. Performance royalty rates are typically negotiated between the collecting society and the individual licensee. The mechanical and performance royalty rates set pursuant to such processes may adversely affect UMG by limiting its ability to increase the profitability of its music publishing and/or recorded music businesses.

The performance royalty rates received by UMG's recorded music business in the United States for webcasting and satellite radio are set every five years by an administrative process under the U.S. Copyright Act unless rates are determined through industry negotiations. In most jurisdictions outside the United States, UMG's recorded music business receives payment for the public performance and broadcast of its sound recordings via collecting societies, with rates generally set by industry agreement or rate setting tribunal. In certain jurisdictions, governments either have, are proposing or face certain pressure to introduce legislation which may introduce and/or extend mandatory collective licensing and direct remuneration claims for certain rights, such as (but not limited to) the introduction of an additional remuneration right for performers for the so-called "making available" of sound recordings on digital services.

As revenues continue to shift from physical to diversified distribution channels, it is important that UMG receives fair value for all of the uses of its intellectual property as its business model now depends upon multiple revenue streams from multiple sources. To the extent that the rates set for recorded music and music publishing income sources through collecting societies or legally prescribed rate-setting processes are set at levels which are not favorable or economically viable for UMG, this could have an adverse impact on its business, prospects, financial condition and results of operations.

Risk response

The diversified nature of UMG's business between types of sources of income and geographies mitigates the impact to UMG in case any individual country were to implement laws that could adversely affect the income that flows to UMG.

The rate setting process by the Copyright Royalty Board (CRB) in the United States was recently concluded to fix mechanical royalty rates for the next five years (effective 2023-2027), and resulted in the highest rates to songwriters in the history of the CRB.

Changes in laws and regulations

Changes in laws and regulations, including those relating to intellectual property rights, and legal proceedings that UMG is, or which it could become party to, may have an adverse effect on UMG's business.

UMG's business is subject to a variety of laws and regulations in jurisdictions around the world, including those relating to intellectual property, content regulation, user privacy, data and consumer protection, antitrust and competition, among others. In addition, various governments currently have under consideration, and may in the future adopt, new laws, regulations and policies regarding a wide variety of matters that could directly or indirectly affect UMG's business and operations, the ownership of UMG's content assets or UMG's ability to maintain, protect or enforce its intellectual property rights. Furthermore, laws in various jurisdictions differ from each other in significant respects, and the enforcement of such laws can be inconsistent and unpredictable. This could impact UMG's ability to operate its business in various jurisdictions and undertake activities that UMG believes is beneficial to its business. For example:

- The UK Parliamentary Select Committee on Digital, Culture, Media and Sport issued its advisory report on July 15, 2021, as part of an inquiry to examine "what economic impact music streaming is having on artists, record labels and the sustainability of the wider music industry". The report recommended to the UK government a number of actions to regulate music companies, including on issues related to artist and songwriter compensation, which could hinder or add cost to the companies' operations.
- The European Union (EU) adopted the Directive on Copyright in the Digital Single Market (the Copyright Directive) in 2019 to modernize EU copyright rules. The Copyright Directive includes a number of relevant provisions, including Article 17, which clarifies the EU copyright safe harbor requiring Online Content Sharing Service Providers (OCSSPs or online platforms that host user-generated content) to employ "effective and proportionate" measures to prevent unauthorized use of copyrighted materials. The EU's Member States must implement the Copyright Directive via enactment of domestic legislation. While some Member States (such as France, The Netherlands, Hungary, Denmark and Malta, among others) are implementing the Copyright Directive's Article 17 faithfully to the legislative intent, other Member States are considering (and, in the case of Germany, Austria and Belgium, have implemented) legislation that differs significantly from the Copyright Directive in letter and spirit – and which would not only undo the benefit of Article 17 but also potentially disrupt existing licensing models. Several national implementations may need to be amended following a recent European Court of Justice decision, while other jurisdictions are still in the process of transposing the Copyright Directive into domestic legislation. It therefore remains unclear how Article 17 of the Copyright Directive will be applied in the different Member States.

UMG could also be adversely affected by new laws and regulations, by the threat that additional laws or regulations may be forthcoming and by changes in existing laws or changes in interpretation of existing laws by courts and regulators. For example, legislation was introduced in California that would amend California Labor Code Section 2855 such that UMG's ability to recover damages from certain artists that fail to deliver on their contractually promised recordings after more than seven years may be hindered. While that proposed legislation did not become law, similar measures could be introduced in the future. Similarly changes in the area of copyright law, in particular, could directly or indirectly affect UMG's operations, the ownership of UMG's content assets or UMG's ability to maintain, protect or enforce its intellectual property rights.

In addition, UMG is currently involved in and could become involved in a number of lawsuits, disputes or investigations initiated by consumers, business partners, competitors, artists, governmental entities, tax authorities and third parties. Such lawsuits, disputes or investigations may relate to, inter alia, copyright infringement, contractual disputes, employment disputes, antitrust and tax disputes. For example, on May 13, 2021, individual and putative class action claims were filed against UMG Recordings, Inc. in the U.S. District Court for the Central District of California for breach of contract and fraud related to certain royalty calculations.

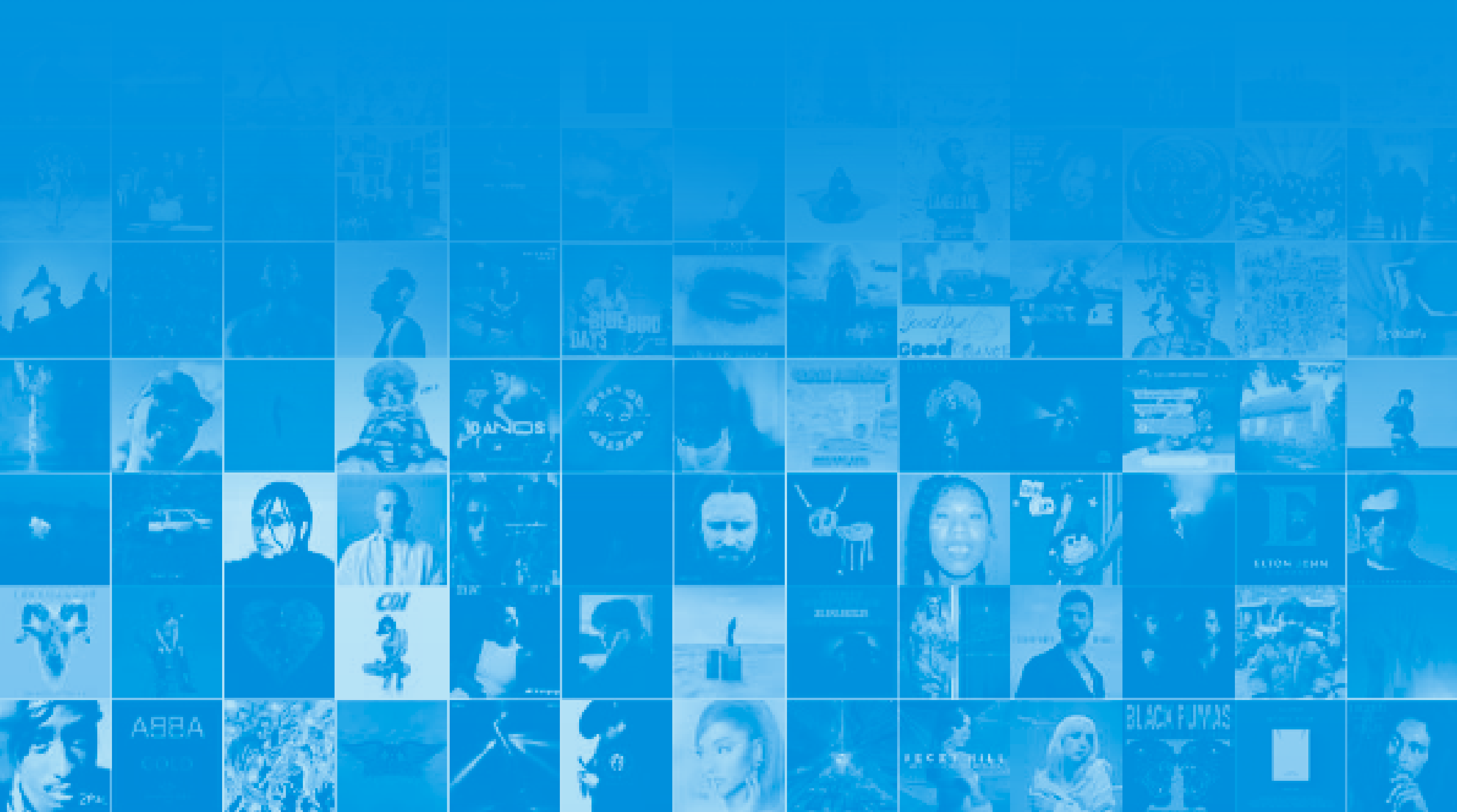
Litigation and proceedings before courts or governmental authorities, whether or not UMG is involved in such proceedings, may serve as precedents that could adversely affect UMG's operations, ownership of content assets or intellectual property rights. UMG could incur substantial costs to comply with new or modified laws and regulations or substantial penalties or other liabilities if it fails to comply. UMG could also be required by such laws to change or limit certain of its business practices, which could impact its ability to generate revenues.

Any of the foregoing may adversely impact UMG's business, prospects, financial condition and results of operations. See Note 25 "Litigation" in the Notes to the Consolidated Financial Statements for additional information on legal proceedings.

Risk response

UMG has a structure to oversee the company's compliance with all relevant laws and changes in laws, and the company also works through lobbying (both directly and through trade associations) to influence any changes so that they do not negatively affect the business or broader music industry and its key stakeholders. In addition, UMG maintains a staff of senior litigation lawyers and may engage external lawyers to assist with lawsuits, investigations and disputes. To the extent that changes in laws are the result of litigation, UMG has a program of strategic litigation, both at the trade association and direct level, to help build good precedents and avoid bad ones.

BOARD REPORT
NON-FINANCIAL INFORMATION



OUR COMMITMENTS

OUR COMMITMENTS

ENVIRONMENT

7 AFFORDABLE AND CLEAN ENERGY

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

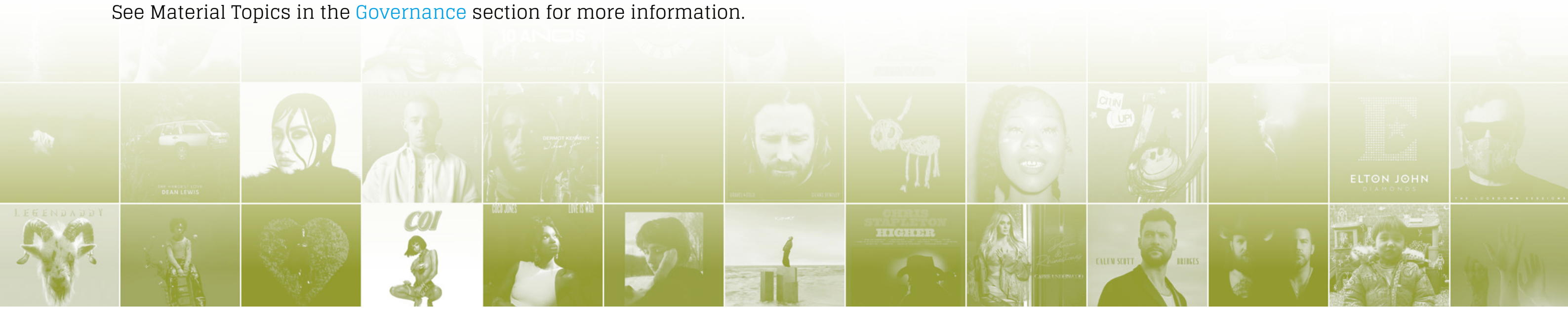
13 CLIMATE ACTION

UMG IS COMMITTED TO ADVANCING CLIMATE ACTION ACROSS THE MUSIC INDUSTRY.

Our efforts to reduce our environmental footprint start with rigorous measurement and reporting systems, which in turn allow us to set targets, measure progress, and ensure continuous improvement of environmental performance across our value chain.

In addition to measuring and mitigating our environmental impact, we are committed to using our influence to accelerate environmental solutions and raise public awareness about climate issues. We empower our employees to create sustainable change from within, support our artists in speaking up about climate issues, and strive to communicate openly and honestly with music lovers around the world about our environmental impacts.

Material Topic:
GHG Emissions.
See Material Topics in the Governance section for more information.



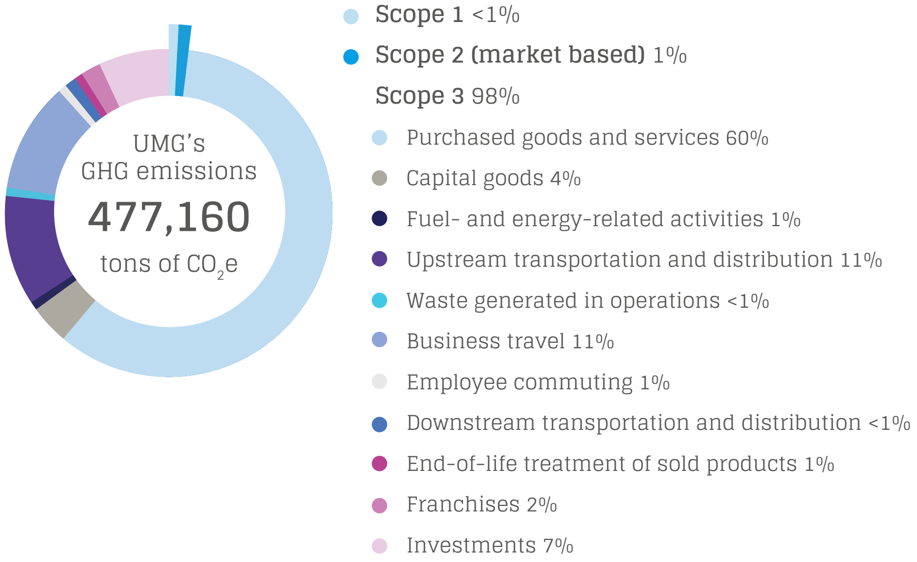
ENVIRONMENT

MANAGING OUR FOOTPRINT

Measurement & Analysis

Deeply committed to understanding our impact, UMG's GHG inventory is the most comprehensive of any major music company. Our GHG footprint is calculated in line with the GHG Protocol Corporate Accounting and Reporting Standard and includes an analysis of our most relevant scope 1, scope 2 (location-based and market-based), and scope 3 emissions sources. We continue to enhance our methodology while also taking a leading role in developing standardized definitions and approaches where they may be lacking within our industry.

FY23 Greenhouse Gas Emissions



Science-Based Targets Progress

Our GHG Management Plan provides the framework from which we've set targets to measure the performance of our climate-related initiatives. UMG's near-term emissions reduction targets were approved by the Science-Based Targets initiative (SBTi) in October and we deployed actionable roadmaps across key business functions by which we will achieve our goals. Our science-based targets cover scope 1 & 2 (market-based) emissions and the following scope 3 emissions categories: purchased goods and services, capital goods, fuel- and energy-related activities, upstream transportation and distribution, waste generated in operations, business travel, and employee commuting.

Science-Based Target	FY19	FY23	Reduction FY19-FY23	Reduction Target by 2032
Scope 1 & 2 (market-based) (absolute tCO_2e)	11,454	7,572	-34%	-58%
Scope 3 (tCO_2e per million EUR value added)	200	109	-46%	-62%

SCIENCE-BASED TARGETS APPROVED BY SBTI

The Science-Based Targets initiative (SBTi) calls on companies to establish low-carbon pathways in alignment with the goals of the Paris Agreement to limit the rise in global temperatures to below 1.5°C by 2100. UMG is committed to achieving ambitious GHG emissions targets across all scopes and has outlined a pathway to:

- Reduce absolute scope 1 and 2 GHG emissions 58% by 2032 from a 2019 base year[1], in line with a 1.5°C pathway; and
- Reduce scope 3 GHG emissions from purchased goods & services, capital goods, fuel- and energy-related activities, upstream transportation and distribution, waste generated in operations, business travel, and employee commuting by 62% per EUR value added[2] within the same timeframe.

1 SBTi allows flexibility in base year selection to consider circumstances that may make a given year's emissions unrepresentative (e.g., the COVID-19 pandemic). At the time of our assessment, UMG considered 2019 its most representative year of normal operations prior to the effects of the pandemic.

2 "Value added" is defined by the SBTi as earnings before interest and depreciation (EBITDA) + all personnel costs. See page 24 of the SBTi Corporate Manual.

In 2024, we will publish our carbon transition plan for climate change mitigation in line with CSRD requirements. Additionally, we will develop GHG reduction initiatives for key business units to build accountability and engagement across the company. We will continue to prioritize environmental data collection and quality assurance efforts to achieve and report progress against our targets and GHG initiatives.

We will also continue to evaluate and manage our climate-related risks based on the Task Force on Climate-related Financial Disclosures (TCFD) guidance. TCFD was created by the Financial Stability Board (FSB), an international body that monitors and makes recommendations about the global financial system, to develop recommendations on the types of information that companies should disclose to support investors, lenders, and insurance underwriters in appropriately assessing and pricing risks related to climate change.

In 2022, we conducted our first TCFD adoption and scenario analysis to provide a qualitative review of potential climate-related risks, inform strategic planning, and enhance transparency with respect to climate risk disclosures. Due to the nature of our business, the study concluded that there are no climate-related risks resulting in high or critical impact to UMG's operations across the evaluated scenarios and time horizons (see our TCFD disclosure). We plan to conduct our next TCFD review no later than 2025.

ENVIRONMENT

Scope 1 & 2 GHG Emissions

EMISSIONS REDUCTION ROADMAP

Our scope 1 & 2 emissions reduction roadmap is driven by:

Renewable Energy	Green Buildings	Fleet Electrification
Prioritizing the procurement of renewable energy for our offices and facilities.	Evaluating and investing in opportunities for environmental certifications and standards that seek to optimize energy efficiency.	Transitioning to hybrid or electric vehicles.

In 2023, our achievements include:

- Our scope 1 & 2 (market-based) emissions decreased by 12% from 2022[1] due to reductions in natural gas, steam/imported heat, electricity, diesel, domestic fuel oil, and refrigerant consumption.
- We transitioned nine new properties to renewable electricity and 47% of our direct operations (by m^2 area) are now powered by electricity from renewable sources.
- Four new properties obtained environmental certifications.
- We increased the number of electric vehicles from six to 14.

1 FY22 emissions were adjusted in accordance with our internal policy to include data enhancements and corrections for improved accuracy. Adjustments illustrate year over year progress across our key non-financial indicators. For more information, please see the Non-Financial Reporting Methodology section.

UMG's Global Procurement team supported the transition of electricity contracts powering UMG's offices, studios and other facilities to renewable energy in line with our science-based target. We conducted a global assessment of our energy demand and developed a roadmap to accelerate renewable electricity procurement in 2024.

THIS YEAR, ABBEY ROAD STUDIOS INITIATED A CONTRACT FOR 100% GREEN GAS[1] AND THE RS NO 9 CARNABY STORE TRANSITIONED TO 100% RENEWABLE ENERGY GUARANTEES OF ORIGIN (REGO)[2].

[1] 100% green gas is created via a process called Anaerobic Digestion where bacteria breaks down organic matter in the absence of oxygen (Source: 100Green).

[2] The REGO scheme provides transparency to consumers about the proportion of electricity that suppliers source from renewable electricity (Source: Office of Gas and Electricity Markets).

Our commitment to clean energy and green building practices is already reflected within our new builds and regional hubs. In 2023, our Santa Monica headquarters and studios, our London headquarters, and Abbey Road Studios continued to source 100% renewable electricity.

To support energy reduction, our London headquarters switched off energy during the weekends and powered down all meeting room equipment over a two-month period, resulting in a 20% decrease in electricity consumption and a 59% decrease in steam/imported heat consumption from 2022 to 2023.

Looking ahead, we will accelerate these efforts through innovative technology integration. As part of the world-famous Capitol Tower building renovation, the mechanical systems are being upgraded to the latest technology that will reduce energy demand. UMG is installing energy-efficient HVAC systems and boilers, new LED lighting and controls, and new elevator drive motors and control systems. Additionally, variable speed water pumps and low-flow toilets and sinks will be installed to reduce water consumption.

Scope 3 GHG Emissions

EMISSIONS REDUCTION ROADMAP

Our scope 3 emissions reduction roadmap is driven by:

Supplier Engagement

Urging key suppliers to adopt renewable energy sources, establish science-based targets for their operations, and support data enhancements that we use in our scope 3 emissions calculations.

Transportation & Logistics

Developing initiatives to reduce emissions from the transportation and distribution of our products and business travel.

Sustainable Product Innovation

Understanding the full lifecycle impacts of our products and packaging and pursuing material and design innovations that enhance their circularity and sustainability.

This year, our Global Technology team continued its efforts to migrate to cloud-based operations, aligning with cloud partners who have committed to 100% renewable energy procurement by 2025. We also deepened our engagement with physical audio and merchandise suppliers – strengthening the environmental criteria expected of these partners and expanding our GHG data collection program to better understand and mitigate our physical product footprint.

ENVIRONMENT

IN 2023, WE ENGAGED WITH OUR SUPPLIERS IN VARIOUS WAYS, INCLUDING THROUGH GHG REPORTING, SUSTAINABILITY SURVEYS, AND OUR SUSTAINABILITY SUMMITS.

We continued to work with our global network of transportation and distribution partners to optimize our logistics operations. Examples of relevant strategic initiatives include:

- Establishing regional distribution hubs to minimize shipping distances;
- Consolidating shipments to reduce frequency of transportation;
- Enabling the selection of lower emissions transportation modes over air freight via advanced procurement and calendarized milestones; and
- Supporting carbon neutral shipping programs and ground transport fleet electrification.

WE REDUCED OUR UPSTREAM LOGISTICS EMISSIONS BY 10% FROM 2022-2023 BY SHIFTING TO MORE SUSTAINABLE TRANSPORTATION MODES.

See "Supply Chain Management" in the Governance section for more information on our responsible supply chain program and our roadmap to deeper supplier engagement in 2024 and beyond.

ENVIRONMENT

BUSINESS SPOTLIGHT: MERCURY STUDIOS

UMG BUSINESSES AROUND THE GLOBE ARE DOING THEIR PART TO REDUCE THE GHG FOOTPRINT OF COMPANY OPERATIONS.

Since its launch in 2021, UMG's Mercury Studios has demonstrated a steadfast commitment to decarbonization, with its industry-leading sustainability program shortlisted for this year's Screen International "Sustainability Initiative" Award. Key strategies include:

LEADERSHIP COMMITMENT

The organization pledged to make 100% of its productions sustainable, and its business-specific Environmental Policy sets out a clear plan for decarbonization.

STAKEHOLDER EDUCATION

All Mercury Studios team members complete sustainability training – and talent, management, and labels are engaged in sustainable production practices.

GHG REDUCTION MEASURES

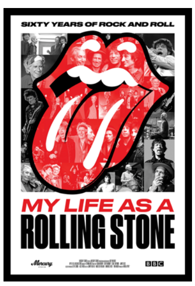
A 1% optional contribution on all production budgets allows for more sustainable production choices, and 100% of productions have elected to participate since program activation. GHG reduction activities include the hiring of local crews to reduce travel emissions, selecting low- or zero-carbon vehicles, partnering with hotels that use renewable energy, going paperless, and providing reusable cups and water bottles to avoid the use of single-use plastic bottles on set.

SUPPLIER ENGAGEMENT

A sustainability survey has been developed to measure environmental practices and metrics across the Mercury Studios supply chain, inform procurement decisions, and surface opportunities for deeper engagement.

INDUSTRY COLLABORATION

Mercury Studios is a member of the BAFTA 'albert' consortium, which seeks to reduce the environmental impact of productions and amplify content that supports a sustainable future. Albert-certified productions include: *If These Walls Could Sing*, *My Life as a Rolling Stone*, and *Lang Lang Plays Disney*.



REIMAGINING OUR PRODUCTS & PACKAGING

UMG is committed to understanding the full lifecycle impacts of our products and packaging, and identifying ways to reduce our physical product footprint through innovation, sustainable choices, waste reduction, and supplier engagement.

We leverage internal ESG Working Groups to drive progress across these areas. The Universal Music Manufacturing & Logistics (UML) Working Group focuses on physical audio products – which range from vinyl to CDs and DVDs – and the Bravado Working Group focuses on merchandise for artists and fans. For more information on UMG's ESG Working Groups, see "ESG Integration" in the Governance section.

Physical Audio

UMG continues to pursue design innovations and integrate sustainability considerations into our physical audio decision-making, ranging from materials selection to product weight.

We are exploring solutions for greener vinyl production – from innovative manufacturing to improved recycling initiatives and new materials sourcing. In 2023, we engaged key partners in testing alternatives to PVC (polyvinyl chloride, the plastic used in vinyl production) and non-traditional manufacturing processes. We also strengthened our product end-of-life initiatives – reducing cycle times, minimizing obsolete inventory, and expanding our reuse and recycling partnerships for vinyl and optical discs.

OUR VINYL MANUFACTURED DISCS ARE COMPOSED OF AN AVERAGE 20% REGRIND MATERIAL – A PROCESS WHEREBY PRODUCTION WASTE MATERIAL AND/OR DEFECTIVE RECORDS ARE INTERNALLY RECYCLED AND MIXED WITH NEW PVC FOR PRESSING.

WE'VE COMMITTED TO DIVERT 100% OF PHYSICAL MUSIC SCRAP FROM THE LANDFILL THROUGH REUSE AND RECYCLING PARTNERSHIPS FOR VINYL AND OPTICAL DISCS.

Our physical audio teams continue to engage our labels and supply chain partners in the adoption of more sustainable audio packaging – including board-based CD packages and plastic alternatives. In France, the optical disc Greenpack is now the standard format for UMG France frontline local releases with a single disc. UMG France's Greenpack is made of a Forest Stewardship Council (FSC) certified digisleeve with bio-sourced cellophane and vegetable-based ink.

To accelerate these efforts, this year's Bravado Sustainability Summit in London included a panel presentation around physical audio products and packaging.

ENVIRONMENT

Featuring UMG's key vinyl suppliers, the discussion signaled demand for sustainable innovation and demonstrated our commitment to enhanced data transparency around the environmental impacts of our products – and to exploring new approaches in vinyl manufacturing.

Merchandise

Bravado, UMG's merchandising arm, is a key driver in our sustainable product efforts. This year, Bravado developed an innovative apparel catalog for artist campaigns in partnership with upcycling organizations. Featuring clothing made with recycled materials, organic cotton certified through the Global Organic Textile Standard (GOTS) and direct-to-garment printing, the catalog empowers artists to align their merchandise with eco-friendly options.

Bravado also offers sustainable merchandise across its retail footprint. Its London flagship store, RS No 9 Carnaby, incorporates recycled and organic fibers into 80% of all new products. Bravado's eco-packaging program supports UMG's commitment to sustainable material selection, serving to eliminate four million plastic bags from the marketplace every year. In lieu of plastic, direct-to-consumer products are packaged using compostable bags, cartons made from recyclable paper, and 100% recycled-content mailers.

In tandem with its sustainable material initiatives, Bravado implements circular processes and manufacturing innovations to reduce the lifecycle impacts of its merchandise. Textile recycling organizations across the globe are key partners in this effort, serving to transform apparel into recycling components that can be reused for different products across a variety of industries. Bravado also has incorporated photo approvals for its product sampling, reducing physical waste from the manufacturing process as well as the emissions associated with sample transportation. The integration of Print-On-Demand (POD) systems, through which products are printed as they are ordered, also serves to mitigate Bravado's manufacturing waste.

IN 2023, LORDE'S MERCHANDISE FEATURED 100% RECYCLED COTTON, BILLIE EILISH'S EUROPEAN TOUR COLLECTION FEATURED A CUSTOM 60% RECYCLED AND 40% ORGANIC COTTON BLEND, AND THE ROLLING STONES' CORE COLLECTION FEATURED 50% RECYCLED COTTON AND 50% ORGANIC COTTON.

WE HAVE DIVERTED NEARLY 500,000 LBS. OF PRODUCT FROM THE LANDFILL VIA FIBER RECLAMATION AND MATERIAL-SPECIFIC RECYCLING SINCE 2019.

IN THE UK, WE HAVE REDUCED PHYSICAL RETAIL SAMPLES BY 65% SINCE 2021 BY UTILIZING PHOTO APPROVALS.

Bravado continues to leverage a robust community donation program. Since 2017, Bravado has partnered with Delivering Good to donate and distribute over 500,000 articles of merchandise though a network of agency partners. Delivering Good unites retailers, manufacturers, foundations, and individuals to support individuals impacted by poverty and tragedy.

ENVIRONMENT

DRIVING INDUSTRY TRANSFORMATION

MUSIC INDUSTRY CLIMATE COLLECTIVE

Industry Leadership

UMG is the first major music company to receive SBTi validation for our science-based GHG emission reduction targets. This milestone reinforces our determination to continue delivering pacesetting change on one of the most important public health issues of this era.

UMG's commitment to combat the climate crisis is anchored by strong external partnerships and peer collaboration. This year, we co-founded the new Music Industry Climate Collective (MICC), joining forces with Sony Music Entertainment and Warner Music Inc. to develop guidance for scope 3 GHG calculations, aiming to establish a uniform approach to measuring GHG emissions across the industry. To date, MICC has completed the first draft of the guidance and initiated calls for wider industry participation through an advisory council composed of independent record labels, value chain partners, and climate experts.

MICC will further develop the guidance through an inclusive multi-stakeholder process in 2024. The American Association of Independent Music (A2IM), the not-for-profit trade organization representing a diverse community of more than 600 independently owned record labels operating within the United States, will serve as a MICC advisor, providing recommendations on how best to include small-to-medium-sized businesses in the initiative.

Our collaboration with MICC is an extension of our continued support of the Music Climate Pact, an industry collaborative aiming to transform the global recorded music sector by reducing emissions across our value chains, empowering employees to create meaningful change from within, supporting artists in speaking up about climate issues, and communicating openly and honestly with music lovers around the world about our environmental impacts. UMG was also a founding signatory of the Music Climate Pact in 2021.

Artist Advocacy

We support our artists as they advocate for environmental causes and promote awareness of the climate crisis to their fans. This year, to shine a light on artist efforts, we teamed up with REVERB to create the annual Universal Music Group x REVERB Amplifier Award – which recognizes the artist best exemplifying the commitment to, and achievement of, measurable steps to reduce their environmental footprint and support nonprofit causes through direct fan engagement.

The inaugural award was presented to Billie Eilish at Sir Lucian Grainge's 2023 Artist Showcase held over Grammy weekend in Los Angeles. Selected for her trailblazing advocacy for sustainability and the environmental movement, Eilish utilizes her platform to magnify and bring attention to the work of nonprofit organizations, while engaging her fans and the music industry in meaningful climate action.

ENVIRONMENT

BUSINESS SPOTLIGHT: UMG X BRAVADO

IN 2023, WE LAUNCHED THE UMG X BRAVADO SUSTAINABILITY SUMMIT SERIES, THE FIRST OF ITS KIND IN OUR INDUSTRY.

Taking place in Los Angeles, London, and New York, the series convened decision-makers and sustainability leaders from Bravado, physical product teams, leadership, artist teams, industry groups, and value chain partners to explore how UMG can use its influence at the crossroads of music and merchandise to advance the global climate action movement.

The program facilitated a meaningful dialogue around Bravado and UMG's shared sustainability vision, as well as industry advancements in the physical product and merchandise arenas. The diverse speaker lineup, including Maggie Baird of Team Billie Eilish and Support & Feed, highlighted innovative strategies to maximize impact and amplify engagement with partners, artists, and fans.

Also this year, to coincide with the European Sustainable Development Week, UMG France launched the *Métamorphoses* program, a monthly series aiming to inspire our business in a focused and constructive way. The series engaged employees via a roundtable masterclass structure and featured internal and external speakers. This year's program included:

- **October:** Cross-functional sessions covering environmentally friendly changes already implemented as well as objectives and prospects across IT, manufacturing, distribution, merchandising, live and brands.
- **November:** Discussions around the definition of ecology and how it impacts the business landscape.
- **December:** Programming focused on the role of artists and new narratives for a positive ecology that engages and creates agency.

Métamorphoses is set to run each month throughout 2024.

OUR COMMITMENTS

SOCIAL

UMG'S PURPOSE IS TO SHAPE CULTURE THROUGH THE POWER OF ARTISTRY.

Through our shared passion for music, we make connections, build relationships, and support a broad variety of content creation. Our global employees, our artists and songwriters, their fans, and the diverse communities we reach are critical to our success.

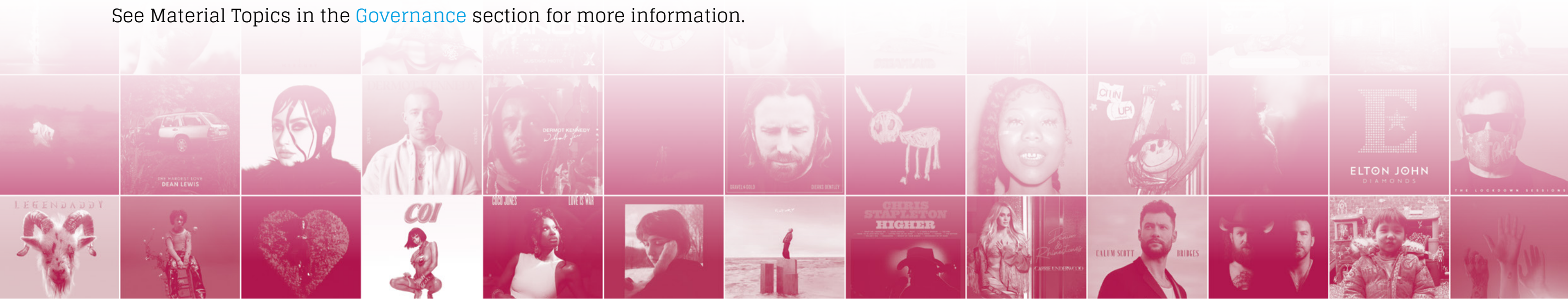
We are committed to investing in our workplace and embracing diversity and inclusion in our operations. We will continue to support the health and wellbeing of our employees and artists, while leveraging our global platform to drive positive impact across our communities.

MANAGING THROUGH OUR VALUES

UMG's six core values shape how our employees make great things. Our values engage employees in a shared mission supporting our commitments to each other and our artists.

- **CREATIVITY** Thinking differently about how we lead.
- **CONNECTION** Understanding ourselves and others.
- **AUTHENTICITY** Unlocking the potential of our people.
- **INSIGHT** Aligning efforts to achieve better outcomes.
- **BOLDNESS** Raising the bar on our conversations.
- **DRIVE** Fueling initiative through aspiration.

Material Topics:
Attraction and Retention of Artists | Attraction and Retention of Employees | Diversity, Equity, and Inclusion.
See Material Topics in the Governance section for more information.



SOCIAL

INVESTING IN OUR WORKPLACE

Diversity, Equity & Inclusion

We believe that the best way to foster an environment where original ideas are generated and creativity can flourish is to build an inclusive workplace that attracts and promotes people from diverse backgrounds and cultures – one that reflects and supports the incredible diversity of our artist roster and audiences.

In 2023, we formalized a new Diversity & Inclusion policy, reinforcing our commitment to building an inclusive culture that values and promotes diversity and equal opportunity.

TOTAL STAFF

	2023	2022
Total	10,290	9,992
Men	5,044	4,913
Women	5,246	5,079

49% / 51%

GLOBAL TURNOVER

2023	2022
11.53%	13.95%

VOLUNTARY TURNOVER

2023	2022
7.03%	9.55%

MANAGERS[1]

	2023	2022
Total	3,369	3,456
Men	1,939	1,980
Women	1,430	1,476

58% / 42%

SENIOR MANAGEMENT[2]

	2023	2022
Total	63	-
Men	52	-
Women	11	-

83% / 17%

U.S. RACE / ETHNICITY[3]

	TOTAL
American Indian or Alaska Native	0.5%
Asian	11%
Black or African American	12%
Latinx	14%
Multiracial	4%
Native Hawaiian or Pacific Islander	0.5%
White	58%

TOTAL U.S. WORKFORCE

1 UMG initiated a global job architecture project in 2023 to harmonize career leveling and remuneration, contributing to the year-over-year manager variance.

2 For purposes of UMG's D&I Policy, senior management is comprised of: (i) the executive directors of the Board (the Executive Directors), including the Chairman and Chief Executive Officer (the Chairman and CEO), (ii) the Chairman and CEO's direct reports who lead a label or business or with a primary function, (iii) for other key labels or businesses, their leaders and in some instances, certain of their direct reports, and (iv) key large function leaders. This is UMG's first year reporting these figures.

3 Race and ethnicity reporting is based on U.S. data only, as laws on collecting race and ethnicity data differ outside of the U.S. The 2023 numbers account for 3,670 employees in the U.S.

SOCIAL

BUSINESS SPOTLIGHT: EMPLOYEE RESOURCE GROUPS

IN 2023, OVER 1,000 UMG EMPLOYEES ATTENDED EVENTS HOSTED BY OUR ERGS TO DRIVE AWARENESS AND CREATE CULTURAL IMPACT.

As a company, we celebrate cultural milestones across the globe and highlight historically significant events by offering educational programs that support anti-hate in all its forms. In 2023, we recognized milestones and events including Holocaust Remembrance, Black History Month, International Women's Day, the 50th Anniversary of Hip Hop, the launch of uDiscover Music's Spanish Editorial site, and PRIDE, with celebrations featuring artists across the UMG roster.

Internally, Employee Resource Groups (ERGs) play a crucial role in supporting our commitment to representation and fostering inclusion and belonging across the company. Our ERGs provide a platform for underrepresented employees to network, share experiences, influence employee programming, and advocate for diversity and inclusion efforts. All employees are encouraged to become members or allies and participate in events that celebrate a variety of cultures and traditions.

UMG has 23 ERG chapters globally, including:

- **BLACK LABEL:** Fosters community and cultivates leaders at UMG, while celebrating Black culture across the music industry.

- **CULTURA:** Celebrates the diversity and unity of Latinx and Hispanic people by promoting cultural awareness, supporting Latinx communities, and empowering current and future Latinx and Hispanic leaders at UMG.

- **PRISM:** Cultivates a space to build community and celebrate LGBTQ+ identifying individuals and allies within UMG and across the music industry.

- **UTOPIAA:** Provides a community and platform for employees that identify as Asian American & Pacific Islander (AAPI) and their allies.

- **WOMEN'S NETWORK:** Serves to advance the position of women in the industry by providing a support system that allows members to express themselves and realize their goals – both professional and personal.

In November, the Board of Directors from Black Label, Cultura, PRISM, UTOPIAA and Women's Network convened for a targeted ERG Summit. The Summit celebrated ERG achievements and focused on formalizing future-driven ERG charters and mission statements to enhance their reach and influence among employees in 2024 and beyond.

SOCIAL

Key 2023 programs included:

- **Legends & Legacy:** In recognition of Black History Month, Rock & Roll Hall of Fame inductee, James 'Jimmy Jam' Harris III, joined Black Label for an inspiring conversation on his legacy, longevity, and life.
- **For The Culture:** Black Label hosted a social mixer celebrating Juneteenth, the 50th Anniversary of Hip Hop, and Black Music Month. The event served to honor the genre that shapes and shifts culture – highlighting the incredible influence Black music has had on the world.

- **National Hispanic Heritage Month:** Cultura kicked off National Hispanic Heritage Month at our Santa Monica office with food, music, and prizes. U.S. Representative Veronica Escobar (D-TX) joined us for a discussion on the origins of Hispanic Heritage Month and the impact of the Latin and Hispanic communities on modern societies.
- **VIVA LA MÚSICA:** In partnership with uDiscover Música, Cultura hosted an event with cocktails, food, live salsa lessons, and giveaways to celebrate Latin Heritage Month and the launch of uDiscover Music's Spanish Editorial Site.

- **Loud & Proud Showcase:** PRISM and Black Label joined together with 3point5/°1824 to sponsor a Pride and Black Music Month celebration featuring artists across the UMG roster. The Loud & Proud Showcase featured performances by G Flip, Kidd Kenn, and Allison Ponthier.
- **My Friend's Place Volunteer Opportunity:** PRISM and UMG's Corporate Communications team came together with Support and Feed to volunteer at My Friend's Place in Hollywood – preparing meals and donations for the center's homeless youth.

- **NY Music Industry Social Mixer:** Our first New York event launched our UTOPIAA NY Chapter and showcased the evolution of the ERG, demonstrating how UMG continues to foster growth and diversity for the AAPI community.
- **Executive Panel & Performance:** UTOPIAA spotlighted key AAPI executives and talent across UMG while showcasing AAPI-owned brands with free product tastings.

- **Women's History Month Panel:** Women's Network joined forces with the People, Inclusion & Culture team, °1824, and UMShe to host a panel centered around "Embracing Equity Through Advocacy."
- **Black Women In Music Panel:** In June, Women's Network observed Black Music Month with the annual Black Women in Music Panel. Professionals and artists discussed their journeys and shared stories of triumph and success.





SOCIAL

Talent Attraction and Retention

UMG's commitment to inclusion and belonging is reflected in our search for the best, most passionate talent.

This year, we rolled out new programs and strengthened existing initiatives to attract and foster interest among the next generation of music industry employees, including the expansion of our UMG Internship Program, which hosted over 240 summer interns from more than 110 universities. Additional initiatives included:

- **Historically Black Colleges and Universities (HBCU) Support**: UMG's Task Force for Meaningful Change (TFMC) continued to provide job training opportunities and early career development support to students from Historically Black Colleges and Universities (HBCU) through various organizations. The HBCU Legacy Fellowship hosted over 90 students through training and development opportunities and "experienceships."

- **Technology Pathways:** Seeking to expand music careers beyond the traditional, we introduced Technology Pathways, a nine-month on-the-job training program with dedicated mentors for college students interested in data science, business intelligence, and data engineering.

- **°1824 Creative Pathways:** UMG's °1824 creative solutions team continued to connect artists and brands with today's youth culture, while also providing part-time roles to university students, including skilled work in content creation, creator partnerships, publicity, A&R, and strategic partnerships. °1824 has placed 200 of their student employees into full-time roles, with 100+ retained at UMG and partner companies since the program's inception.

Across our operations, we expanded inclusive interviewing training to further support our goal of championing inclusion and belonging throughout our company's culture, and in the UK, we offered specialized training for new and existing employees with neurodiverse talents.

Employee Experience and Development

At UMG, we seek excellence in everything we do – our artistry, our product, and our workplace. To help us succeed, we've created an employee culture focused on continual advancement so we can better serve our communities and build our business.

While more employees returned to the office in 2023, UMG continues to support hybrid and remote work environments, providing home office setups and reimbursements to ensure each employee has the ability to work effectively.

Employee listening is how we "pass the mic". We issue a series of employee surveys and broader audience pulse surveys to help us capture the individual employee voice, effectively assess critical areas of the employee experience, and efficiently turn insights into action. 2023 saw over 1,000 responses to these surveys, and based on employee feedback, we are planning to roll out additional, targeted programs that are centered on career conversations and personal development.

SOCIAL

As a company, we encourage dialogue between our managers and employees to drive clarity, transparency, and performance. This year, we expanded a pilot program from the U.S. into several global territories to support ongoing manager and employee conversations. For example, UMG Australia's version of this program, the Tempo initiative, facilitates regular check-ins and talent reviews between managers and employees to reflect on expected outcomes, development opportunities, and key achievements.

In addition to our focus on productive dialogue, we offer a broad range of digital and in-person learning opportunities to retain our top talent and foster career growth within the company. This year, we scaled our Learning Management Software (LMS) across the majority of global territories. The global software application hosts centralized upskilling and reskilling opportunities and provides a platform for territories to upload their regional-specific learning content.

IN 2023, UMG DELIVERED OVER 100,000 HOURS OF TRAINING AND OFFERED MORE THAN 500 COURSES TO EMPLOYEES.

Cultivating leadership is a foundational element of UMG's workforce development approach, and many of our programs are specifically developed to drive leadership preparedness, including targeted programs for underrepresented groups. This commitment helps foster a culture of belonging and boosts the capacity for the innovation. Key programs include:

- **UMShe:** Our 9-month women's executive leadership program is designed for rising senior leaders who are looking to advance to the next step in their careers. The program features monthly interactive workshops, 1:1 executive mentorship, a peer support network, and the opportunity to pitch innovative business solutions to senior executives. This year, 46% of program participants were promoted within six months of completing the program, illustrating our commitment to retaining our talent while providing career opportunities through skill development and executive exposure.

- **Women in A&R:** The Women in A&R initiative encourages women to pivot into A&R departments at labels. It provides first-hand experience on how to nurture talent and guide the record making process, offering A&R mentor support, 1:1 executive coaching, and bespoke workshops. This year, seven UMG employees participated in the program and four have transitioned into A&R roles at UK frontline labels.

- **ASCEND | The Power of Choice:** Our 9-month ASCEND executive leadership and acceleration program engages employees representing Employee Resource Group (ERG) communities. Selected participants who are currently in director or senior director roles receive mentoring, professional development, and senior leadership exposure through collaborative workshops, coaching, and executive sponsorship.

SOCIAL

- **MixHer:** Introduced in 2023, MixHer is a one-of-a-kind Dolby Atmos training and certification program for female-identifying mixers and engineers powered by She Is The Music, Bose Corporation, Dolby Laboratories, The Recording Academy, ENGINEEARS & the legendary East Iris Studios.

- **Emerging Leader Program:** Offered to all employees, the Emerging Leader Program supports career growth by providing resources around communicating ideas, decision-making, giving feedback, and preparing to lead a team.

- **6 Strings of Management:** Our flagship leadership program is designed to equip people managers with frameworks to effectively engage their teams and successfully manage performance and people. The cohort groups engage in a series of topics over three months, including introduction to manager practices, communication styles, setting goals and delegations, bringing out the best in their team, performance feedback, and career conversations. Over 160 people managers have completed this program.

- **6 Accelerator:** Introduced in 2023, 6 Accelerator is an executive leadership cohort program focused on amplifying core skills central to the role of senior leaders. The program provides frameworks to deepen self-discovery, align team effort with business vision, and execute on business strategy.

UMSHE LEADS SUMMIT: A PATH TO INCLUSION AND GROWTH

The UMShe Leads initiative held its inaugural summit this year, an annual multi-day event dedicated to uplifting a cohort of 30 women from across the company.

The program included a networking lunch with Republic Records co-founders and executives to share the historic label's legacy, and a comprehensive design thinking course covering topics such as tackling complex challenges creatively, strength in decision making, and the power of leveraging your authentic voice to devise innovative solutions. The course emphasized the value of diversity in design teams, illustrating how different perspectives can lead to groundbreaking ideas. Additionally, the Summit featured remarks from UMG's Global E-Commerce and Bravado executives to introduce the UMShe Leads cohort's capstone project. Following the Summit, **100%** of participants indicated that they felt more connected and would recommend the program to a colleague.

SOCIAL

SUPPORTING EMPLOYEE AND ARTIST WELLBEING

Compensation & Benefits

UMG's compensation structure provides a framework that supports our efforts to attract and retain highly qualified employees while incentivizing and rewarding long-term, sustainable growth within the company. Our compensation structure is guided by three principles:

1. Focus on company performance by including at-risk pay for executives and linkage of performance objectives with UMG's strategy.

2. Maintain competitiveness with relevant markets to support UMG's ability to attract, retain, and motivate high-caliber talent.

3. Support our employees' career progression and ensure internally equitable pay practices through a new global job architecture, in which individual pay levels may differ by employee to reflect experience, skillset, performance against goals, and scope of responsibilities but not by ethnicity, race, gender, religion, disability, sexual orientation, or other intersectionality points.

Our incentive programs allow employees to participate in the success that they help create. We offer a global short-term incentive plan for most exempt and/or senior employees, an Annual Incentive Program (AIP), and an annual discretionary bonus program for individuals who are not in the AIP. Additionally, all eligible UMG employees received UMG shares (or the cash equivalent) in October as part of their one-time Restricted Stock Unit equity award.

Globally, our company benefits are suited for the diverse needs of our employees and support a companywide culture of physical health, mental health awareness, and overall wellbeing. In addition to competitive compensation structures, our total rewards program is central to our strategy for enhancing our appeal as an employer and creating a positive, healthy workplace.

In the United States, UMG's medical plans provide unlimited access to mental health services at no cost when using network providers. We offer comprehensive family support programs and prioritize women's health through targeted benefits. UMG provides 12 weeks of paid family leave time as well as benefits that cover travel for employees and eligible dependents for fertility-related medical care. Other family care benefits include family planning, egg freezing and fertility support, adoption and surrogacy, maternity support, breast milk shopping for working mothers, and menopause support. Unexpected circumstances arise and we have benefits to help minimize family disruptions, including backup childcare when schools close. Additionally, virtual tutoring and college coaching help parents and their children navigate individual learning assistance or college-related tasks.

Employees and their immediate family members also receive an annual Wellbeing Allowance to fund a wide array of additional services, including fitness equipment, gym memberships, massages, financial software, and travel. Additionally, we've tailored our medical plans to provide focused support for chronic conditions such as diabetes and high blood pressure, and even those who suffer from musculoskeletal pain.

To balance work and personal time, several UMG territories reinstated "Summer Fridays." During the Summer months, participating employees were able to limit Friday meetings, and unless facing a pressing business requirement, step away from their laptops in the early afternoons. Several territories also offered a Wellbeing Day to encourage employees to care for their physical and mental health.

We believe there is a connection between individual wellbeing, caring for others, and serving and supporting our communities. Annually, in the U.S., employees may take two days off to volunteer for the charitable cause of their choice. To support our focus on wellbeing, this year also saw UMG continue to expand access to regionally-specific Employee Assistance Programs (EAPs). Among other offerings, these programs facilitated counseling sessions, in-the-moment support for emotional wellness, self-guided mindfulness and cognitive behavioral therapy programs, and 24/7 work-life assistance.

the whole YOU

THE WHOLE YOU

In the U.S., our experiential wellbeing program "The Whole You" provides UMG employees with access to quality-of-life tools around UMG's foundational pillars of health. 2023 highlights included:

- **Mental Health:** We launched the "Wellbeing Within Reach" campaign for Mental Health Awareness Month, featuring a robust calendar of activations, events, and resources like mental health hotlines and programs tailored for diverse communities.
- **Physical Health:** We continued to provide employees with access to virtual fitness classes via partnerships with local instructors as well as mindfulness and meditation platforms, which have seen significant engagement rates.
- **Family:** We continue to support employees and their time with family through initiatives like Summer Fridays, Wellbeing Day, and our December Winter Break.

UNIVERSAL MUSIC GERMANY WAS AWARDED TOP EMPLOYER 2023 IN TERMS OF FAMILY-FRIENDLINESS BY FREUNDIN X KUNUNU AND MOST WANTED EMPLOYER BY ZEIT X KUNUNU.

SOCIAL

Elevating Artists

Artist-Centric Culture

Artists and songwriters are at the heart of everything we do, and our primary mission is to help them achieve their greatest creative and commercial potential.

Our first imperative is to discover and break new artists – and then to sustain their careers by promoting a healthy, sustainable, and exciting music ecosystem in which they can thrive for decades to come. To support this commitment, we are constantly pursuing unexplored avenues of creative and commercial possibilities – leveraging our ingenuity to create new revenue streams and help artists reach their greatest potential in an ever-changing industry.

In the current digital marketplace, streaming platforms are adding some 120,000 tracks per day. With such a vast number of tracks flooding the platforms, the critical contributions of many artists are becoming undervalued, as consumers are increasingly being guided by algorithms to lower-quality functional content. This leads to a less fulfilling experience for the consumer, diminished compensation flowing to artists who are driving the business models of the platforms, and fewer cultural moments that fans can collectively share. Ultimately, there is a growing disconnect between the devotion of fans to the artists whom they value and the subscription structures applied by streaming platforms.

To address this imbalance, we are actively exploring artist-centric solutions with platforms including Deezer, Spotify, Tidal, and SoundCloud. Through our collaborative efforts, we seek to:

- **Reward Real Artists**: Find ways to better reward artists whose content drives value to platforms.

- **Clean Up Clutter**: Take steps to limit non-artist noise content, including sounds, functional music, and thirty-second AI tracks that are designed to profit inappropriately from the artist royalty pool.

- **Enhance Anti-Fraud Efforts**: More aggressively identify and inhibit fraudulent behavior, as fraudulent streams divert royalties away from artists at a significant scale.

The overarching theme of UMG's advocacy is that all creators deserve fair compensation, regardless of the platform on which fans enjoy their art. As we look ahead to 2024, we will continue to innovate and collaborate with others across the music ecosystem to drive long-term growth and create value for music fans, the artists they love, and our platform partners.

SOCIAL

Artist Wellbeing & Support

At UMG, our commitment to artists extends beyond supporting and amplifying their creative visions.

Our over three-year relationship with the nonprofit, Music Health Alliance (MHA), has proven to be a strong partnership. More than 500 UMG and UMPG artists, songwriters and their families have received life-changing medical care and saved more than $5 million in healthcare costs, including reductions in medical bills, medication costs, and health insurance premiums as well as grants and lowered deductibles/out-of-pocket maximum costs. In 2023, MHA grew their mental health focus due to a significant increase of mental health care support needed within the artist and songwriter community, providing $60K in Mental Health Fund grants, and helping to coordinate more than 700 artist counseling sessions.

2023 also saw UMG continue to support artists through partnerships with the American Federation of Musicians (AFM) and the Screen Actors Guild-Association of Featured Theatrical and Recording Artists (SAG-AFTRA). Our support enables the music industry's largest contributions to the organizations' respective health and pension funds, which provide studio musicians and background vocalists access to sustained health insurance and retirement benefits that might otherwise be unattainable.

Our commitment to artist welfare and support is further bolstered by our ongoing collaboration with Help Musicians, a UK philanthropic organization serving musicians at all stages of their career through business advice as well as physical, mental, and financial health services.

In 2022, Universal Music UK (UMUK) joined forces with Help Musicians to launch the "Co-Pilot" program, a ground-breaking musicians' mentoring network. In contrast with professions that require specific study paths, musicians do not have a clear blueprint for career success, and while digital platforms provide more options for music creators, deciphering and using them to maximum effect can be overwhelming. In 2023, the Co-Pilot initiative supported 118 mentoring partnerships to help musicians navigate the ever-changing music industry. A total of 32 UMG employees served as mentors and an additional 40 have committed to join the program in 2024.

LOVELOUD

LOVELOUD'S DAY ON THE HILL

UMG supports our artists as they stand up for equality.

On October 18, Imagine Dragons' frontman Dan Reynolds, along with a group of supporting artists, visited U.S. Members of Congress to share the story of Reynolds' LOVELOUD Foundation and advocate on behalf of the LGBTQ+ community. Throughout the day, the LOVELOUD advocates met with several U.S. policymakers – including various U.S. Senators and representatives and the White House Office of Public Engagement's Director – on ways to advance the rights, safety, and wellbeing of the community, while improving access to mental health care for LGBTQ+ youth.

Diverse & Inclusive Content

At UMG, our commitment to diversity, inclusion, and belonging extends from our operations to our content. We use our global platform to shine a light on diverse stories and local repertoires, leveraging the power of artistry to build more equitable and open societies. Examples of 2023 initiatives include:

- **Sounds of the Future:** In honor of Black Music Month, the UMG Task Force for Meaningful Change (TFMC) launched the community-centered Sounds of the Future campaign to celebrate the powerful creative legacies of Black music, artists, and executives. As part of the campaign, the TFMC supported over 30 organizations working to cultivate and preserve Black music for future generations.

- **Black Story**: Launched by Universal Music Recordings (UMR) in 2022, Black Story continued to pay tribute to trailblazing Black UK artists. This year the campaign featured 10 vinyl releases, 20 digital releases, and four animated short form music videos. Dedicated social channels were launched in October to align with the UK's Black History Month.

- **100% Her:** UMG continued to support 100% Her, an initiative launched in 2019 to provide long-term career development opportunities for women and non-binary individuals working in production music – shining a light on their voice, talent and works.

- **Irruk Birruk:** UMG Australia continued to support "Irruk Birruk" ("Yesterday" in the language of the Yorta Yorta people), a global distribution solution for otherwise unavailable legacy recordings from Australian Indigenous and Torres Strait Islander artists. The initiative successfully delivered over 100 global tracks in 2023.

- **Afrikaans Concerts:** UMG South Africa supported a series of concerts across the country to promote the Afrikaans language and music – a small genre facing a dwindling number of showcases. The effort, designed to foster inclusivity, included four major shows that were collectively attended by more than 130,0000 people.

- **Waiata Anthems:** UMG New Zealand continued to take a leading role in the Waiata Anthems movement, a pan-industry campaign to incorporate the local indigenous language "te reo Māori" in contemporary music. This year saw the program hire a cohort of Māori interns, and in 2024 the initiative will hire a team of Māori executives to run the new emerging artist excellence initiative.

- **Universal Music Recordings (UMR) Retail Campaigns**: In the UK, UMR continued to include a diverse balance of artists and genres in its retail campaigns, as demonstrated by April's UMR Record Store Day list, in which nearly 60% of releases were by female, Black, or LGBTQ+ artists.

UMG's creative strategy and intelligence teams directly interface with our audiences and communities on an ongoing basis to ensure that the creative ideas for UMG labels and artists are inclusive and reflective of society, resonating with the many different audiences with whom our artists connect.

SOCIAL

SUPPORTING OUR COMMUNITIES

Corporate Philanthropy

UMG believes in the power of music to inspire action. Using the collective strength of our community – including everyone from employees to artists and songwriters to fans – UMG supports organizations around the globe that are making strides to address social and environmental issues and create positive, systemic change.

In the U.S., the Universal Music All Together Now Foundation (UMATNF) works to advance systemic change through investment in education, health and wellness, and racial equity and justice. Integral UMATNF programs include the UMG Unhoused Coalition, the UMG Green Team, and the Task Force for Meaningful Change (TFMC). This year, each program continued to roll out innovative initiatives and support UMG's growing network of community partners to address widespread social and environmental challenges.

IN 2023, UMG CONTRIBUTED TO MORE THAN 500 COMMUNITY ORGANIZATIONS AND SUPPORTED OVER 1.2 MILLION MEALS FOR INDIVIDUALS IN NEED.

UMG Unhoused Coalition

The UMG Unhoused Coalition mission is to intersect policy and philanthropy to better serve the needs of those unhoused in our communities. The Coalition works to strengthen education and advocacy as well as deliver resources and local support, including the following 2023 initiatives:

- **Community Collection Boxes:** Permanent collection boxes were placed in UMG offices in New York, Nashville, Los Angeles, and Miami to collect a variety of seasonally appropriate items and were delivered to charities on a monthly basis.

- **Back(pack) to Basics Campaign:** The Coalition activated a companywide campaign seeking to meet the needs of underserved students by supplying new school supplies, providing meals to fight food insecurity, and urging UMG employees to shop purpose-driven brands that give back to students in need. Backpacks and school supplies were distributed across the U.S.

- **Covenant House Partnership:** The Coalition strengthened its partnership with Covenant House, a nonprofit dedicated to helping youth overcome homelessness and human trafficking. Members of Republic Records created and launched artist development workshops for Covenant House youth. These workshops included hands on experiences, resume building and career advice. In addition, UMG sponsored and participated in Covenant House's 2023 Sleep Out in Times Square, and our executives and artists participated in their Night of Covenant Stars events.

SOCIAL

UMG Green Team

The UMG Green Team plays an important role in driving environmental awareness, supporting artist advocacy, and implementing internal and external initiatives to promote climate action in our workplace and in our communities. Some highlights include:

- **Go Green Challenge:** The Green Team organized its second annual Earth Month Go Green Challenge in April. UMG employees and business units were encouraged to adopt a series of actions to reduce their daily carbon footprints, and impacts were tracked via an online leaderboard. For every action completed, UMG purchased a one-tonne carbon offset from a verified project of the employee's choice. In collaboration with partner Captain Planet, a community garden at Brooklyn Urban Garden Charter School is being developed in the name of this year's challenge winner, Verve Records.

- **UMG x Dreamville Community Garden:** The Green Team launched the UMG x Dreamville garden in Atlanta, expanding UMG's network of community gardens across the U.S., UK, France, Australia, and New Zealand. Additionally, Green Team members collaborated with the Mental Health Coalition to deliver a coordinated social media campaign around the mental health benefits of gardening.

- **Green Team x PRISM Venice Beach Cleanup:** The Green Team joined forces with environmental nonprofit Heal the Bay and UMG's PRISM ERG for a beach cleanup in Los Angeles at Venice Beach.

- **Tree Planting Series:** In partnership with TreePeople and Trees NY, the Green Team hosted two urban tree planting events in Los Angeles and New York City. The group also partnered with TreePeople to host a Lunch & Learn on urban heat and climate resilience strategies.

SOCIAL

CORPORATE PHILANTHROPY ACROSS UMG'S GLOBAL NETWORK

UMG territories outside the U.S. have developed independent philanthropic initiatives to support both global and regional causes.

In the UK, the Universal Music UK Sound Foundation (UMUKSF) focuses on lifting up the next generation of talent across the region. Since its inception, UMUKSF has donated more than €9 million towards music education, including funding for over 10,000 young people and schools to buy musical instruments. UMUKSF has bursaries at 11 music colleges throughout the UK and Ireland – and supports the music departments of 23 secondary schools.

UMUK also continues to expand its partnership with East London Arts & Music (ELAM), which began in 2014, to support the next generation of talent. ELAM is a free school for 16-19-year-olds founded by Will Kennard, one half of EMI recording artists Chase & Status. In addition to offering masterclasses, mentorship, curriculum guidance, and work experience to many of the school's pupils, valuable relationships form between the school and UMG's A&R teams. This year, ELAM alumni who are signed to UMUK labels earned numerous recognitions. Stella Quaresma and Renée Downer, members of FLO (Island), won the prestigious BRIT Rising Star Award 2023, and Tendai (0207 Def Jam) was nominated for Rising Star at this year's Ivor Novello awards.

In addition to expanding its youth programming, this year UMUK teamed up with Music for Dementia and UK Music to develop the Power of Music Report, which seeks to use music to improve community health, particularly for those living with dementia. To further support this aim, in 2023 UMUK launched the Power of Music Fund, a £1 million fund for community groups, as well as the dynamic Music Can platform, an information hub about music and dementia that highlights local support, training, and resources.

In South Africa, UMG supported four non-governmental organizations (NGOs), ranging from a public interest law center driving social justice to an organization providing toy libraries to marginalized communities. **Universal Music New Zealand** continued to support Music Helps, the New Zealand music industry charity that uses the power of music to help people in need.

SOCIAL

TASK FORCE FOR MEANINGFUL CHANGE

TASK FORCE FOR MEANINGFUL CHANGE
UNIVERSAL MUSIC GROUP

The Task Force for Meaningful Change (TFMC) – a voluntary group of music executives and employees from UMG's corporate center, labels, and global companies - was launched in 2020 to support Black and other marginalized communities worldwide.

Established in the wake of global uprisings against systemic racism, criminal justice reform is an ongoing priority of TFMC in addition to advancing equity in the music industry. Every year TFMC deepens its work in the criminal justice space – leveraging UMG's position in the industry to uplift, amplify, and support community organizations, policies, and initiatives working to protect and contribute to long-term change.

TFMC also supports other issue areas that disproportionally impact Black communities. In 2021, the Task Force named its first "super priority" as education with a focus on classrooms. Although education has been one of the few pathways for Black people to overcome systemic racism, many of America's public school systems still fail to prioritize and meet the challenges, realities, needs, and aspirations of Black children. TFMC invests in classrooms, programs, nonprofits, institutions, and projects aimed at decreasing the opportunity and achievement gaps between Black students and their counterparts. Additionally, the Task Force cultivates spaces to support music executives and emerging Black creatives in expanding their knowledge and skill sets.

2023 saw TFMC deepen its criminal justice reform and education-focused work, while also strengthening community partnerships and contributing emergency aid around the world.

Among other initiatives, TFMC's 2023 efforts included:

PUBLIC HEALTH SCHOLARSHIPS

- TFMC provided support for over 50 scholarships across the four accredited HBCU Medical Schools – Howard University College of Medicine, Morehouse School of Medicine, Meharry Medical College, and Charles R. Drew University of Medicine and Science – seeking to expand the number of Black medical practitioners.

PARTNERSHIPS FOR SYSTEM IMPACTED INDIVIDUALS

- To support criminal justice reform, the Task Force partnered with organizations working in the community violence intervention and meaningful re-entry work space to provide wraparound services, mentorship, and mental health support.

SOCIAL

TASK FORCE FOR MEANINGFUL CHANGE

PARTNERSHIPS FOR FOOD SECURITY

- Addressing food insecurity across the globe was one of TFMC's three giving strategies this year. The Task Force prioritized support for organizations providing vulnerable communities with access to year-round, zero-cost, and nutrient-dense foods – including Feeding America, Harlem Grown, and Hashtag Lunchbag.

MUSIC MAKERS OF TOMORROW SESSION

- TFMC hosted a music career session in Long Beach, California, in partnership with the Boys and Girls Club Long Beach and Long Beach City College. With over 100 underserved youth in attendance, the organization partnered with Interscope Records and No Name Recordings to bring hometown artist, singer, songwriter Shady Blu to share her story and career journey to inspire the next generation of young people in music.

KING CENTER SUPPORT

- The Task Force partnered with the King Center, the nonviolent social change organization founded by Coretta Scott King, for its Be Love Day – a powerful day of global activism that aims to disrupt hate with compassion, courage, and community through virtual conversations and workshops that equip individuals to confront racism with action. UMG supported the Be Love Day playlist and donated over 1,500 care packages for the unhoused in Atlanta.

DREAMWAKERS SUPPORT

- The Task Force continued its second year of partnership with Dreamwakers, an organization working with 4th to 12th graders in rural and systematically under-resourced schools. Several TFMC members across our record labels and business units led "flashchats" - virtual classroom music industry career sessions. This year, more than 83% of students who participated in flashchats attended under-resourced schools in areas of low socioeconomic status, and over 84% of impacted classrooms were composed primarily of students from one or more historically excluded ethnic and/or racial backgrounds.

KNOW YOUR RIGHTS CAMP SUPPORT

- TFMC supported education and empowerment camps for Black and Brown youth across the country – using the power of music to connect young people with future opportunities.

EMERGENCY AID RELIEF

- The Task Force responded to thousands of people around the world impacted by tragedies. UMG donated to multiple organizations around the world for emergency support.

SOCIAL

TASK FORCE FOR MEANINGFUL CHANGE

CORPORATE LEADERSHIP AWARDS

TFMC's work earned national recognition in the U.S., with honors including:

- **2023 Higginbotham Corporate Leadership Award,** Lawyers' Committee on Civil Rights Under the Law
- **2023 Social Impact Award,** Black Music Action Coalition
- **2023 Black Star Award,** African Communities Together

TFMC SUPPORT BY PILLAR

Some organizations that TFMC supported include:

Music Industry	Criminal Justice Reform	Zero Hunger	Spotlight Giving
• Atlanta Music Project • Blues Foundation • Brooklyn Academy of Music • East of River Boys and Girls Steelband, Inc. • Memphis Music Initiative • Soulsville Foundation • Sphinx Museum	• Buried Alive Project • Community Connections for Youth, Inc. • Life After Justice • Releasing Aging People in Prison • ScholarCHIPS, Inc. • Vera Institute of Justice • W. Haywood Burns Institute	• BGCA of Greater Dallas • Blessings in a Backpack • Harlem Grown • Hunger Task Force • Kids Gardening • Partnership for a Health America • WE CHARITY	• August Wilson African American Cultural Center • Black Genius Foundation • Blacks in Technology Foundation • GirlTrek Incorporated • Roots Wounds Words • Studio Museum in Harlem

TFMC GLOBAL GIVING

Additionally, outside of the U.S., our global giving program supported organizations that focus on education, music, and zero hunger.

United Kingdom	Canada	Latin America
• Appeal • Music Masters • Magic Breakfast	• Haven on Queensway • North York Harvest Food Bank • Productions Rever en Coulers	• Asociación Mexicana de Bancos de Alimentos, A.C. (RED BAMX) • Fundación Educación y Cooperación, Educo • Re-food 4 Good – Associação de Solidariedade Social

SOCIAL

Employee Giving

At the center of UMG's employee experience is a culture of care and community service. We encourage our employees to actively participate in our philanthropic endeavors, serving to benefit surrounding communities and inspire connectivity.

Donation matching remains a core element of UMG's employee giving approach. In the U.S., we offer a 100% match throughout the year, and a 150% super-match contribution for all qualifying donations made by employees on #GivingTuesday. In 2023, U.S. employee donations supported hundreds of organizations on #GivingTuesday, including World Central Kitchen, St. Jude Children's Research Hospital, the LA Regional Food Bank, City of Hope.

UMG DONATED TO OVER 400 ORGANIZATIONS ON #GIVINGTUESDAY.

Across our global network, UMG territories also engage in coordinated employee giving initiatives. After a devastating earthquake hit Turkey and Syria in February, Universal Music Germany launched an employee-driven fundraising campaign to collect donations for the UNICEF "Emergency Aid for Children in the Syrian-Turkish Border Area" project. Every employee donation was doubled by UMG.

We also encourage and create space for staff volunteering. The U.S. Volunteer Time Off (VTO) Policy provides employees with up to 16 hours paid time off to volunteer with accredited nonprofits. The VTO Policy aims to make our communities stronger by providing our people with the opportunity to help those in need.

U.S. EMPLOYEES VOLUNTEERED NEARLY 1,500 HOURS OF THEIR TIME IN 2023.

Sharing this ambition, UMUK's Staff Charity Committee promotes participation in its annual Give A Day initiative, which encourages staff to take a day off of work to volunteer for a registered charity.

MUSICIANS MAKING A DIFFERENCE

Now in its 9th year, Universal Music Australia's alliance with the Musicians Making a Difference (MMAD) organization continues to engage employees through skilled volunteering and activity-based volunteering opportunities. Our support has enabled MMAD to reduce youth homelessness, poverty, and addiction, break negative cycles, address mental health, and increase employment and education pathways.

OUR COMMITMENTS

GOVERNANCE

AT UMG, OUR COMMITMENT TO RESPONSIBLE GOVERNANCE SERVES AS THE FOUNDATION OF OUR BUSINESS.

At UMG, we fundamentally view our ESG efforts not as separate from, but as a central component of our business strategy. Responsible governance is essential to serving our key stakeholders, and we are committed to upholding the principles of accountability, transparency, fairness, responsibility and risk management in all that we do.

Putting our commitment into practice, we carry out our business activities in compliance with applicable regulations and base our business conduct and relations with external parties on ethical standards. These standards guide business development, maintain stakeholder trust, prevent and manage risks, and support our global performance.

SHAREHOLDER RIGHTS SUMMARY

01 One Share One Vote

02 Voting Standard

We have a simple majority voting standard unless Dutch law requires a qualified majority

03 Director Elections

We have tiered Board elections with most Board members serving two-year terms and standing for elections at every other year

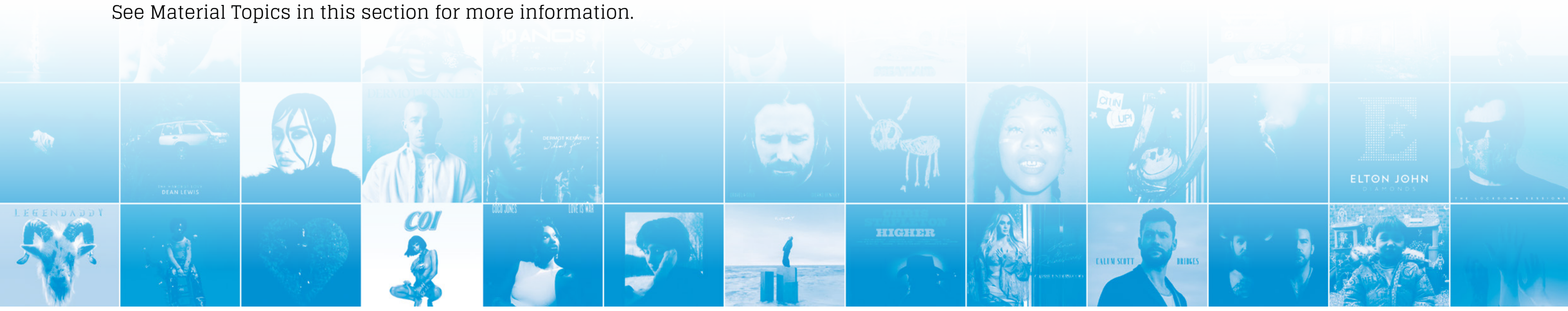
04 Proxy Access

One or more Shareholders representing individually or jointly at least 3% of the issued share capital of the Company may propose relevant items on the agenda of the General Meeting

05 Rights to Call a Meeting

One more Shareholders representing individually or jointly at least 10% of the issued share capital of the Company are entitled to request the Board in writing that a General Meeting is convened

Material Topics:
Privacy and Cybersecurity | Privacy and Content Protection | Supply Chain Management.
See Material Topics in this section for more information.



GOVERNANCE

OPERATING WITH INTEGRITY

ESG Integration

UMG's Board is responsible for sustainable long-term value creation, including the oversight of our sustainability program, as well as the integrity of UMG's non-financial reporting. The Audit Committee supports the Board in relation to these responsibilities and covers ESG topics on its agenda. UMG's Global ESG department is responsible for developing and updating our sustainability strategy, measuring performance, driving compliance with sustainability-related regulations, and briefing the Board on these activities.

Global ESG integrates sustainable business practices across the company by executing a comprehensive ESG management system. We mobilize cross-functional ESG Working Groups to operationalize sustainability commitments within each group's sphere of influence – through KPI monitoring, target setting, and program implementation. This year, the ESG Working Group Charter formalized these responsibilities and set the foundation for deeper engagement in 2024 and beyond.

Key ESG Working Groups include:

- Bravado
- Global Travel
- People, Inclusion and Culture (PIC)
- Universal Music, Manufacturing & Logistics (UML)

Material Topics

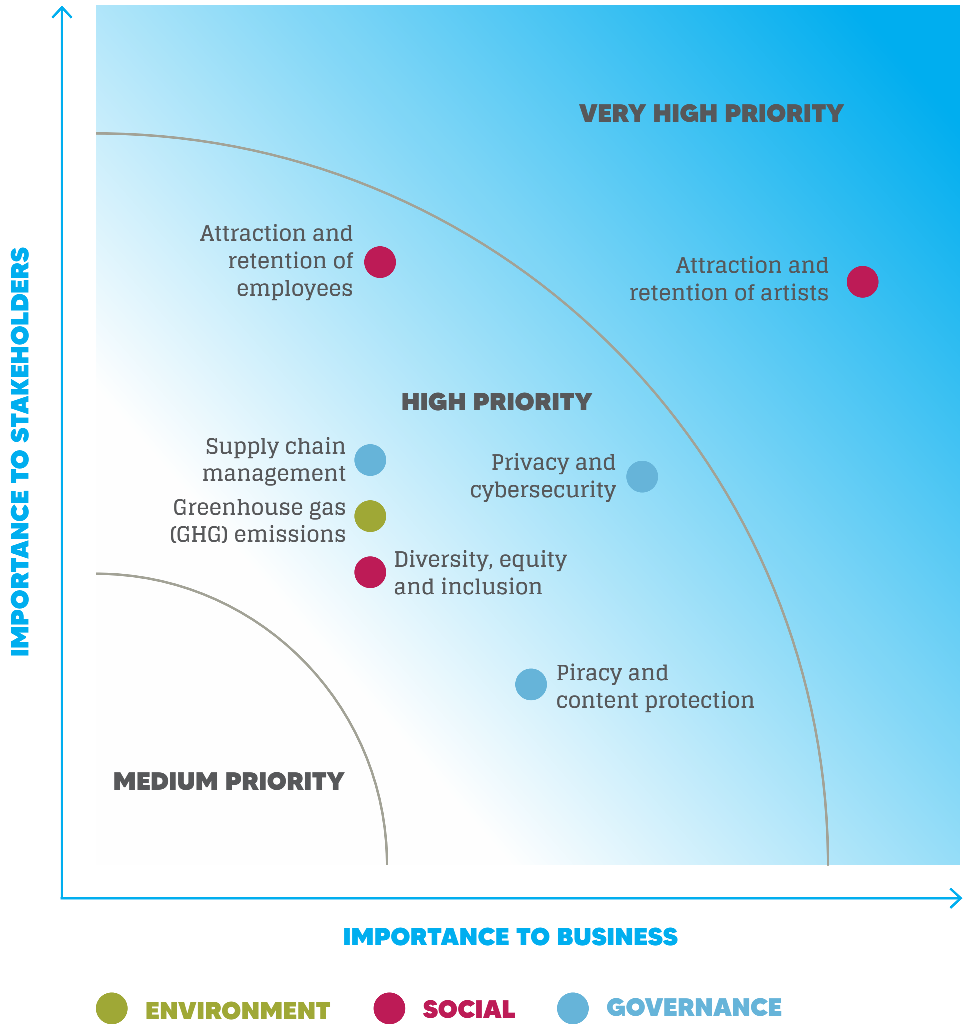
We strive to communicate openly and honestly about our sustainability performance. Our reporting efforts comply with the EU Non-Financial Reporting Directive (NFRD) and the Dutch Corporate Governance Code and align with leading international standards, including the Global Reporting Initiative (GRI), the Sustainability Accounting Standards Board (SASB), the Carbon Disclosure Project (CDP), and the United Nations Sustainable Development Goals[1] (UN SDGs). Our non-financial reporting approach – and the strategic framework that it stems from – is anchored in data integrity and transparency with a focus on the issues of material importance to our stakeholders.

In 2022, we conducted a materiality assessment to identify the ESG topics most material to UMG. Topics were evaluated based on their importance to business as well as their importance to stakeholders, and the potential impacts of each topic were considered across the broader economy, environment, and society at large. Out of our initial list of 53 topics, we identified 7 topics of the highest importance, considered UMG's most material topics. Our coordinated non-financial reporting system, managed by the Global ESG department and powered by contributors representing the territories in which we operate, serves to measure the impacts of and evaluate UMG's approach to managing these topics.

[1] The United Nations' 2030 Agenda for Sustainable Development was adopted by all Member States in 2015 and provides a shared blueprint for peace and prosperity for people and the planet, now and into the future. At its heart are the 17 Sustainable Development Goals (SDGs). Learn more about them here: https://sdgs.un.org/goals.

GOVERNANCE

MATERIALITY MATRIX



Material Topics	Description
ENVIRONMENTAL TOPIC	
	Greenhouse Gas (GHG) Emissions Given the potential for regulatory disclosure and oversight in Europe and the U.S., the management of our scope 1, 2, and 3 GHG emissions is critical for ensuring environmental compliance, managing our reputational risks, and identifying innovation opportunities. This topic impacts our direct operations as well as stakeholders across our value chain, particularly suppliers who contribute to our scope 3 footprint.

GOVERNANCE

Material Topics	Description

SOCIAL TOPICS

Attraction and Retention of Artists

Artists are at the core of UMG's business. Our traditional full-service A&R approach, portfolio of world-renowned labels, diversity of genres, and robust content and copyright protection measures will continue to drive long-term value for our artists and increase their commercial success, consumer base, and longevity potential. This topic impacts our direct operations as well as stakeholders across our value chain, especially our artists, fans, and the creative community. This topic is also considered in the Risk and Risk Management section of this report.

Attraction and Retention of Employees

UMG is powered by the talents of our people. The management and advancement of employee wellbeing, development, compensation and benefits, and engagement strengthen our workforce by attracting and retaining top talent at all levels. This topic impacts our direct operations as well as stakeholders across our value chain, particularly our employee base as well as the communities in which we operate. This topic is also considered in the Risk and Risk Management section of this report.

Diversity, Equity, and Inclusion

Cultivating work environments that are welcoming, inclusive, free of discrimination, and promote a diversity of perspectives and backgrounds increases our resilience as a company as well as the creativity behind our products and services. This topic impacts our direct operations as well as stakeholders across our value chain and is closely tied to the attraction and retention of artists and employees.

GOVERNANCE

Material Topics	Description

GOVERNANCE TOPICS

Privacy and Cybersecurity

UMG's business is subject to a variety of European, U.S., and other supranational and domestic laws, rules, and policies regarding privacy and cybersecurity. The protection of sensitive, confidential, and proprietary company and customer data is essential for upholding stakeholder trust, managing regulatory requirements, and maintaining competitive advantages. This topic impacts our direct operations as well as stakeholders across our value chain, particularly our Privacy and Global Security teams and third-party technology providers. This topic is also considered in the Risk and Risk Management section of this report.

Piracy and Content Protection

Security of content against piracy or theft is a key focus of our business. New forms of piracy continue to evolve, reflecting changing technology and market conditions. This topic impacts our direct operations and various stakeholders across our value chain, especially our Business & Legal Affairs team. This topic is also considered in the Risk and Risk Management section of this report.

Supply Chain Management

Oversight and active management of our supply chain allows us to more effectively control our scope 3 GHG emissions and adhere to regulatory requirements, as well as promote product innovation, human rights, diversity, and local economies. This topic impacts our direct operations as well as stakeholders across our value chain, especially our global supplier networks.

GOVERNANCE

Business Ethics & Compliance

While our ESG management system and non-financial reporting framework serve to drive and monitor sustainability performance, our commitment to responsible governance is anchored by UMG's Code of Conduct.

Based on applicable regulations, the principles and best practices of the Dutch Corporate Governance Code, UMG's Code of Conduct operationalizes our core values and sets out the foundational principles that inform how we do business, including our commitment to respecting human rights in every aspect of our work. Our Code of Conduct presents a guide to behave with honesty and integrity and earn and maintain the confidence and respect of all our stakeholders – investors, artists and songwriters, business partners, fans, and beyond.

Our Code of Conduct governs all businesses, divisions, and departments within UMG's global presence. Every person conducting business for UMG must follow the Code of Conduct, including employees, members of the Board, and third parties, such as consultants, independent contractors, and company advisors or representatives.

UMG'S CODE OF CONDUCT IS AVAILABLE IN 22 LANGUAGES AND EMPLOYEES WORLDWIDE CERTIFY THEIR COMPLIANCE WITH THE CODE OF CONDUCT EVERY YEAR.

We educate our employees on company policies and expectations via a suite of courses, which are deployed globally and regionally. In 2023, topics included the Code of Conduct, Anti-bribery, Antitrust, ESG, Fraud Awareness, Information Security, Preventing Harassment, Radio Promotion Compliance, and Health and Safety.

We comply with the EU Taxonomy disclosures related to Minimum Social Safeguards (see the EU Taxonomy section) and we are committed to continuing to strengthen our compliance protocols and compulsory trainings as regulations continue to evolve. UMG's Whistleblowing Policy explains the appropriate reporting procedures as well as the process by which we investigate reports of misconduct and, when appropriate, take corrective actions.

Privacy & Cybersecurity

UMG maintains the trust of our artists and partners through the ethical and compliant collection, use, and sharing of data. Technology, security, and compliance teams work to continuously improve processes and technologies to minimize risk and optimize UMG's use of data and technology.

As a global company, we are subject to a growing number of privacy and cybersecurity laws. Non-compliance might have significant legal, financial, and reputational effects on UMG. To uphold stakeholder trust and comply with privacy and cybersecurity regulations, we have developed and implemented a program designed to identify and mitigate regulatory risks. Key elements of this program include training, policies, and procedures for handling data, reviews of supplier engagements, processes and tools for responding to privacy rights requests, processes for compliant international transfers of data, and response plans for legal compliance related to security incidents.

We employ a layered approach to protecting our assets, systems, and employees from malicious cyberattacks and bad actors. Our Global Security Office (GSO) Governance group is responsible for companywide cybersecurity policies and standard development, cybersecurity education (including regular phishing and other security training), and compliance monitoring. Over the last decade, GSO has developed a mature cybersecurity program that encompasses aggressive vulnerability management, centralized log collection, use of a 24x7 managed security service provider, a robust security incident response process, regular penetration testing, and extensive use of threat management and threat hunting teams.

GSO's primary focus areas include:

- **Enhanced Remote Access Support**: UMG is enhancing remote access security to limit access to UMG resources and systems to registered devices. This supplements the company's existing two-factor authentication and access controls by protecting against social engineering attacks that target login processes.

- **Augmented Visibility:** Augmented visibility continues to be a critical component of UMG's cybersecurity protections, by ensuring that unusual activity and anomalous behavior by internal systems and users will be detected and investigated as quickly as possible. This includes more robust 24x7 monitoring, alerting, and escalation of potential incidents.

- **Governance and Cyber Controls:** UMG is formally establishing a cross functional cyber controls program, by creating, documenting, and educating employees regarding company cyber standards, control requirements, and cyber control testing and auditing. Strategic partners in this effort include GSO, Global Technology, PIC, Legal, Privacy, Internal Audit, and key members of the businesses.

To maintain program effectiveness, UMG leverages a combination of a robust security incident response team (SIRT), regular penetration testing focusing on both technical and social engineering vulnerabilities, and regular testing of key cyber controls. GSO Governance continues to apply a rigorous exception process to allow UMG businesses to surface practices and systems that cannot comply with official policy for tracking and mitigation.

As the risks to data security continue to increase, UMG will further adapt, improve, and strengthen our privacy and cybersecurity governance, processes, and procedures.

Piracy & Content Protection

At UMG, we are fully dedicated to protecting the creative works of our artists and songwriters. Beginning in 2002, we were the first major music company to create a Content Protection department, which serves to identify threats and create strategies and workflows to stop them. In collaboration with global trade organizations, our content protection initiatives span several areas:

- **Label Support:** Content Protection is the primary point of contact for labels who require content to be removed from DSPs and aggregators, including copyright infringement, unauthorized remixes, mis-labelled uploads, and non-UMG tracks that have been tagged with a UMG artist. This work ensures that only authorized tracks exist on DSPs and are correctly attributed.

- **Pre-Release Protection:** Releases face the highest level of risk during the pre-release phase, when producers and sound engineers collaborate ahead of production. Ever since the COVID-19 pandemic, this collaboration is increasingly taking place remotely, raising the risk of interception and possible leaks. We advise on the best security practices and work with stakeholders, external platforms, and websites to spot and remove leaked content to minimize risks of further unauthorized distribution.

- **Post-Release Protection:** Once content has been released, infringing uploads and posts frequently occur on sites without a license. By identifying and removing these sites, posts, and uploads, we increase each release's value over time. Additionally, as part of this workstream, we identify unlicensed sites that present a commercial opportunity for UMG.

- **Emerging Markets:** As markets grow in emerging territories, so does the risk of leaks in those regions. We work with our international trade organizations to build content protection strategies and workstreams that support the development of emerging music markets. By removing illegal websites, posts, and uploads, we help direct users within emerging markets to legitimate content sources to enhance their listening experience and protect UMG revenue streams.

- **Mobile Applications:** Apps are the new internet. Many markets went directly to mobile apps, and in those that didn't, our target audience has moved to them. We have a dedicated team focused on mobile app piracy that works alongside our trade organizations to detect and remove infringing applications and content globally across all major application stores. We treat mobile application piracy as one of our priority initiatives and have established working groups to coordinate resources and enforce against infringers in this area.

- **Merchandising:** Due to its popularity and affiliation with UMG artists, Bravado merchandise is often counterfeited or impersonated. Content protection works closely with Bravado to remove infringing products from major online marketplaces and retailers. In addition to our merchandise protection, we also protect our brands and artist likenesses from being used without authorization within digital environments.

- **UMPG:** Content Protection supports UMPG by removing unauthorized covers, masters, and live recordings - as well as infringing uses of our publishing rights. Supporting UMPG directly ensures that we can remove unauthorized content quickly and avoid duplication.

Steered by our Content Protection team, we engage with internal and external stakeholders to help identify and analyze risks to UMG content, brands, labels, and artists. We also work closely with our Digital Business team to bring new platforms to the negotiating table. We have developed specialized workflows to remove unauthorized posts and have built bespoke software to collect release information and project rulesets globally, thereby maximizing our labels' marketing and promotional efforts and preserving the integrity of our artists' creations.

GOVERNANCE

Supply Chain Management

In addition to embedding ESG initiatives across our operations, UMG engages our supply chain in company efforts. We work with suppliers to measure and reduce the environmental footprint of our value chain, and we expect 100% of our partners to share our commitment to protecting human rights.

We continue to incorporate the UMG Supplier Social Responsibility Policy into manufacturing agreements. The Policy is anchored in internationally recognized standards including the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, the UNESCO Convention on the Protection and Promotion of the Diversity of Cultural Expressions, the Children's Rights and Business Principles established by UNICEF, the UN Global Compact, and Save the Children principles. In addition to adhering to the Policy, Bravado – our global merchandising arm - mandates that all critical manufacturing suppliers are current with social compliance audits and are timely in resolving any corrective actions and certification renewals.

THE UMG SUPPLIER SOCIAL RESPONSIBILITY POLICY IS INCORPORATED INTO OVER 100 CONTRACTS GLOBALLY - INCLUDING E-COMMERCE, FAME HOUSE, UML, AND BRAVADO AGREEMENTS.

This year, we laid the groundwork for deeper engagement across our diverse network of suppliers. We assembled employees, artist managers, and value chain partners to support industry advancements through our UMG x Bravado Sustainability Summit series, taking place in Los Angeles, London, and New York (see "Merchandise" in the Environment section).

We also updated the environmental, social, and ethical criteria expected of our partners and developed a roadmap for the implementation of a new environmental exhibit – to be incorporated into manufacturing partner agreements – accompanied by formalized reporting requirements, including a supplier survey whereby environmental management systems and future plans within key impact areas will be disclosed. Fame House, UMG's artist-centric digital marketing service, has already rolled out the survey to its supply base – leveraging results to refine its responsible sourcing processes and identify opportunities to scale sustainable initiatives and technologies.

IN 2023, FAME HOUSE CONVENED ITS KEY SUPPLIERS IN CONVERSATION AROUND SUSTAINABILITY AND 62% RESPONDED TO THE UMG SUSTAINABILITY SURVEY.

In the coming year, UMG will continue to strengthen our responsible sourcing program and prioritize supply chain engagement across all facets of the company. Suppliers are integral to our business, and we are dedicated to working alongside our partners at every level of the value chain to collectively advance sustainability.

REGULATORY & STANDARDS ALIGNMENT

EU Taxonomy

The European Commission has set ambitious sustainability targets with the overarching aim to be a net zero continent by 2050. An important component of the EU Action Plan on Sustainable Finance, which supports this ambition, is to steer cash flows toward sustainable investments.

In accordance with European Regulation 2020/852 of June 18, 2020 and 'Besluit bekendmaking niet- financiële informatie', UMG is obligated to disclose the Taxonomy-eligible, Taxonomy non-eligible, and Taxonomy-aligned turnover, capital expenditures, and operating expenditures for economic activities relating to the Taxonomy's six environmental objectives.

EU Taxonomy Objectives and Scope

The EU Taxonomy Regulation serves as a standardized and mandatory classification system to determine which economic activities are considered environmentally sustainable in the European Union (EU). The results of this classification are reported annually on a company-specific basis.

Article 9 of EU Taxonomy regulation identifies six (6) environmental objectives:

1. Climate change mitigation (CCM)
2. Climate change adaption (CCA)
3. Sustainable use and protection of water and marine resources
4. Transition to a circular economy
5. Pollution prevention and control
6. Protection and restoration of biodiversity and ecosystems

Regarding the classification of an activity as environmentally sustainable, the EU Taxonomy Regulation distinguishes between Taxonomy-eligible and Taxonomy-aligned activities:

- Activities are **Taxonomy-eligible** if they match the description of the activity included in Delegated Acts supplementing Regulation (EU) 2020/852 of the European Parliament, irrespective of whether they fulfill the alignment criteria.

- Activities are **Taxonomy-aligned** if they fulfill the Taxonomy criteria for the activity. In this case, they make a substantial contribution to the respective environmental objective (fulfill the substantial contribution criteria), cause no significant harm to any of the other environmental objectives (Do No Significant Harm, DNSH), and observe and comply with the minimum social safeguards for human rights, corruption, taxation, and fair competition.

New regulations came into force in 2023 that added new economic activities to be considered for the Taxonomy and amended previous regulations and economic activities.

EU Taxonomy disclosure requirements for 2023 reporting are:

- The proportion of Taxonomy-eligible and Taxonomy non-eligible economic activities in Key Performance Indicators (as identified in Delegate Regulation (EU) 2021/2139, Delegated Regulation (EU) 2022/1214, Delegated Regulation (EU) 2023/2485, and Delegated Regulation (EU) 2023/2486)
- The proportion of Taxonomy-aligned activities in KPIs for CCA and CCM as defined in Delegate Act (EU) 2021/2139, amended by Delegated Regulation (EU) 2023/2485
- Qualitative information relevant for disclosures, including accounting policy, assessment of compliance with Regulation (EU) 2020/852, and contextual information about KPIs (Disclosures Delegate Act (EU) 2021/2178, Article 10)

Accounting Policies

The table below provides the basis for the numerator and denominator of EU Taxonomy-eligibility and alignment for Turnover, CapEx, and OpEx as defined in the Delegated Regulation (EU) 2021/2178 (Annex I, Section 1.1).

	Turnover	CapEx[1]	OpEx[1]
Numerator	Revenue derived from products and/or services associated with EU Taxonomy-eligible/ aligned activities.	Capital expenditures that are related to assets or processes associated with EU taxonomy-eligible/aligned activities.	Operating expenses that are related to assets or processes associated with EU Taxonomy-eligible/aligned activities.
Denominator	Revenue recorded in the consolidated financial statements under IFRS as per Revenue Accounting policy described in the consolidated financial statements.	Additions to tangible and intangible assets recorded in the consolidated financial statements under IFRS during the financial year, considered before depreciation, amortization, and any re-measurements.	Direct non-capitalized costs recorded in the consolidated financial statements under IFRS that relate to R&D, building renovation measures, short-term leases, maintenance and repair (excluding expenses reported as cost of sales), and any other direct expenditures relating to the day-to-day servicing of PPE assets.

1 None of the capital or operating expenditures related to a capital plan or purchase of output from taxonomy-aligned economic activities such as individual measures enabling target activities to become low-carbon, activities leading to greenhouse gas emissions reductions, or individual renovation measures planned to be implemented and operational within eighteen (18) months.

The financial information for calculating the metrics was gathered from UMG's financial reporting system, excluding intercompany transactions. Eligible economic activities identified are currently only under the CCM, CCA, and circular economy objectives. Where they contribute to several environmental objectives, the numerator would only consider the allocation of revenues and expenditures to one environmental objective so that double counting is avoided.

In 2023, UMG did not issue sustainability-linked bonds or debt securities to finance Taxonomy-aligned activities.

Assessment of Compliance with Regulation (EU) 2020/852

For 2023, UMG assessed eligibility and alignment under each KPI and concludes as follows, with subsequent explanations for each KPI.

- **Turnover**: No revenue activities are eligible or assessed for alignment
- **CapEx**: Taxonomy-eligible CapEx is calculated at 17% and does not meet the substantial contribution criteria, therefore eligible CapEx is not considered aligned
- **OpEx**: Taxonomy-eligible OpEx is calculated at less than 1% and is not considered material

Turnover KPI

The basis of the turnover KPI covers UMG business activities as of December 31, 2023. The turnover denominator is reconciled with the revenue recorded in Note 2 of the Consolidated Financial Statements under IFRS as per the revenue accounting policy described in the Notes to the Consolidated Financial Statements. It consists of revenue from Recorded Music, Music Publishing, Merchandising, and other.

Management analyzed the EU Taxonomy Regulation text, the EU Taxonomy Climate Delegated Act, including supplemental notices in the form of FAQs, approved by the EU Commission, publications by the Platform on Sustainable Finance, and peer disclosures to test whether these activities should be considered eligible under Arts, Entertainment, and Recreation. Based on the procedures performed, management confirms the conclusion of not eligible reached in 2022 continues to apply.

The percentage for Taxonomy-eligible turnover amounts to zero. There are no revenue activities eligible or assessed for alignment.

Nevertheless, UMG is committed to contributing to sustainable business conduct, including measuring and managing climate-related risk, supporting and showcasing artists' climate advocacy efforts, and engaging in and advocating for sustainable business solutions throughout the value chain.

CapEx KPI

Under the EU Taxonomy Regulation, the total CapEx covers additions to tangible and intangible assets during the financial year considered before depreciation, amortization, and any re-measurements recognized by UMG according to IAS16, IFRS16, and IAS38, including those resulting from revaluations and impairments for the relevant financial year and excluding fair value changes. Total CapEx (denominator) can be reconciled with the sum of the lines 'Additions' disclosed in Note 9 Changes in content assets and other intangibles (excluding royalty advances), Note 10 Property, Plant and Equipment (PPE), and Note 11 Leases within the consolidated financial statements.

For UMG, most of the CapEx relates to additions to catalogs and other intangibles, which are not eligible. The eligible CapEx comes from the capitalized cost of renovations and leased assets (EU Taxonomy activities under the CCM and CCA (7.2 Renovation of existing buildings, 7.7 Acquisition and ownership of buildings), and circular economy (3.2 Renovation of existing buildings) objectives.

The breakdown by type of CapEx is as follows:

	FY23	FY23	FY22	FY22
(in millions of euros)	Activity 3.2 and 7.2	Activity 7.7	Activity 7.2	Activity 7.7
Additions to PPE, leases, and intangible assets	40	46	22	2
Acquisitions through business combinations	-	-	-	-
Expenses incurred for Taxonomy-aligned activities and as part of CapEx plan	-	-	-	-
Total Taxonomy-eligible CapEx	**40**	**46**	**22**	**2**

Alignment Assessment

3.2 Renovation of existing buildings
For 2023, alignment will only be reported for CCM and CCA (excluding any new activities added to regulations in 2023).

7.2 Renovation of existing buildings
UMG has assessed the substantial contribution criteria and evaluated that the leasehold improvements conducted to meet UMG's business needs do not meet the substantial contribution criteria for climate change mitigation or climate change adaptation under Activity 7.2.

7.7 Acquisition and ownership of buildings
For 2023, twelve (12) leased locations were identified as eligible under the EU Taxonomy criteria. While UMG developed a validation approach using internationally recognized energy certificates and primary energy demand (PED) measures, there was insufficient national and regional data for the twelve (12) locations to determine energy performance. Therefore, the new leases did not meet the energy performance requirements under substantial contribution criteria for climate change mitigation or substantial contribution for climate change adaptation and are not further assessed for alignment.

OpEx KPI
The OpEx denominator includes direct, non-capitalized costs for research and development expenses, building renovation measures, short-term leasing, maintenance and repair expenses, and any other direct expenditure relating to the day-to-day servicing of assets of property, plant, and equipment necessary to ensure the continued and effective functioning of such assets.

For UMG, most of the Taxonomy OpEx relates to the maintenance of buildings, assets used in business operations, and short-term leases.

The nature of UMG's business model relates to people and the arts and is not centered around tangible assets. In 2023, UMG calculated Taxonomy OpEx at less than 1% of the total cost of sales. Management concludes that Taxonomy OpEx is not material for UMG's business model. UMG makes use of the materiality exemption for the OpEx KPI as per the Disclosure Delegated Act Annex I, Section 1.1.3.2 and discloses the numerator as equal to zero.

EU Taxonomy KPI Disclosure Tables

The KPI tables below summarize the outcome of UMG's Turnover and CapEx assessment. UMG makes use of the materiality exemption, and the OpEx table is excluded.

Turnover

Proportion of turnover from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2023

Financial year 2023	Year			Substantial Contribution Criteria					
Economic Activities (1)	Code (2)	Turnover (3)	Proportion of Turnover, year 2023 (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)
Text		*millions of euros*	*%*	*Y; N; N/EL* [b] [c]	*Y; N; N/EL* [b] [c]	*Y; N; N/EL* [b] [c]	*Y; N; N/EL* [b] [c]	*Y; N; N/EL* [b] [c]	*Y; N; N/EL* [b] [c]
A. TAXONOMY-ELIGIBLE ACTIVITIES									
A.1. Environmentally sustainable activities (Taxonomy-aligned)									
No activities	N/A	€ 0	0%	N/A	N/A	N/A	N/A	N/A	N/A
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**€ 0**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**
Of which enabling		€ 0	0%	0%	0%	0%	0%	0%	0%
Of which transitional		€ 0	0%	0%					
A.2. Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)									
				EL; N/EL [f]	*EL; N/EL* [f]	*EL; N/EL* [f]	*EL; N/EL* [f]	*EL; N/EL* [f]	*EL; N/EL* [f]
No activities	N/A	€ 0	0%	N/A	N/A	N/A	N/A	N/A	N/A
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		€ 0	0%	0%	0%	0%	0%	0%	0%
A. Turnover of Taxonomy eligible activities (A.1 + A.2)		€ 0	0%	0%	0%	0%	0%	0%	0%
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES									
Turnover of Taxonomy-non-eligible activities		€ 11,108	100%						
TOTAL		**€ 11,108**	**100%**						

Turnover

Proportion of turnover from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2023

Financial year 2023	DNSH criteria ("Does Not Significantly Harm")									
Economic Activities (1)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy aligned (A.1.) or -eligible (A.2.) turnover, year 2022 (18)	Category enabling activity (19)	Category transitional activity (20)
Text	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*%*	*E*	*T*
A. TAXONOMY-ELIGIBLE ACTIVITIES										
A.1. Environmentally sustainable activities (Taxonomy-aligned)										
No activities	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0%	N/A	N/A
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**0%**		
Of which enabling	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0%	E	
Of which transitional	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0%		T
A.2. Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)										
No activities								0%		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)								0%		
A. Turnover of Taxonomy eligible activities (A.1 + A.2)								0%		

CapEx

Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2023

Financial year 2023	Year			Substantial Contribution Criteria					
Economic Activities (1)	Code (2)	CapEx (3)	Proportion of CapEx, year 2023 (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)
Text		*millions of euros*	*%*	*Y; N; N/EL* (b) (c)	*Y; N; N/EL* (b) (c)	*Y; N; N/EL* (b) (c)	*Y; N; N/EL* (b) (c)	*Y; N; N/EL* (b) (c)	*Y; N; N/EL* (b) (c)
A. TAXONOMY-ELIGIBLE ACTIVITIES									
A.1. Environmentally sustainable activities (Taxonomy-aligned)									
No activities	N/A	€ 0	0%	N/A	N/A	N/A	N/A	N/A	N/A
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**€ 0**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**
Of which enabling		€ 0	0%	0%	0%	0%	0%	0%	0%
Of which transitional		€ 0	0%	0%					
A.2. Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)									
				EL; N/EL (f)	*EL; N/EL* (f)	*EL; N/EL* (f)	*EL; N/EL* (f)	*EL; N/EL* (f)	*EL; N/EL* (f)
Renovation of existing buildings	CCM 7.2	€ 40	8%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Acquisition and ownership of buildings	CCM 7.7	€ 46	9%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		€ 86	17%	100%	0%	0%	0%	0%	0%
A. CapEx of Taxonomy eligible activities (A.1 + A.2)		€ 86	17%	100%	0%	0%	0%	0%	0%
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES									
CapEx of Taxonomy-non-eligible activities		€ 406	83%						
TOTAL		**€ 492**	**100%**						

CapEx

Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2023

Financial year 2023	DNSH criteria ("Does Not Significantly Harm")									
Economic Activities (1)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy aligned (A.1.) or -eligible (A.2.) CapEx, year 2022 (18)	Category enabling activity (19)	Category transitional activity (20)
Text	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*%*	*E*	*T*
A. TAXONOMY-ELIGIBLE ACTIVITIES										
A.1. Environmentally sustainable activities (Taxonomy-aligned)										
No activities	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0%	N/A	N/A
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**0%**		
Of which enabling	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0%	E	
Of which transitional	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0%		T
A.2. Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)										
Renovation of existing buildings								9%		
Acquisition and ownership of buildings								1%		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)								10%		
A. CapEx of Taxonomy eligible activities (A.1 + A.2)								10%		

Prospects

Not all sustainability efforts are recognized yet under the EU Taxonomy Regulation. For more information about UMG's sustainability initiatives, including our commitment to support industry transformation and the validation of our science-based targets, please see the Environment section of this report.

Management is committed to monitoring EU Taxonomy developments closely and to assessing new requirements as the basis for its annual disclosures.

Task Force on Climate-Related Financial Disclosures (TCFD)

The Task Force on Climate-Related Financial Disclosures (TCFD) was established in 2015 by the Financial Stability Board to identify the information needed by investors, lenders, and other key financial stakeholders to appropriately assess and price climate-related risks and opportunities. In 2017, the TCFD released climate-related financial disclosure recommendations designed to facilitate the provision of information to support informed capital allocation.

The disclosure recommendations and this disclosure are structured around four thematic areas in which companies operate:

1. Governance
2. Strategy
3. Risk management
4. Metrics and targets

As recommended by TCFD guidance, in 2022 UMG engaged 10 different cross-functional groups with responsibility for or visibility into risk management, production, logistics, procurement, technology, and security among others, for input gathering and review.

This is the company's first TCFD report, in which it discloses the impacts of climate change through a comprehensive climate-related scenario analysis and an assessment of physical and transitional climate-related risks and opportunities.

As this was our first TCFD assessment, the scenario analysis is qualitative in nature, and we will evolve our modeling to include the quantitative and financial impacts of each risk in future years. Please see Environmental Indicators for a summary of the key quantitative environmental indicators currently monitored by UMG. Additional KPIs may be found throughout the Environment section of this report.

Governance

The Board is responsible for ESG oversight and management of ESG-related risks. Compliance with ESG-related regulations is monitored by UMG management and external auditors. The Audit Committee advises and supports the Board in relation to its responsibilities as a supervisor for the integrity of UMG's financial reporting, non-financial reporting, and internal risk management systems. The Audit Committee oversees ESG topics and covers them in its agenda, including climate-related risks.

Management is responsible for assessing and managing climate-related risks and opportunities at several position levels and committees, including the Chief Financial Officer and President of Operations; the Executive Vice President, Controller; the Chief Financial Officer North America; and the Senior Vice President, Global ESG & Sustainability.

The Senior Vice President of Global ESG & Sustainability participates in two monthly steering-level meetings as well as recurring business unit working group meetings:

1. Monthly Governance, Risk, and Compliance Committee (GRC) Meetings

The purpose of these meetings is to issue an update on ESG matters, including climate-related issues. The GRC committee meetings are led by the Head of Internal Audit and the committee members are composed of executive leadership across risk management, including:

- General Counsel and EVP, Business & Legal Affairs
- EVP, Chief Compliance Officer and Employment Counsel
- SVP, Chief Security Officer
- SVP, Global Financial Reporting & Analysis
- SVP, IT Strategy
- SVP, Head of People Operations & Systems
- VP, Commercial Insurance & Risk Management
- SVP, Business Affairs & Compliance
- VP, Investor Relations
- VP, Internal Audit & Control Assurance
- SVP, Business & Legal Affairs
- VP, Business & Legal Affairs

2. Monthly ESG Meetings for General Counsel and EVP, Business & Legal Affairs

The group functions as an internal oversight committee and the SVP, Global ESG & Sustainability informs the group on ESG issues to advocate for changes in business-as-usual processes. The SVP, Global ESG & Sustainability also uses these meetings to improve governance and increase awareness around ESG performance improvements, including climate-related issues. The meeting convenes:

- EVP, Chief Compliance Officer and Employment Counsel
- EVP, Chief People and Inclusion Officer
- EVP, Controller
- CFO, North America
- EVP, and SVP, Public Affairs, Public Policy & Government Relations
- EVP, Head of Investor Relations and VP Investor Relations
- SVP, Head of People Experience
- SVP, Business & Legal Affairs and Compliance
- SVP, and VP, Business & Legal Affairs
- EVP, Global Communications

As UMG prepares for implementation of the EU's Corporate Sustainability Reporting Directive, we plan to further integrate the outcomes of the climate scenario analysis into the company's governance structure, policies, and processes.

Strategy

UMG conducted a climate scenario analysis by applying multiple, varying future emissions scenarios to allow a comprehensive exploration of risks and opportunities for the business. Climate scenarios from two leading organizations, the Intergovernmental Panel on Climate Change (IPCC) and the

International Energy Agency (IEA), were selected to provide consistency and comparability in the analyses and disclosure.

For transition risks and opportunities, UMG applied:

- A 1.5◦C emissions scenario (IEA Net Zero by 2050)

For physical risks, UMG applied:

- A low emissions scenario (IPCC SSP1-2.6)
- A mid-range scenario (IPCC SSP2-4.5)
- A worst-case scenario (IPCC SSP5-8.5)

For each scenario, three time horizons were considered:

- Short (2023-2026)
- Medium (2027-2034)
- Long-term (2035-2050)

Climate-related risks were identified and assessed in terms of exposure level and severity. UMG's business resiliency and existing mitigation measures were also considered to determine the business impact for each risk. Risks that have a low impact imply that these are already sufficiently managed as part of existing processes and/or UMG's exposure level is low. Risks identified with higher impact may require additional mitigation or adaptation strategies.

Each risk was assessed based on three criteria:

- Likelihood of occurrence: determined for each time frame, estimated based upon current trajectory of regional and global developments.

- Severity of impact: potential worst-case influence of the hazard independent of likelihood and assuming no relevant business, strategy, and financial planning.

- Existing resiliency measures: based on the current resiliency measures in place including relevant business, strategy, and financial planning.

The levels of impact are defined as follows:

- Low impact: risks are managed as part of existing processes

- Moderate impact: risks require additional adaptation planning and mitigation responses

- High impact: risks are likely to require significant pivot of business strategy or operational protocols

- Critical impact: risks require major pivot to business, strategy, or financial planning

The impact assessment of UMG's risks identified only Low and Moderate-level impacts. There were no risks resulting in High or Critical impact to UMG's operations across all scenarios and time horizons.

Climate-related opportunities were also identified to highlight potential benefits to UMG's profitability and reputation. The list of Transition Risks, Physical Risks, and Climate-related Opportunities may be found in Tables 1, 2, and 3 below, respectively. UMG expects to evolve the scenario analysis to model the financial impacts of each risk in future years.

Table 1 - Transition Risks

		Time Horizon		
Category	Risk	Short	Medium	Long
Policy & Legal	**Increased overall operational costs due to direct GHG emissions-related compliance and other indirect effects of regulations.** The introduction of GHG emissions reporting requirements — such as those proposed by the EU's Non-Financial Reporting Directive (NFRD) and its successor, the Corporate Sustainability Reporting Directive (CSRD), as well as the EU Taxonomy and the United States Securities and Exchange Commission (SEC) — mandated emissions reductions requirements, and/or mandatory carbon pricing in regions where UMG operates, may result in increased operational costs of data collection or resources required to comply with GHG emissions requirements. Additional indirect policy & regulation may lead to financial and/or reputational consequences — both the EU and the U.S. have proposed laws and/or documentation updates to restrict the use of unsubstantiated claims around product or company sustainability (e.g., greenwashing or greenlabeling), and may require that companies show evidence against standard frameworks or requirements for any claims that are made.	Low	Moderate	Moderate
	Financial, legal, and reputational impacts from any failure or alleged failure to comply with climate-related laws or regulations. Failure to comply with climate-related laws or regulations may result in fines and affect UMG's ability to sell products and services or operate in specific markets. It may also deteriorate UMG's brand perception. In the EU specifically, penalties for noncompliance include public declaration of noncompliance and administrative financial sanctions.	Low	Low	Low
	Impact on operational efficiencies and financial burden due to regional differences in regulations across regions. Due to the vast nature of the global regulatory landscape, UMG may be required to align with multiple regulations. This may require additional resources and operational adjustments to comply. Specifically, when comparing U.S. and EU regulations, there are varying levels of disclosure related to scope 3 emissions and differing requirements around materiality assessments. For example, the State of California will be requiring all plastic packaging to be recyclable or compostable by 2032, while the UK instituted a plastic packaging tax, and the EU is requiring increased recyclability of plastic packaging. These differences and potential conflicts in regional regulations pose an operational and financial risk.	Low	Low	Low

Table 1 - Transition Risks

		Time Horizon		
Category	Risk	Short	Medium	Long
Technology/Market	**Increased costs to transition to more sustainable materials and technologies.** Shifting to increasingly sustainable alternative materials and manufacturing processes for UMG's products may increase capital and operational costs. This shift may arise from changing consumer and artist demand toward sustainable products and may also affect UMG's revenue from physical products. While physical recorded music revenues represent 12% of total UMG revenues, physical product emissions account for a large portion (44%) of total scope 3 emissions in 2023. Physical product emissions include emissions from the manufacturing, logistics, and end-of-life treatment of vinyl, optical, and merchandise products.	Low	Moderate	Moderate
Reputation	**Reputational or legal implications around failure to meet environmental targets or other sustainability goals.** UMG has set near-term science-based targets. Inability to act or lack of progress toward this or other voluntary or mandated sustainability goals, including making misleading claims (e.g., greenwashing or green labeling), may impact shareholder and stakeholder concerns in material ESG topic areas, such as attraction and retention of artists and employees. Customer brand perception may also be adversely affected, which can influence UMG's ability to sell products and services and may erode shareholder value.	Low	Low	Moderate

Table 2 - Physical Risks

		Time Horizon		
Category	Risk	Short	Medium	Long
Acute/Chronic	**Business interruption and increased CapEx due to physically damaged facilities and production shutdowns.** Climate events and storms may cause business interruption losses and increased CapEx due to physically damaged facilities, personal injuries of employees, interruption of energy power systems, and shutdowns leading to production interruption and inability to respond to demand for an indefinite period.	Low/ Moderate depending on hazards	Low/ Moderate depending on hazards	Low/ Moderate depending on hazards
Acute/Chronic	**Impact on operations due to disruptions in the supply chain.** Disruptions in the supply chain due to climate-related events may impact UMG as we are highly dependent on our suppliers to meet the needs of stakeholders. If significant disruptions occur in the supply chain, UMG may be at risk of revenue loss and reputational issues resulting from stakeholder expectations not being met. Customer brand perception may also be adversely affected which can influence UMG's ability to sell our products and services and may erode shareholder value.	Moderate	Moderate	Moderate
Acute	**Increased operational costs from cooling load.** Higher average temperatures and increased frequency of heat waves as a result of climate change may require an increased need for cooling for the safety of UMG's workforce and preservation of products and equipment, leading to higher operational costs.	Low	Low	Moderate

Table 3 - Transition Opportunities & Time Horizons

Opportunity Category	Opportunity	Time Horizon
Resource Efficiency	**Decreased operational costs from resource efficiency.** Investing in updated assets and technology may result in reduced operational costs, improved energy efficiency of facilities, decreased energy usage, and reduced emissions for UMG. Across our global portfolio, 47% of UMG's direct operations (by m^2 area) are powered by electricity from renewable sources. In addition, UMG actively pursues internationally recognized environmental certifications, such as BREEAM, LEED, and ENERGY STAR. In 2023, 28% of UMG's direct operations (by m^2 area) have received environmental certifications.	Medium to Long term
Energy Source	**Decreased operational costs from switching to renewable energy sources.** Shifting to renewable energy sources such as wind and solar may result in financial savings and emissions reductions. Experts anticipate that renewable energy rates will follow a downward trend as access to renewable generation increases and fossil fuels become more expensive. An internal study of UMG's 2023 electricity costs in North America revealed the average price for electricity differed by only €0.08 per kilowatt hour between standard and renewable electricity.	Short to Long term
Products and Services	**Increased revenue from sustainable products and services.** Investing in and helping to advance sustainability-related research (including finding alternatives to energy intensive distribution modes and products), may allow UMG to get ahead of trends, innovate, and develop more sustainable products and services (e.g., increased regional sourcing, using a higher percentage of reground vinyl, designing eco-friendly packaging, developing an alternative to jewel cases, and circular opportunities to reduce product waste), and drive demand for these products, leading to increased revenues and positive reputational impacts.	Medium to Long term
Market	**Increased revenue from stakeholder engagement and collaboration.** Engaging with stakeholders on sustainability initiatives may increase positive perception of UMG compared to competitors and position our artists and labels as a sustainable and responsible choices. Pursuing collaboration opportunities (with peers, artists, partners, and vendors) may also create more sustainable processes and products for the industry as a whole and help to drive wider behavioral change with respect to the cultural norms, thinking, and politics surrounding climate change.	Medium to Long term
Market	**Decreased supply chain disruption due to sustainability engagement.** Engaging vendors to increase sustainability and transparency through the supply chain may result in decreased emissions and build resilience against potential physical climate risks. For UMG, this may include incorporating sustainability criteria into third party management processes from RFP through contract language and inviting our tier one strategic partners to set science-based targets.	Medium to Long term

The analysis was extended to the value chain by assessing the climate maturity for six key suppliers. Three of these suppliers were observed to be advanced in their climate-risk consideration. Those requiring additional engagement and communication to align with, and support UMG's climate goals were also identified. UMG may model future value chain engagement strategies on successful efforts working with our top suppliers on sustainability topics.

Informed by the first iteration of the climate-scenario analysis, UMG will monitor the evolution of these scenarios to ensure the most up-to-date climate science and actual emissions evolution are considered. This will also enable the evaluation of the associated business impact to be refined and enhanced over time.

Risk Management

Climate-related risks and opportunities are identified and assessed on an ongoing basis as part of UMG's business-as-usual approach. UMG's processes for managing climate-related risks depend on each business unit's operations, funneled through risk management leaders and designed around business resiliency. UMG utilizes direct experience and historical climate trends to inform strategy and mitigation plans across the company. Critical business units, such as Global IT, Universal Music Logistics, and Global Security Office, have unique climate risk management processes and tools integrated into existing frameworks.

As UMG prepares for implementation of the EU's Corporate Sustainability Reporting Directive, we plan to further integrate the outcomes of the climate scenario analysis into the enterprise risk-management process and business continuity planning.

Metrics & Targets

In 2023, we became the first major standalone music company to announce science-based targets approved by the Science-Based Targets initiative (SBTi). We committed to reduce:

- Absolute scope 1 and 2 greenhouse gas (GHG) emissions 58% by 2032 from a 2019 base year, an ambition which is in line with a 1.5°C trajectory.

- Scope 3 GHG emissions from purchased goods & services, capital goods, fuel- and energy-related activities, upstream transportation and distribution, waste generated in operations, business travel, and employee commuting by 62% per EUR value added[1] within the same timeframe.

UMG has calculated our GHG emissions inventory as of 2019 (our base year) across scope 1, scope 2, and all relevant upstream and downstream scope 3 categories. The organization has an ongoing annual commitment to fully quantify and disclose GHG emissions deemed relevant and material to the business.

This year we also updated our comprehensive GHG Inventory and Management Plan and improved the configuration of our data collection system. Our GHG Management Plan provides a framework by which we will measure the performance and effectiveness of our climate-related risk management efforts in the near and long-terms.

[1] "Value added" is defined by the SBTi as earnings before interest and depreciation (EBITDA) + all personnel costs. See page 24 of the SBTi Corporate Manual.

Our coordinated non-financial reporting system, overseen by UMG's central ESG department and powered by a network of contributors representing the territories in which we operate, serves to measure our GHG impact and an annual ESG survey serves to collect additional ESG commitments and KPIs across the organization.

A summary of KPIs and initiatives can be found in the Environment, Environmental Indicators, and Greenhouse Gas Emissions sections of this report.

The Path Forward

UMG is committed to the continued integration of climate-related risks and opportunities across relevant business operations, strategy, and financial planning areas, and we will evolve our scenario analysis in future years to model the financial impacts of each risk.

We aim to continuously enhance our understanding of the possible impacts of climate-related risks and opportunities to which we are exposed, enabling the company to remain resilient to risks, and positioning UMG to actualize opportunities in the transition to a low-carbon economy.

INFORMATION TABLES

Environmental Indicators

	Unit	2023	2022[1]
Energy Consumption			
Electricity from standard sources	MWh	14,723	15,467
Electricity from renewable sources	MWh	11,098	11,307
On-site generated renewable energy	MWh	79	68
Natural gas	MWh GCV	5,155	6,061
Domestic fuel oil	liters	4,896	5,319
Steam/imported heat used for space heating	MWh	3,980	5,414
Diesel used by the fleet of vehicles	liters	111,614	157,381
Gasoline used by the fleet of vehicles	liters	332,334	274,327
Total energy consumption	GJ	126,126	152,686
Waste			
Professional WEEE produced	metric tonnes	26	26
Professional WEEE recycled or recovered	metric tonnes	22	24
Non-hazardous waste produced	metric tonnes	1,828	1,659
Non-hazardous waste recycled or recovered	metric tonnes	813	756
Merchandise scrap waste produced	metric tonnes	53	67
Merchandise scrap waste recycled or recovered	metric tonnes	50	59
Hazardous waste (excluding WEEE) produced	metric tonnes	1	1

1 FY22 environmental indicators were adjusted in accordance with our internal policy to include data enhancements and corrections for improved accuracy. Adjustments illustrate year over year progress across our key non-financial indicators. For more information, please see the Non-Financial Reporting Methodology section in this report.

Greenhouse Gas Emissions

	Unit	2023	2022[1]
Scope 1 greenhouse gas emissions[2]	tCO_2e	1,945	2,398
Mobile sources	tCO_2e	977	996
Stationary sources	tCO_2e	967	1,402
Of which refrigerants	tCO_2e	12	283
Of which domestic fuel oil	tCO_2e	12	13
Of which natural gas	tCO_2e	943	1,106
Scope 2 greenhouse gas emissions (location-based)[3]	tCO_2e	8,272	8,247
Of which electricity (including electricity from renewable sources)	tCO_2e	7,557	7,323
Of which steam/imported heat	tCO_2e	715	924
Scope 2 greenhouse gas emissions (market-based)[4]	tCO_2e	5,627	6,192
Of which electricity (including electricity from renewable sources)	tCO_2e	4,912	5,268
Of which steam/imported heat	tCO_2e	715	924
Scope 3 greenhouse gas emissions[5]	tCO_2e	469,588	448,319
Category 1: Purchased goods and services	tCO_2e	287,537	290,622
Category 2: Capital goods	tCO_2e	19,948	12,468
Category 3: Fuel- and energy-related activities	tCO_2e	3,443	3,595
Category 4: Upstream transportation and distribution	tCO_2e	51,419	57,006
Category 5: Waste generated in operations	tCO_2e	493	440
Category 6: Business travel	tCO_2e	53,718	34,109
Category 7: Employee commuting	tCO_2e	6,036	6,042
Category 9: Downstream transportation and distribution	tCO_2e	1,910	1,652
Category 12: End-of-life treatment of sold products	tCO_2e	4,454	3,568
Category 14: Franchises	tCO_2e	8,218	8,399
Category 15: Investments[6]	tCO_2e	32,412	30,418

1 FY22 emissions were adjusted in accordance with our internal policy to include the addition of new categories resulting from our SBTi validation exercise (Category 9: Downstream transportation and distribution, Category 14: Franchises, and Category 15: Investments), as well as data enhancements and corrections for improved accuracy. Adjustments illustrate year over year progress across our key non-financial indicators. For more information, please see the Non-Financial Reporting Methodology section in this report.

2 Scope 1 represents greenhouse gas emissions from operations directly controlled by UMG, including those associated with the consumption of natural gas and domestic fuel oil and the leakage of refrigerants during normal air-conditioning operation. The emissions related to transport from consumption from mobile sources, including directly owned vehicles and vehicles on long-term leases over which UMG has operational control.

3 Scope 2 includes indirectly emitted greenhouse gas emissions resulting from the use of purchased electricity, steam/imported heat, and cooling. Scope 2 location-based reflects the average emissions intensity of grids on which energy consumption occurs.

4 Scope 2 market-based considers the tariffs and energy mix of UMG's sites which UMG has specifically chosen, taking into consideration the confirmed use of electricity from renewable sources including wind, solar, geothermal, biomass, and hydro through onsite generation and certified renewable electricity through a supplier tariff.

5 Scope 3 includes external indirect greenhouse gas emissions from non-owned sources within UMG's value chain. Scope 3 categories were calculated based on the Greenhouse Gas Protocol, their relevance to UMG, materiality, and data availability. For more information, please see the Non-Financial Reporting Methodology section in this report.

6 Emissions are calculated using the data available as at Q3 2023 for Investments in equity affiliates to allow time for data validation, consolidation, and reporting.

Social Indicators

	2023	% of Total Headcount	2022	% of Total Headcount
Total Headcount	10,290	100%	9,992	100%
Managers	3,369	33%	3,456	35%
Men	5,044	49%	4,913	49%
Of which managers	1,939	19%	1,980	20%
Women	5,246	51%	5,079	51%
Of which managers	1,430	14%	1,476	15%
Permanent employees	9,627	94%	9,286	93%
Temporary employees	663	6%	706	7%
By Geographic Region				
Africa	108	1%	117	1%
North America	4,051	39%	3,951	39%
South and Central America	280	3%	265	3%
Asia-Pacific	1,540	15%	1,498	15%
Europe	4,311	42%	4,161	42%
Arrivals and Departures				
Total hires/new arrivals	1,736	17%	2,133	21%
Of which permanent contracts	1,296	13%	1,626	16%
Total departures	1,460	14%	1,614	16%
Of which permanent contracts	1,110	11%	1,295	13%
Of which resignation	677	7%	887	9%
Of which termination	208	2%	212	2%
Of which redundancy	123	1%	99	1%
Of which retirement	34	0%	35	0%
Of which other	68	1%	62	1%
Of which temporary contracts	350	3%	319	3%
Career Development				
Number of temporary contracts transformed into permanent contracts	144	1%	174	2%
Training				
Number of staff trained on compliance topics[1]	9,897	96%	8,992	90%
Number of staff trained in soft skills	4,759	46%	3,892	39%
Number of staff trained in hard skills/technical skills	2,522	25%	3,721	37%
Number of staff trained in languages	327	3%	287	3%
Number of staff trained in management	1,455	14%	1,471	15%
Number of staff who have received other types of training	948	9%	1,420	14%
Training hours	101,660	-	74,456	-

1 Compliance training topics included Code of Conduct, Anti-bribery, Antitrust, ESG, Fraud Awareness, Information Security, Preventing Harassment, Radio Promotion Compliance, and Health and Safety. Training timetables and topics offered are region and/or function specific where needed.

	2023	% of Total Headcount	2022	% of Total Headcount
Absenteeism				
Number of employees with at least one day absent	3,049	30%	2,748	28%
Days absent – total	54,568	–	46,793	–
Of which for illness	23,806	–	19,740	–
Of which for maternity, paternity and adoption leave	24,269	–	24,257	–
Health and Safety				
Number of workplace accidents resulting in lost work time	11	–	10	–
Number of days lost due to workplace accidents	42	–	351	–
Number of fatal accidents	0	–	0	–
Frequency rate[1]	0.62	–	0.58	–
Severity rate[2]	0.00237	–	0.02034	–
Employee Relations and Collective Bargaining Agreements (France)				
Collective bargaining agreements signed or renewed	3	–	4	–
Of which relating to compensation and employee savings plans	1	–	0	–
Of which relating to working conditions	1	–	0	–
Of which related to other formal agreements	0	–	0	–
Of which related to saving schemes	1	–	4	–
Organization of Working Time				
Full-time employees	9,972	97%	9,709	97%
Part-time employees	318	3%	283	3%
Turnover				
Global Turnover rate – Permanent Headcount[3]	11.53%	–	13.95%	–
Voluntary Turnover rate – Resignations	7.03%	–	9.55%	–
Involuntary Turnover rate – Permanent Headcount[4]	4.50%	–	4.39%	–
Global Turnover rate - Permanent Headcount, Women[5]	12.43%	–	14.13%	–
Voluntary Turnover rate - Resignations, Women[5]	7.94%	–	11.06%	–
Involuntary Turnover rate - Permanent Headcount, Women[5]	4.49%	–	3.07%	–

1 The frequency rate is calculated as follows: (Number of workplace accidents resulting in lost work time × 1,000,000) / (Average annual headcount x annual hours actually worked). The frequency rate of workplace accidents is based on the GRI formula for the rate of recordable work-related injuries (GRI 403-9). UMG's formula only measures workplace accidents resulting in lost work time, whereas GRI includes other metrics in the rate, such as death and significant injury or ill health diagnosed by a physician or other licensed healthcare professional. UMG uses a rate based on 1,000,000 hours worked because it is more suitable for larger organizations according to the guidance in GRI 403: Occupational Health and Safety 2018.

2 The severity rate is calculated as follows: (Number of days lost due to workplace accidents x 1,000) / (Average annual headcount x annual hours actually worked). The severity rate formula is based on the definition for lost day rate in GRI 403: Occupational Health and Safety. The severity rate represents the number of days lost due to workplace accidents for 1,000 worked hours.

3 UMG updated its turnover rate formulas in 2022 to align with guidance from the Corporate Sustainability Reporting Directive (CSRD). The global turnover rate is calculated as follows: (Number of departures of employees on permanent contracts in year Y / Total number of employees on permanent contracts as of December 31 in year Y).

4 This indicator was added in 2022 to allow UMG to evaluate the turnover rates by involuntary departures such as dismissal, retirement, and death.

5 These indicators were added in 2022 to allow UMG to evaluate the turnover rates by gender.

VERIFICATION OF NON-FINANCIAL DATA

Non-Financial Reporting Methodology

Reference Frameworks

The reporting of non-financial information is based on national and international references: the European Union (EU) Directive on Non-Financial Reporting (2014/95/EU)[1]; the Greenhouse Gas (GHG) Protocol Corporate Accounting and Reporting Standard[2]; the guidelines of the Global Reporting Initiative (GRI)[3] and Sustainability Accounting Standards Board (SASB)[4]; and the United Nations Sustainable Development Goals (UN SDGs).

ESG Framework Indicators

The reporting framework for UMG's environmental, social, and governance data is reviewed and updated annually to ensure the consistent application of definitions and rules for data gathering, validation, and consolidation.

Reporting Scope Overview

Unless otherwise indicated, the data is consolidated as of December 31, 2023. The limited assurance engagement pertains to the select consolidated data for 2023 and does not cover prior year restatements.

The reporting scope was established in accordance with EU Directive 2014/95/EU. Changes in reporting scope are the result of acquisitions and/or disposals of consolidated business units or site level changes between January 1 and December 31 of the relevant reporting year:

- In the case of a disposal during the reporting year, the data for the company is not recognized in the scope of that year.
- In the case of an acquisition during the reporting year, the data for the company is consolidated into the reporting in the year following its acquisition, unless that company can provide the required information for the current reporting year. The acquired company's headcount is incorporated into the scope of the current reporting year.

Social Reporting Scope

The social reporting scope for workforce demographics indicators covers all UMG employees, unless otherwise indicated. Scope for qualitative non-workforce demographic indicators applies to the following territories, unless otherwise indicated: Australia, France, Germany, Japan, Latin America, South Africa, the United Kingdom and the United States.

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1 Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014 amending Directive 2013/34/EU as regards disclosure of non-financial and diversity information by certain large undertakings and groups

2 Greenhouse Gas Protocol Corporate Accounting and Reporting Standard

3 GRI is the independent, international organization that helps businesses and other organizations take responsibility for their impacts, by providing them with the global common language to communicate those impacts. (www.globalreporting.org).

4 SASB Standards help companies disclose relevant sustainability information to their investors (https://sasb.ifrs.org).

Environmental Reporting Scope

Scope 1 and 2 emissions are calculated for all sites within UMG's operational control. The environmental reporting scope is primarily driven by the status of UMG's owned and leased properties. In 2023, the reporting scope applied to 56 countries and 160 properties, which represents 97% of our property portfolio and covers all of our employee base geographically. Properties in scope for environmental reporting include UMG offices/facilities and studios with active leases in 2023. Properties are considered out of scope if they meet one of the following criteria: the property closed prior to 2023 and UMG does not have an active lease; the property is under construction; or the property is land.

Scope 3 emissions are consolidated using the operational control approach. Scope 3 categories were calculated based on the GHG Protocol Corporate Standard, their relevance to UMG, materiality, and data availability. UMG's approach is to collect global data for scope 3 emissions, where available. In cases where global data is not easily obtained, UMG reduces its scope to cover its top five territories (United States, United Kingdom, Japan, Germany, and France), which represent material revenue for UMG's operating companies (see Note 3. Segment data). UMG's boundary is set to include its three core business segments (Recorded Music, Music Publishing, and Merchandising) and core physical products (physical audio and merchandise).

The table below indicates the change in UMG's scope 3 GHG inventory compared with the prior year.

Scope 3 Inventory

Scope 3 Category[1]	2023	2022
Category 1 – Purchased Goods and Services	Included	Included
Category 2 - Capital Goods	Included	Included
Category 3 - Fuel- and Energy-related Activities	Included	Included
Category 4 - Upstream Transportation and Distribution	Included	Included
Category 5 - Waste Generated in Operations	Included	Included
Category 6 - Business Travel	Included	Included
Category 7 - Employee Commuting	Included	Included
Category 9 – Downstream Transportation and Distribution	Included	Not Included
Category 12 - End-of-Life Treatment of Sold Products	Included	Included
Category 14 – Franchises[2]	Included	Not Included
Category 15 – Investments	Included	Not Included

1 Our scope 3 science-based target boundary includes the following categories: purchased goods and services; capital goods; fuel and energy-related activities; upstream transportation and distribution; waste generated in operations; business travel; and employee commuting.

2 Category 14 - Franchises was previously disclosed as “not relevant” in the 2022 annual report. Based on instruction from the Science-based Targets Initiative (SBTi), UMG added this category in 2023 to include emissions associated with the licensing of intellectual property for use in physical products manufactured and sold by third parties, particularly related to emissions for licensed merchandise. Category 14 emissions are also included in the adjusted GHG emissions figures for prior year reporting.

Scope 3 Exclusions

Scope 3 Category	Relevance to UMG
Category 8 - Upstream Leased Assets	Not Relevant - emissions from leased assets are reported in scope 1 and scope 2
Category 10 - Processing of Sold Products	Not Relevant - UMG does not sell intermediate products
Category 11 - Use of Sold Products	Not Relevant - UMG does not sell products with direct use-phase emissions
Category 13 - Downstream Leased Assets	Not Relevant - UMG does not lease assets to other entities

The table above contains the scope 3 categories that are currently excluded from UMG's GHG inventory. While UMG recognizes the impact of digital streaming and the live sector within the music ecosystem, these emissions are not included within UMG's GHG inventory boundary.

The GHG Protocol guidance for Category 11 - Use of Sold Products, along with expert guidance UMG received, indicate that emissions associated with digital streaming are considered indirect use phase emissions of UMG's products and are therefore optional to calculate as part of our GHG inventory. Additionally, indirect emissions cannot be considered when setting science-based targets per the Science Based Targets initiative criteria.

Methodological Details and Limits in Relation to Indicators

Environmental, social, and governance indicators may generally reflect methodological limits due to the lack of harmonization of international and national definitions and legislation, or due to the qualitative and therefore subjective nature of certain data. Our sector lacks strong, common definitions and standards. In some cases, given the uniqueness of our products, we developed our own criteria under the guidance of our experts.

Social Indicators (Workforce Demographics)

Headcount

Headcount-related indicators are expressed in number of employees at December 31, 2023.

Global turnover rate

Under the CSRD guidance, the global turnover rate numerator is the aggregate of the number of employees on permanent contracts who leave voluntarily or due to dismissal, retirement, or death in service. The denominator of the rate is the total number of employees on permanent contracts during the reporting period.

The global turnover rate is calculated as follows:

Number of departures of employees on permanent contracts in year Y / Total number of employees on permanent contracts as of December 31 in year Y.

Voluntary turnover rate
The voluntary turnover rate allows UMG to consider departures resulting from the resignation of permanent employees.

The voluntary turnover rate is calculated as follows:

Number of resignations of employees on permanent contracts in year Y / Total number of employees on permanent contracts at December 31 in year Y.

Involuntary turnover rate
The involuntary turnover rate allows UMG to consider departures resulting from involuntary separations of permanent employees.

The involuntary turnover rate is calculated as follows:

Number of involuntary separations (such as dismissal, retirement, or death in service) of employees on permanent contracts in year Y / Total number of employees on permanent contracts as of December 31 in year Y .

Environmental Indicators
Greenhouse gas emissions are calculated in line with the GHG Protocol Corporate Accounting and Reporting Standard and reported into three scopes:

- Scope 1: Represents greenhouse gas emissions from operations directly controlled by UMG, including those associated with the consumption of natural gas and domestic heating fuel and the leakage of refrigerants during normal air-conditioning operation. The emissions related to transport from consumption from mobile sources, including directly owned vehicles and vehicles on long-term leases over which UMG has operational control.

- Scope 2: Includes indirect greenhouse gas emissions resulting from the use of electricity, steam/imported heat, and cooling. As per the GHG Protocol, UMG considers both location-based and market-based scope 2 emissions. Scope 2 location-based reflects the average emissions intensity of grids on which energy consumption occurs. Scope 2 market-based considers the tariffs and energy mix of UMG's sites which UMG has specifically chosen, taking into consideration the confirmed use of electricity from renewable sources including wind, solar, geothermal, biomass, and hydro through onsite generation and certified renewable electricity through a supplier tariff.

- Scope 3: Includes external indirect greenhouse gas emissions from non-owned sources within UMG's value chain. These include emissions from purchased goods and services, capital goods, fuel- and energy-related activities, upstream transportation and distribution, waste generated in operations, business travel, employee commuting, downstream transportation and distribution, end-of-life treatment of sold products, franchises, and investments.

Greenhouse gas emissions are calculated using emission factors that are the most accurate and available at the time of reporting. Emission factor sources include:

- **Scope 1:** Department for Business, Energy & Industrial Strategy (BEIS) Conversion Factors[1]
- **Scope 2 (Location-based):** IEA Emission Factors[2], United States Environmental Protection Agency (EPA) eGrid Factors[3], and BEIS Conversion Factors
- **Scope 2 (Market-based):** IEA Emission Factors, BEIS Conversion Factors, AIB/RE-DISS Residual Mix Factors[4], and Green-e Residual Mix Factors[5]
- **Scope 3:** Comprehensive Environmental Data Archive (CEDA) environmentally extended input-output (EEIO) database[6], ecoinvent Lifecycle Analysis (LCA) database[7], and BEIS Conversion Factors, among other sources

Data is primarily sourced internally within UMG. Where possible, primary data (mass, distance, energy) has been collected directly from suppliers or internal business units within UMG. Energy consumption is converted into CO_2 equivalents using recognized emissions factors from the indicated databases. Where primary data is not available, secondary data (spend data, extrapolations, benchmarks) are used to calculate greenhouse gas emissions.

Data is requested for Q1-Q3 and estimates are applied for Q4 to allow time for data validation, consolidation, and reporting. Estimation of emissions follows one of the two methodologies:

1. **Historical Average**: uses quarterly activity data for previous years to calculate the historical average ratio of total Q1-Q3 to Q4 activity data. This ratio is then applied to the Q1-Q3 activity data in 2023 to estimate for Q4.
2. **Current Year Average**: estimates Q4 activity volume using the average (mean) quarterly activity volume for Q1-Q3 in 2023.

The Historical Average method is preferred because it considers seasonal differences in business activity. However, this methodology is only feasible if activity data is available at quarterly granularity (at a minimum) in previous years.

If the Historical Average methodology is feasible, the calculated average ratio should consider data from as many previous years as possible, with the average ratio weighted by total activity per year. For emissions sources where previous year data is not available at quarterly granularity, a Current Year Average is applied.

1 Department for Business, Energy & Industrial Strategy (BEIS) Conversion Factors
2 IEA Emission Factors
3 United States Environmental Protection Agency (EPA) eGrid Factors
4 AIB/RE-DISS Residual Mix Factors
5 Green-e Residual Mix Factors
6 Comprehensive Environmental Data Archive (CEDA) environmentally extended input-output (EEIO) database
7 ecoinvent Lifecycle Analysis (LCA) database

Reporting Tools, Consolidation, and Controls

UMG utilizes a global data collection and consolidation platform for environmental and social demographics reporting. The platform is designed to include mathematical coherency checks to ensure data consistency and flag any potentially abnormal variation during the input process.

Each reporting entity conducts an initial validation and consistency check of their submission. The Environmental, Social & Governance (ESG) department performs a second coherency check and validation during the consolidation process. Lastly, a trend analysis is conducted, sense checked with business leaders, and variance explanations are documented.

Limited Assurance Report of the Independent Auditor on Selected Indicators

To: The Shareholders and Non-Executive Directors of Universal Music Group N.V.

Our Conclusion

We have performed a limited assurance engagement on selected indicators in the accompanying annual report for the year 2023 of Universal Music Group N.V. at Hilversum.

Based on our procedures performed and the assurance information obtained, nothing has come to our attention that causes us to believe that the selected indicators are not prepared, in all material respects, in accordance with the applicable criteria as included in the section “Criteria”.

The selected indicators are disclosed in the Information Tables section of the annual report and consist of:

- Global Turnover rate – Permanent Headcount
- Voluntary Turnover rate – Resignations
- Greenhouse gas emissions
  - Scope 1 emissions
  - Scope 2 emissions (location-based and market-based)
  - Scope 3 emissions (Categories 1, 2, 3, 4, 5, 6, 7, 9, 12, 14 and 15)

Basis for our Conclusion

We have performed our limited assurance engagement on the selected indicators in accordance with Dutch law, including Dutch Standard 3000A ’Assurance-opdrachten anders dan opdrachten tot controle of beoordeling van historische financiële informatie (attest-opdrachten)’ (Assurance engagements other than audits or reviews of historical financial information (attestation engagements)). Our responsibilities in this regard are further described in the section ‘Our responsibilities for the assurance engagement on the selected indicators’ of our report.

We are independent of Universal Music Group N.V. in accordance with the “Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten” (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence). This includes that we do not perform any activities that could result in a conflict of interest with our independent assurance engagement. Furthermore, we have complied with the “Verordening gedrags- en beroepsregels accountants” (VGBA, Dutch Code of Ethics for Professional Accountants).

We believe that the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Criteria

The criteria applied for the preparation of the selected indicators are the criteria developed by Universal Music Group N.V. and are disclosed in the Non-Financial Reporting Methodology section of the annual report.

The comparability of selected indicators between entities and over time may be affected by the absence of a uniform practice on which to draw, to evaluate and measure this information. This allows for the application of different, but acceptable, measurement techniques.

Consequently, the selected indicators need to be read and understood together with the criteria applied.

Corresponding Information Not Assured

The selected indicators "Scope 1 emissions", "Scope 2 emissions (location-based and market-based)" and "Scope 3 emissions (Categories 1, 2, 3, 4, 5, 6, 7, 9, 12, 14 and 15)" for the baseline year 2019, "Scope 3 emissions (Categories 9, 14 and 15)" prior to 2023, and any restatements of 2022 data have not been part of an assurance engagement. Consequently, the corresponding selected indicators and thereto related disclosures for "Scope 1 emissions", "Scope 2 emissions (location-based and market-based)" and "Scope 3 emissions (Categories 1, 2, 3, 4, 5, 6, 7, 9, 12, 14 and 15)" for the baseline year 2019, "Scope 3 emissions (Categories 9, 14 and 15)" prior to 2023, and any restatements of 2022 data are not assured. Our conclusion is not modified in respect of this matter.

Limitations to the Scope of our Assurance Engagement

Our assurance engagement is restricted to the selected indicators. We have not performed assurance procedures on any other information as included in the annual report in light of this engagement.

In the selected indicators, the calculations to determine "Scope 3 emissions (Categories 1, 2, 3, 4, 5, 6, 7, 9, 12, 14 and 15)" include assumptions and sources from third parties. The assumptions and sources used are disclosed in the Non-Financial Reporting Methodology section of the annual report. We have assessed that these assumptions and external sources are plausible and appropriate, but we have not performed procedures on the content of these assumptions and external sources.

The references to external sources or websites are not part of our assurance engagement on the selected indicators. We therefore do not provide assurance on this information.

Our conclusion is not modified in respect of these matters.

Responsibilities of the Board of Directors for the Selected Indicators

The Executive Directors of the Board of Directors are responsible for the preparation of the selected indicators in accordance with the criteria as included in the section "Criteria". The Executive Directors are also responsible for selecting and applying the criteria and for determining that these criteria are suitable for the legitimate information needs of the intended users, considering applicable law and regulations related to reporting. The choices made by the Executive Directors regarding the scope of the selected indicators and the reporting policy are summarized in the Non-Financial Reporting Methodology section of the annual report.

Furthermore, the Executive Directors are responsible for such internal control as they determine is necessary to enable the preparation of the selected indicators that are free from material misstatement, whether due to fraud or error.

The Non-Executive Directors of the Board of Directors are responsible for overseeing the reporting process of the selected indicators of Universal Music Group N.V.

Our Responsibilities for the Assurance Engagement on the Selected Indicators

Our responsibility is to plan and perform the assurance engagement in a manner that allows us to obtain sufficient and appropriate assurance evidence for our conclusion.

Our assurance engagement is aimed to obtain a limited level of assurance to determine the plausibility of the selected indicators. The procedures vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. The level of assurance obtained in a limited assurance engagement is therefore substantially less than the assurance that is obtained when a reasonable assurance engagement is performed.

We apply the 'Nadere voorschriften kwaliteitssystemen' (NVKS, regulations for quality management systems) and accordingly maintain a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and other relevant legal and regulatory requirements.

Our assurance engagement included amongst others:

- Performing an analysis of the external environment and obtaining an understanding of the sector, insight into relevant sustainability themes and issues and the characteristics of the company as far as relevant to the selected indicators
- Evaluating the appropriateness of the criteria applied, their consistent application and related disclosures on the selected indicators. This includes the evaluation of the reasonableness of estimates made by the Executive Directors
- Obtaining through inquiries a general understanding of the internal control environment, the reporting processes, the information systems and the entity's risk assessment process relevant to the preparation of the selected indicators, without obtaining assurance information about the implementation or testing the operating effectiveness of controls
- Identifying areas of the selected indicators where misleading or unbalanced information or a material misstatement, whether due to fraud or error, is likely to arise. Designing and performing further assurance procedures aimed at determining the plausibility of the selected indicators responsive to this risk analysis. These procedures consisted amongst others of:
    - Making inquiries of management and relevant staff at corporate and business level responsible for the sustainability strategy, policy and results relating to the selected indicators
    - Interviewing relevant staff responsible for providing the information for, carrying out controls on, and consolidating the data in the selected indicators
    - Assessing the suitability and plausibility of assumptions and sources from third parties used for the calculation underlying "Scope 3 emissions (Categories 1, 2, 3, 4, 5, 6, 7, 9, 12, 14 and 15)" as included in the Information Tables section of the annual report and further explained in the Non-Financial Reporting Methodology section of the annual report.
    - Obtaining assurance evidence that the selected indicators reconcile with underlying records of Universal Music Group N.V.
    - Reviewing, on a limited sample basis, relevant internal and external documentation
    - Considering the data and trends

- Reading the information in the annual report that is not included in the scope of our assurance engagement to identify material inconsistencies, if any, with the selected indicators
- Considering whether the selected indicators are presented and disclosed free from material misstatement in accordance with the criteria applied

Amsterdam, 28 March 2024

Ernst & Young Accountants LLP

R.T.H. Wortelboer

ESG INDEXES

GRI Index

This report was prepared in accordance with the GRI 2021 Sustainability Reporting Standards. Responses are omitted where data may be unavailable or due to confidentiality constraints.

Disclosure	Reference
GRI 2: General Disclosures 2021	
2-1 Organizational details	See the The Governance Structure section and the UMG Organization website.
2-2 Entities included in the organization’s sustainability reporting	See "Reporting Scope Overview" in the Non-Financial Reporting Methodology section and Note 26. List of consolidated entitites. The entities included in UMG's non-financial reporting align with the entities included in UMG's financial reporting.
2-3 Reporting period, frequency and contact point	This report covers sustainability activities from January 1, 2023 to December 31, 2023. The non-financial reporting schedule is repeated annually and aligns with the financial reporting schedule. Contact investorrelations@umusic.com for questions.
2-4 Restatements of information	See the Information Tables section. The restatements of 2022 figures illustrate UMG's year-over-year progress across key non-financial indicators.
2-5 External assurance	See the Limited Assurance Report of the Independent Auditor on Selected Indicators section.
2-6 Activities, value chain and other business relationships	See the About UMG section.
2-7 Employees	See the Social Indicators section and "Social Indicators (Workforce Demographics)" in the Non-Financial Reporting Methodology section. Reporting on the breakdown of employee categories by region and gender is omitted based on information availability.
2-9 Governance structure and composition	See the Our Approach, The Governance Structure, The Board, and Bios Board of Directors sections. Additionally, please see the Board of Directors and Committees pages on the UMG Investor Relations website.
2-10 Nomination and selection of the highest governance body	See The Board section, Nomination Committee Regulations (pp.1-4), and Board Diversity Policy (p.1).
2-11 Chair of the highest governance body	See "Corporate Executives" in the Organizational and Reporting Structure section and Board Regulations (pp. 6-10; 16-18).
2-12 Role of the highest governance body in overseeing the management of impacts	See "ESG Integration" in the Governance section and "Responsibilities of the Board of Directors for the Selected Indicators" in the Limited Assurance Report of the Independent Auditor on Selected Indicators section.

Disclosure	Reference
GRI 2: General Disclosures 2021	
2-13 Delegation of responsibility for managing impacts	See "ESG Integration" in the Governance section.
2-14 Role of the highest governance body in sustainability reporting	See "ESG Integration" and "Material Topics" in the Governance section and "Responsibilities of the Board of Directors for the Selected Indicators" in the Limited Assurance Report of the Independent Auditor on Selected Indicators section.
2-15 Conflicts of interest	See "Conflicts of Interest and Related Party Transactions" in The Board section and Board Regulations (pp. 16-18).
2-16 Communication of critical concerns	See the Risk and Risk Management section and Whistleblowing Policy. Reporting on the number and nature of critical concerns communicated to the Board is omitted based on confidentiality constraints.
2-17 Collective knowledge of the highest governance body	See "ESG Integration" in the Governance section and Board Regulations (p. 13).
2-18 Evaluation of the performance of the highest governance body	See the Limited Assurance Report of the Independent Auditor on Selected Indicators section.
2-19 Remuneration policies	See the Remuneration Report section, Note 23. Share-based compensation plans, and "Compensation & Benefits" in the Social section. Additionally, please see Executive Directors Remuneration Policy and Non-Executive Directors Remuneration Policy.
2-20 Process to determine remuneration	See the Remuneration Report section, Note 23. Share-based compensation plans, and "Compensation & Benefits" in the Social section. Additionally, please see Executive Directors Remuneration Policy and Non-Executive Directors Remuneration Policy.
2-21 Annual total compensation ratio	See "Remuneration and Company Performance Development" in the Remuneration Report section.
2-22 Statement on sustainable development strategy	See the We are Universal section.
2-23 Policy commitments	See "Key Actions in 2023" in the Sustainability section, the Our Commitments section, and "Operating with Integrity" in the Governance section.
2-24 Embedding policy commitments	See the Our Commitments section and "Operating with Integrity" in the Governance section.
2-25 Processes to remediate negative impacts	See the Our Commitments section, Risk and Risk Management section, and Whisteblowing Policy.

Disclosure	Reference
GRI 2: General Disclosures 2021	
2-26 Mechanisms for seeking advice and raising concerns	See the Risk and Risk Management section and Whisteblowing Policy.
2-28 Membership associations	UMG is a member of several membership and industry associations, including environmentally-focused coalitions (such as the Music Climate Pact and the Music Industry Climate Collective (MICC)), global trade bodies (such as the International Federation of the Phonographic Industry (IFPI) and the International Confederation of Music Publishers (ICMP)), national groups (like the Recording Industry Association of America (RIAA) and the National Music Publishers Association (NMPA) in the U.S.), and many others in the countries where we operate.
2-29 Approach to stakeholder engagement	See the Stakeholder Analysis section.
2-30 Collective bargaining agreements	See the Social Indicators section. Reporting on the global percentage of employees covered by collective bargaining agreements is omitted based on information availability.
GRI 3: Material Topics 2021	
3-1 Process to determine material topics	See "Material Topics" in the Governance section. Material topics were defined by subject matter experts and UMG employees representing a cross-section of business operations, including: Bravado; Business & Legal Affairs; Corporate Executives; Digital Operations; Global Communications; Global Compliance; Global Ecommerce & Business Development; Global Finance; Global Information Security; Global Royalties Revenue Optimization; Global Technology; Internal Audit; People, Inclusion & Culture; Privacy; Public Policy & Government Affairs; Studios; Universal Music Logistics; and Universal Music Publishing Group.
3-2 List of material topics	See "Material Topics" in the Governance section.
3-3 Management of material topics	See "Material Topics" in the Governance section and Our Commitments section.
GRI 302: Energy 2016	
302-1 Energy consumption within the organization	See the Environmental Indicators and Non-Financial Reporting Methodology sections.
302-4 Reduction of energy consumption	See the Environmental Indicators and Non-Financial Reporting Methodology sections.

Disclosure	Reference
GRI 305: Emissions 2016	
305-1 Direct (Scope 1) GHG emissions	See the Greenhouse Gas Emissions and Non-Financial Reporting Methodology sections. Reporting on gases included in the calculation is omitted based on data availability. UMG does not generate any CO2 emissions from bioenergy use/production and/or biomass feedstock production for bioenergy.
305-2 Energy indirect (Scope 2) GHG emissions	See the Greenhouse Gas Emissions and Non-Financial Reporting Methodology sections. Reporting on gases included in the calculation is omitted based on data availability.
305-3 Other indirect (Scope 3) GHG emissions	See the Greenhouse Gas Emissions and Non-Financial Reporting Methodology sections. Reporting on gases included in the calculation is omitted based on data availability. For scope 3 value chain emissions, UMG currently does not have any agreements with suppliers to use bio-based sources of fuel in the production of our purchased goods and services.
305-4 GHG emissions intensity	See the Non-financial Key Figures 2023 section. Reporting on gases included in the calculation is omitted based on data availability.
305-5 Reduction of GHG emissions	See the Greenhouse Gas Emissions section and "Managing Our Footprint" in the Environment section.
GRI 308: Supplier Environmental Assessment 2016	
308-1 New suppliers that were screened using environmental criteria	See "Supply Chain Management" in the Governance section. The percentage of new suppliers that were screened using environmental criteria is omitted due to information availability, but we plan to work towards collecting and reporting this information in the future.
308-2 Negative environmental impacts in the supply chain and actions taken	See "Supply Chain Management" in the Governance section. Reporting on number of suppliers assessed, number of impacts identified, and percentage of suppliers identified as having negative impacts omitted based on confidentiality constraints.
GRI 401: Employment 2016	
401-1 New employee hires and employee turnover	See the Social Indicators section. Reporting on the breakdown of hiring by age, gender, and region is omitted based on information availability. Reporting on the breakdown of turnover by age group and region is omitted based on information availability.
401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	See "Compensation & Benefits" in the Social section and UMG Careers website.

Disclosure	Reference
GRI 404: Training and Education 2016	
404-1 Average hours of training per year per employee	See the Social Indicators section. Reporting on the breakdown of training hours by gender and employee category is omitted based on information availability.
404-2 Programs for upgrading employee skills and transition assistance programs	See "Employee Experience and Development" in the Social section.
GRI 405: Diversity and Equal Opportunity 2016	
405-1 Diversity of governance bodies and employees	See the Social Indicators section and "Diversity, Equity & Inclusion" in the Social section. Reporting on the breakdown of governance bodies and employees by age group is omitted based on information availability.
GRI 414: Supplier Social Assessment 2016	
414-1 New suppliers that were screened using social criteria	See "Supply Chain Management" in the Governance section. The percentage of new suppliers that were screened using social criteria is omitted due to information availability, but we plan to work towards collecting and reporting this information in the future.
414-2 Negative social impacts in the supply chain and actions taken	See "Supply Chain Management" in the Governance section. Reporting on number of suppliers assessed, number of impacts identified, and percentage of suppliers identified as having negative impacts omitted based on confidentiality constraints.

SASB Index

This index was prepared in accordance with the SASB Media & Entertainment and Internet Media & Services Standards. Responses are omitted where data may be unavailable or due to confidentiality constraints.

Disclosure	Reference
Media Pluralism	
SV-ME-260a.1 Percentage of gender and racial/ethnic group representation for (1) management, (2) professionals, and (3) all other employees	See "Diversity, Equity & Inclusion" in the Social section and the Social Indicators section. Reporting on the breakdown of management by racial/ethnic group is omitted based on information availability.
SV-ME-260a.2 Description of policies and procedures to ensuring pluralism in news media content	See "Diverse & Inclusive Content" in the Social section.
Intellectual Property Protection & Media Piracy	
SV-ME-520a.1 Description of approach to ensuring intellectual property (IP) protection	See "Laws and Regulations" in the Risk and Risk Management section, "Operating with Integrity" and "Piracy & Content Protection" in the Governance section, and Code of Conduct (pp. 22-24).
Activity Metrics	
SV-ME-000.B Total number of media productions and publications produced	See the Profile section.
Environmental Footprint of Hardware Infrastructure	
TC-IM-130a.1 (1) Total energy consumed, (2) percentage grid electricity, and (3) percentage renewable	See the Environmental Indicators section, "Managing Our Footprint" in the Environment section, and the Non-Financial Reporting Methodology section.
Data Privacy, Advertising Standards & Freedom of Expression	
TC-IM-220a.1 Description of policies and practices relating to behavioural advertising and user privacy	See "Laws and Regulations" in the Risk and Risk Management section, "Operating with Integrity" and "Privacy & Cybersecurity" in the Governance section, Code of Conduct (pp. 25, 32), and Privacy Policy.
Data Security	
TC-IM-230a.2 Description of approach to identifying and addressing data security risks, including use of third-party cybersecurity standards	See "Laws and Regulations" in the Risk and Risk Management section and "Operating with Integrity" and "Privacy & Cybersecurity" in the Governance section.
Employee Recruitment, Inclusion & Performance	
TC-IM-330a.3 Percentage of gender and racial/ethnic group representation for (1) management, (2) technical staff, and (3) all other employees	See "Diversity, Equity & Inclusion" in the Social section and the Social Indicators section. Reporting on the breakdown of management by racial/ethnic group is omitted based on information availability.
Activity Metrics	
TC-IM-000.A Entity-defined measure of user activity	See the Music Engagement Mix section.

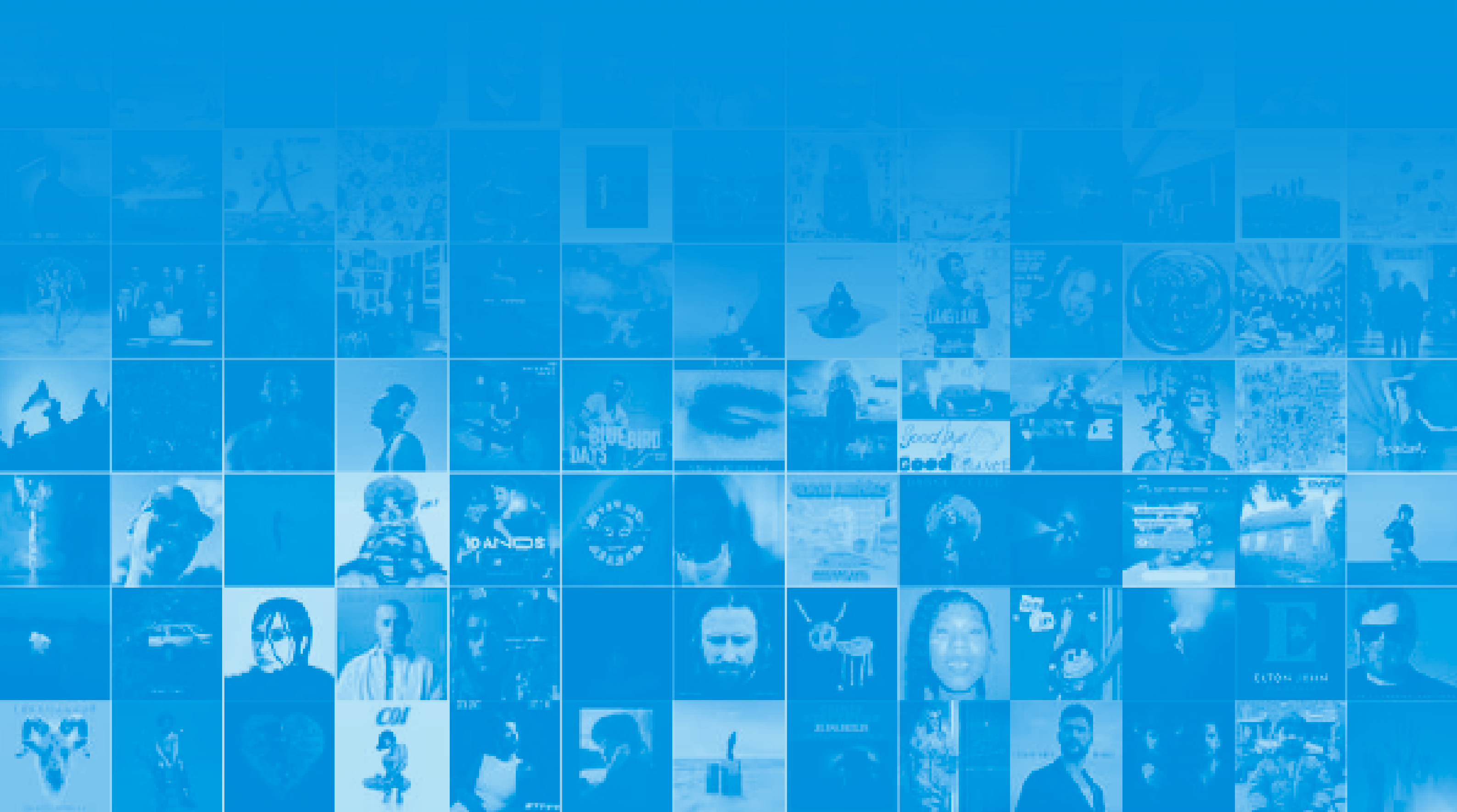
UN SDG Index

The United Nations' 2030 Agenda for Sustainable Development was adopted by all Member States in 2015 and provides a shared blueprint for peace and prosperity for people and the planet, now and into the future. At its heart are the 17 Sustainable Development Goals (SDGs), which are an urgent call for action by all countries - developed and developing - in a global partnership. They recognize that ending poverty and other deprivations must go hand-in-hand with strategies that improve health and education, reduce inequality, and spur economic growth – all while tackling climate change and working to preserve our oceans and forests.

Our Commitments align with the United Nations Sustainable Development Goals (UN SDGs), as demonstrated in the table below.

Section	UN SDG Mapping
Environment	
Managing Our Footprint	• Goal 7: Affordable and Clean Energy • Goal 12: Responsible Consumption and Production • Goal 13: Climate Action
Reimagining Our Products & Packaging	• Goal 12: Responsible Consumption and Production • Goal 13: Climate Action
Driving Industry Transformation	• Goal 12: Responsible Consumption and Production • Goal 13: Climate Action
Social	
Investing In Our Workplace	• Goal 4: Quality Education • Goal 5: Gender Equality • Goal 8: Decent Work and Economic Growth • Goal 9: Industry, Innovation and Infrastructure • Goal 10: Reduced Inequalities
Supporting Employee and Artist Wellbeing	• Goal 3: Good Health and Well-being • Goal 5: Gender Equality • Goal 8: Decent Work and Economic Growth • Goal 9: Industry, Innovation and Infrastructure • Goal 10: Reduced Inequalities
Supporting Our Communities	• Goal 3: Good Health and Well-being • Goal 4: Quality Education • Goal 5: Gender Equality • Goal 8: Decent Work and Economic Growth • Goal 9: Industry, Innovation and Infrastructure • Goal 10: Reduced Inequalities
Governance	
Operating With Integrity	• Goal 16: Peace, Justice and Strong Institutions • Goal 17: Partnerships for the Goals

NON-EXECUTIVE DIRECTORS REPORT



REPORT OF THE NON-EXECUTIVE DIRECTORS

As the Non-Executive Directors, we are responsible for supervising the Executive Directors' policy and performance of duties and the Company's general course of affairs and business, and rendering advice and direction to the Executive Directors. In performing our duties, we are guided by the Company's corporate interests, which extend to the interests of all of the Company's stakeholders, including the Shareholders and the Company's creditors, customers and employees.

Composition

The Board has a one-tier board structure and currently comprises two Executive Directors and eleven Non-Executive Directors, one of whom, being Haim Saban, was appointed to the Board by the General Meeting on May 11, 2023:

Name	Function
Sir Lucian Grainge	Executive Director, Chairman and Chief Executive Officer
Vincent Vallejo	Executive Director, Deputy Chief Executive Officer, Corporate
Sherry Lansing	Non-Executive Director, Chairman of the Board
Antoine Fiévet	Non-Executive Director
Bill Ackman	Non-Executive Director
Cathia Lawson-Hall	Non-Executive Director
Cyrille Bolloré	Non-Executive Director
Haim Saban	Non-Executive Director
James Mitchell	Non-Executive Director
Luc van Os	Non-Executive Director
Manning Doherty	Non-Executive Director
Margaret Frerejean-Taittinger	Non-Executive Director
Nicole Avant	Non-Executive Director

Effective September 30, 2023, Anna Jones, former Non-Executive Director, resigned from the Board to focus on new professional commitments.

Diversity and inclusion

The elements of a diverse and inclusive composition of the Board are laid down in the D&I Policy as per articles 2:142b and 2:166 of the Dutch Civil Code and best practice provision 2.1.5 of the Code. In accordance with the D&I Policy, the Non-Executive Directors are committed to promoting diversity and inclusion in the boardroom and to ensuring that all Non-Executive Directors are able to contribute to Board discussions.

They furthermore have the aspiration:
- to improve or safeguard gender diversity among the Non-Executive Directors, such that at least one third of the Non-Executive Directors is female and at least one third of the Non-Executive Directors is male, thereby at all times taking into account the Dutch statutory gender diversity requirements with regards to non-executive directors.
- to improve or safeguard diversity with regards to age, nationality, ethnicity and cultural or other background as well as to create and maintain a variation in expertise, experience, competencies, other personal qualities and perspectives among the Non-Executive Directors.

The Non-Executive Directors are further committed to considering candidates for Non-Executive Director positions from a wide pool, including candidates with no prior publicly listed company board level experience.

The elements as laid down in the D&I Policy with respect to the composition of the Board are all important drivers in the selection procedure and will all be considered when identifying a candidate for a Non-Executive Director position. However, when identifying a candidate, the qualifications of such candidate and the requirements for the Non-Executive Director position shall in principle always prevail.

The Non-Executive Directors consider that their current composition is diverse with regards to age, nationality, ethnicity and cultural or other background and has a variation in expertise, experience, competencies, other personal qualities and perspectives, and with women representing 36% of all Non-Executive Directors, also in line with the gender diversity requirements included in the D&I Policy and Dutch law. Among the Non-Executive Directors, there are seven nationalities (American, British, Canadian, Dutch, French, Israeli and Togolese) and age ranges between 38 and 79.

Independence

The Non-Executive Directors endorse the principle that their composition shall be such that they are able to act independently and critically vis-à-vis each other, the Executive Directors and any particular interests.

Given the shareholder base of the Company, the Non-Executive Directors are of the opinion that, in the context of preserving the continuity of UMG and ensuring a focus on sustainable long-term value creation, it is in the Company's corporate interests and in the interests of the Company's stakeholders that among the Non-Executive Directors, there is a fair and adequate representation of persons who are affiliated with or representing a (group of affiliated) shareholder(s) holding, directly or indirectly, approximately 10% or more of the issued share capital of the Company, even if those persons are considered non-independent within the meaning of best practice provision 2.1.8 of the Code.

Currently, five out of eleven Non-Executive Directors are considered non-independent on the aforementioned basis, being:
- Bill Ackman to whom more than 10% of the issued share capital of the Company is attributed by virtue of his control over Pershing Square Capital Management L.P., i.e. the investment adviser to the collective investment vehicles through which that shareholding is held.
- Cathia Lawson-Hall who is a member of the supervisory board of Vivendi SE which holds approximately 10% of the issued share capital of the Company.

- Cyrille Bolloré who is the Chairman and Chief Executive Officer of the Bolloré Group, one of the Company's largest shareholders, as well as a member of the supervisory board of Vivendi SE which holds approximately 10% of the issued share capital of the Company.
- James Mitchell who is a representative of the Tencent-led consortium which holds approximately 20% of the issued share capital of the Company.
- Manning Doherty who is a representative of the Tencent-led consortium which holds approximately 20% of the issued share capital of the Company.

In addition, three out of eleven Non-Executive Directors (two of whom are the same as above) are considered non-independent on the basis of being former Executive Directors, being:

- James Mitchell who was an Executive Director in the period from February 26, 2021 until September 20, 2021.
- Luc van Os who was an Executive Director in the period from December 4, 2020 until September 20, 2021.
- Manning Doherty who was an Executive Director in the period from February 26, 2021 until September 20, 2021.

Accordingly, six out of eleven Non-Executive Directors are considered non-independent, however, the other Non-Executive Directors, who are independent, including the Chairman of the Board, are comfortable that Bill Ackman, Cathia Lawson-Hall, Cyrille Bolloré, James Mitchell, Luc van Os and Manning Doherty are nonetheless able to act independently and critically.

Remuneration

On September 20, 2021, the General Meeting adopted the remuneration policy for the Non-Executive Directors. The remuneration of the Non-Executive Directors shall be determined by the Board with due observance of the remuneration policy. The remuneration policy is available on the investor relations part of the UMG website. In the Remuneration report, details of the individual remuneration of the Non-Executive Directors are set out.

Board meetings and activities

Meetings

During 2023, the Board held seven meetings, four of which were in-person meetings and three of which took place via video calls. The meetings were attended by both the Executive Directors and the Non-Executive Directors as well as by several corporate and other senior executives, as appropriate.

Among the items discussed were the annual report, the semi-annual financial report, the quarterly results, the accompanying press releases, the external auditor's findings and audit report, the auditor selection procedure and the nomination for appointment of Ernst & Young Accountants LLP as the external auditor for the financial years 2023 up to and including 2025, the external auditor's engagement, the (final and interim) dividend proposals, the annual budget and business plan, the implementation of the 2022 UMG Global Equity Plan, the remuneration of the Executive Directors, including the selection of appropriate performance metrics and targets, and of the Non-Executive Directors, the extension and amendment of Sir Lucian Grainge's employment agreement and Sir Lucian Grainge's nomination for reappointment as Executive Director for a period of five years ending on May 1, 2028, the nomination for appointment of Haim Saban as (a new) Non-Executive Director, the nomination for (early) reappointment of Sherry Lansing, Anna Jones and Luc van Os as Non-

Executive Directors, strategy and business updates, including on the Company's artist-centric approach and initiatives, its response to the opportunities and risks of (generative) artificial intelligence and its expansion strategy, investor relations updates, committee updates, the financing of the Company, including the new issuance under the Euro Medium Term Note program, and any significant or related party transactions.

Sustainable long-term value creation

The Board, who is responsible for developing a view on sustainable long-term value creation by the Company and for formulating a strategy as well as specific objectives in line with this view, has on numerous occasions spent considerable time discussing the Company's strategy, in particular the Company's artist-centric approach and initiatives, its response to the opportunities and risks of (generative) artificial intelligence and its expansion strategy, at its meetings. In addition, the Board is responsible for approving the annual budget as well as any transaction with a value in excess of €300,000,000.

Education

Shortly following his appointment to the Board by the General Meeting on May 11, 2023, Haim Saban attended an educational session on his responsibilities as a non-executive director of a public limited liability company incorporated under the laws of the Netherlands, which shares are admitted to listing on Euronext Amsterdam, the regulated market of Euronext Amsterdam N.V.

Evaluation

In the second half of 2023, the Board, under the direction of the Nomination Committee, conducted a self-assessment to evaluate its own functioning as well as the functioning of the various committees and the individual Directors. As part of the assessment, each Director completed an evaluation form, covering topics such as information provision, frequency and quality of meetings, Board and committee compositions, functioning of the Board, the various committees and the individual Directors and access to the Company secretariat, and was interviewed by an external expert. The results and feedback of the assessment were first discussed among the Chairman of the Board, the chair of the Nomination Committee and the external expert, following which they were shared with the Nomination Committee members during an executive session of the Nomination Committee at the end of 2023 (which session was also attended by the external expert), and consequently with the full Board during one of its meetings in the first quarter of 2024. Where considered necessary, or of added value, the chair of the Nomination Committee also had one-on-one sessions with the individual Directors to discuss their functioning. With the results and feedback, the Board identified opportunities for growth and improvement as well as specific educational and information needs. The main conclusion was that since its installation at the time of the Listing, the Board has matured, which has resulted in an improved functioning of the Board, the various committees and the individual Directors, both in and outside of meetings. As a result, meetings have become more productive and the communication among the Directors as well as with the Company has improved. One point of attention that emerged as part of the assessment was the composition of the committees, which has since become and will remain a recurring item on the agenda of the Nomination Committee and Board until it has been appropriately addressed.

Share positions
According to the AFM register, the following Executive Directors and Non-Executive Directors held a capital interest and/or voting rights in the Company as at December 31, 2023:

Shareholder	Notification date	Shares	RSUs	PSUs	PSOs	Voting rights
Sir Lucian Grainge	November 22, 2023	11,499.00	2,928,540.19	471,013.86	8,624,917.00	11,499.00
Vincent Vallejo	November 30, 2023	97,150.00	7,684.58	–	–	97,150.00
Bill Ackman[1]	October 31, 2023	186,811,111.00	–	–	–	186,811,111.00
Cathia Lawson-Hall	September 23, 2021	2,356.00	–	–	–	2,356.00
Cyrille Bolloré	May 12, 2022	24,000.00	–	–	–	24,000.00
Luc van Os	September 23, 2021	105.00	–	–	–	105.00

1 Held via PS VII Master L.P.

Committees
The Board has appointed from among its Non-Executive Directors three committees to assist it in discharging its responsibilities: the Audit Committee, the Remuneration Committee and the Nomination Committee. Without prejudice to the collegiate responsibility of the Board, the duty of these committees is to prepare the decision-making of the Board.

The Board has drawn up regulations for each committee, setting out the role and responsibilities of the committee concerned, its composition and size and the manner in which its meetings should be held. These regulations are available on the investor relations part of the UMG website.

The current composition of the committees is detailed in the following table:

	Audit Committee	Remuneration Committee	Nomination Committee
Sherry Lansing		Member	Member
Antoine Fiévet	Member	Chair	
Bill Ackman			Member
Cathia Lawson-Hall	Member		
Cyrille Bolloré		Member	
James Mitchell		Member	
Luc van Os	Chair		
Manning Doherty			Member
Margaret Frerejean-Taittinger	Member		Chair
Nicole Avant			Member

The Audit Committee
The Audit Committee shall advise the Board in relation to its responsibilities, shall undertake preparatory work for the Board's decision-making regarding the supervision of the integrity and quality of the Company's financial and sustainability reporting and the effectiveness of the Company's internal risk

management and control systems and shall prepare resolutions of the Board in relation thereto.

In addition to the foregoing, the Audit Committee's main responsibilities include: (i) supervising and monitoring, and discussing with and advising the Board on, the effectiveness of the design and operation of the internal risk management and control systems, including supervising the enforcement of all applicable laws and regulations and supervising the effect of the Code of Conduct, (ii) supervising the preparation and submission of financial and sustainability information by the Company, (iii) supervising the compliance with recommendations, comments and observations of the internal auditor, the external auditor(s) and any other external party involved in the auditing of the sustainability reporting, (iv) instructing the external auditor(s) and the internal audit function to inform the Executive Directors and the chair of the Audit Committee without delay if it or they discover(s) or suspect(s) an instance of misconduct or irregularity, (v) supervising the functioning of the internal audit function, (vi) ensuring that the way in which the internal audit function fulfills its responsibility is assessed by an independent third party at least every five years, (vii) supervising the policy of the Company on tax planning, (viii) supervising the financing of the Company, (vix) supervising the applications of information and communication technology, including risks relating to cybersecurity and data protection and risks relating to new technologies, (x) maintaining frequent contact and supervising the relationship with the internal auditor, the external auditor(s) and any other external party involved in the auditing of the sustainability reporting, (xi) implementing the procedure for the selection of the external auditor(s) and submitting a recommendation to the Non-Executive Directors for the (re)appointment or dismissal of the external auditor(s) by the General Meeting, (xii) informing the Board of the outcome of the statutory audit and explaining how the statutory audit contributed to the integrity of the financial reporting and what the role of the Audit Committee was in that process, (xiii) monitoring the financial reporting and submitting recommendations or proposals to ensure its integrity, (xiv) determining whether, and if so, how the external auditor(s) shall be involved in the content and publication of financial reports other than the financial statements, (xv) issuing a recommendation on the appointment and dismissal of the senior internal auditor, (xvi) submitting a proposal to the Board for the engagement of the external auditor(s) to audit the financial statements, and (xvii) considering and, where appropriate, approving for recommendation to the Board the (semi-annual) financial statements, the annual budget and major capital expenditures of the Company.

In 2023, the Audit Committee held five meetings, three of which were in-person meetings and two of which took place via video calls. The meetings were attended by the Audit Committee members as well as by the Chief Financial Officer, the Controller, the Head of Internal Audit, the external auditor(s) and other corporate and senior executives, as appropriate.

Among the items discussed were the annual report, the semi-annual financial report, the quarterly results, the accompanying press releases, the external auditor's findings and audit report, the auditor selection procedure and the nomination for appointment of Ernst & Young Accountants LLP as the external auditor for the financial years 2023 up to and including 2025, the external auditor's engagement, the external audit plan, the (final and interim) dividend proposals, the annual budget and business plan, the financing of the Company, including the new issuance under the Euro Medium Term Note program, the

Company's tax planning policy, compliance, the Internal Audit and Controls Assurance departments, the internal audit plan and the annual risk and fraud risk assessments.

In the first two months of 2023, the Audit Committee also regularly discussed, outside of its official meetings, the auditor selection procedure which was organized by the Company, under the responsibility of the Audit Committee, and which was led by a selection committee designated by the Audit Committee for such purpose. In addition, the chair of the Audit Committee had regular update meetings with the Chief Financial Officer, the Head of Internal Audit, other corporate and senior executives, as appropriate, and the external auditor(s).

Within the Audit Committee, Cathia Lawson-Hall is considered to have competence in accounting and/or auditing and the Audit Committee members as a whole are considered to have competence relevant to the sector in which the Company operates.

The Remuneration Committee

The Remuneration Committee shall advise the Board in relation to its responsibilities, shall undertake preparatory work for the Board's decision-making regarding the determination of the remuneration of the individual Executive Directors and Non-Executive Directors, with due observance of the remuneration policies for the Executive Directors and Non-Executive Directors, respectively, and shall prepare resolutions of the Board in relation thereto.

In addition to the foregoing, the Remuneration Committee's main responsibilities include: (i) at least every four years submitting a proposal to the Board for the remuneration policies to be pursued with regard to the Executive Directors and Non-Executive Directors, to be tabled at the annual General Meeting for adoption and (ii) annually preparing the remuneration report, to be tabled at the annual General Meeting for a non-binding advisory vote.

In 2023, the Remuneration Committee held three meetings, two of which were in-person meetings and one of which took place via video call. The meetings were attended by the Remuneration Committee members as well as by the Chief People and Inclusion Officer and other corporate and senior executives, as appropriate.

Among the items discussed were the remuneration report, the remuneration of the Executive Directors, including the selection of appropriate performance metrics and targets, and of the Non-Executive Directors and the extension and amendment of Sir Lucian Grainge's employment agreement.

In addition, the chair(s) of the Remuneration Committee had regular update meetings with the Chief People and Inclusion Officer and other corporate and senior executives, as appropriate.

The Nomination Committee

The Nomination Committee shall advise the Board in relation to its responsibilities, shall undertake preparatory work for the Board's decision-making and shall prepare resolutions of the Board in relation thereto.

In addition to the foregoing, the Nomination Committee's main responsibilities include: (i) drawing up selection criteria and appointment procedures for the Directors, (ii) annually assessing the size and composition of the Board, and making a proposal for the profile for Non-Executive Directors, (iii) annually evaluating the functioning of the Board as a whole, the individual Directors and the various committees, ensuring that such evaluation periodically takes place under the supervision of an external expert and reporting on this to the Board, (iv) formulating succession plans for Directors and drawing up a retirement schedule, (v) making recommendations for the (re)appointment of Directors and (vi) supervising the policy of the Board on the selection criteria and appointment procedures for senior management.

In 2023, the Nomination Committee held six meetings, two of which were in-person meetings and four of which took place via video calls. The meetings were attended by the Nomination Committee members as well as by the General Counsel and other corporate and senior executives, as appropriate.

Among the items discussed were the nomination for appointment of Haim Saban as (a new) Non-Executive Director, the nomination for (early) reappointment of Sherry Lansing, Anna Jones and Luc van Os as Non-Executive Directors, the composition of the committees, (the results and feedback of the assessment of) the functioning of the Board, the various committees and the individual Directors, the search for new candidates for Non-Executive Director positions and the succession planning and retirement schedule.

Attendance and availability

The following table provides an overview of the attendance rate of the individual Non-Executive Directors at the Board and committee meetings. Attendance is expressed as a number of meetings attended out of the number of meetings held during 2023.

	Board	Audit Committee	Remuneration Committee	Nomination Committee
Sherry Lansing	7 - 7		3 - 3	5 - 5
Antoine Fiévet	7 - 7	5 - 5	1 - 1	
Bill Ackman	7 - 7			6 - 6
Cathia Lawson-Hall	7 - 7	5 - 5		
Cyrille Bolloré	7 - 7		3 - 3	
Haim Saban	2 - 2			
James Mitchell	7 - 7		3 - 3	
Luc van Os	7 - 7	5 - 5		
Manning Doherty	6 - 7			6 - 6
Margaret Frerejean-Taittinger	7 - 7	5 - 5		6 - 6
Nicole Avant	6 - 7			5 - 6

All Non-Executive Directors have had sufficient time available for their responsibilities as evidenced by their prompt responses to e-mails, their availability for meetings, educational sessions and calls and their well-preparedness for and active participation in such meetings, sessions and calls. Where a Non-Executive Director was not available for a particular meeting, he or she was given the opportunity to provide input beforehand and was updated afterwards. At all Board and committee meetings, there was a quorum present, such in accordance with the Board Regulations or the regulations of the committees.

Appreciation

As the Non-Executive Directors, we wish to express our gratitude to the Executive Directors and all UMG employees for their hard work and dedication in 2023.

The Non-Executive Directors

Sherry Lansing
Antoine Fiévet
Bill Ackman
Cathia Lawson-Hall
Cyrille Bolloré
Haim Saban
James Mitchell
Luc van Os
Manning Doherty
Margaret Frerejean-Taittinger
Nicole Avant

Hilversum, March 28, 2024

REMUNERATION REPORT

This remuneration report offers insight into the remuneration provided to the Executive Directors and Non-Executive Directors during 2023.

The General Meeting on September 20, 2021 adopted the remuneration policies for the Executive Directors (the **Executive Directors' Remuneration Policy**) and Non-Executive Directors (the **Non-Executive Directors' Remuneration Policy**), outlining the framework to determine the remuneration for the Executive Directors and Non-Executive Directors, respectively. In addition, as discussed further below, the General Meeting on May 11, 2023 approved a supplement to the Executive Directors' Remuneration Policy in respect of Sir Lucian Grainge's remuneration package. The supplement applies to Sir Lucian Grainge only and does not affect the remuneration of any other Executive Director.

Unless the context provides otherwise, references in this remuneration report to the Executive Directors' Remuneration Policy refer to the policy as supplemented on May 11, 2023. Where legacy arrangements were in place for the Executive Directors prior to their appointment to the Board, the Executive Directors' Remuneration Policy allows such legacy arrangements to be respected. The current Remuneration Committee and the Board had no input on such legacy arrangements.

This remuneration report has been prepared in accordance with article 2:135b of the Dutch Civil Code and the Dutch Corporate Governance Code. It will be presented for an advisory vote to Shareholders at the annual General Meeting to be held on May 16, 2024.

Executive Directors' Remuneration Policy

The objective of the Executive Directors' Remuneration Policy is to provide a compensation framework that allows UMG to attract, motivate and retain highly qualified Executive Directors and to incentivize and reward long-term, sustainable growth of UMG. In order to ensure that the Executive Directors' Remuneration Policy is aligned with UMG's identity, mission and core values, it is built on the following principles:

- Focus on Company performance by including at-risk pay for the Executive Directors
- Linkage of performance objectives with UMG's strategy
- Alignment of Shareholders' interests with Executive Directors' compensation design
- Ensure competitiveness with relevant markets to support UMG's ability to attract, retain, and motivate high caliber talent
- Support a simple and transparent framework

Summary Overview of the Key Remuneration Elements and Approach to the Remuneration for 2023

In 2023, the Executive Directors were as follows:

Executive Director	Position
Sir Lucian Grainge	Chairman and Chief Executive Officer (CEO)
Vincent Vallejo	Deputy Chief Executive Officer, Corporate

On March 30, 2023, Sir Lucian Grainge entered into an extension of his prior employment agreement (the **Legacy Agreement**). The amended and extended employment agreement (the **Current Agreement**) runs until May 1, 2028.

Sir Lucian Grainge's Legacy Agreement, effective for 2023 from January 1, 2023 through March 30, 2023, and Vincent Vallejo's remuneration for 2023 continued to be subject to legacy arrangements contractually agreed prior to their appointment to the Board.

The table below sets out the key elements of the remuneration provided in the Executive Directors' Remuneration Policy versus the remuneration approach in 2023 for Sir Lucian Grainge under both the Legacy Agreement (until effectiveness of the Current Agreement) and the Current Agreement, and for Vincent Vallejo under his management services agreement. Sir Lucian Grainge's compensation is denominated in US dollars and is reflected throughout this Remuneration Report remuneration report in both euros and US dollars based on the average monthly US dollar to euro exchange rate in 2023 of 0.924.

Element	Key remuneration elements per Executive Directors' Remuneration Policy	Remuneration approach for 2023		
Base salary	Fixed cash compensation, aligned with the Executive Directors' experience and scope of responsibilities and intended to attract and retain Executive Directors necessary to execute the Company's strategy (as set out above under 'Strategy').	**Chairman and CEO:**		
			Legacy Agreement	*Current Agreement*
		Annualized	€16,186,369	€4,620,343
		Deputy CEO:		€960,000
Short-term incentive (STI)[1]	Variable compensation payable annually in cash, shares, or a combination thereof, subject to the achievement of annually pre-established objectives to ensure Executive Director alignment with, and motivate the achievement of, the annual business priorities for the relevant year. On-target STI of up to 300% of annual base salary; maximum STI payout of no more than 200% of target bonus amount for overachievement of targets.	**Chairman and CEO:**		
			Legacy Agreement	*Current Agreement*
			EBITA Bonus: Annual cash bonus equal to 1% of UMG's EBITA for the relevant *(eliminated entirely for 2023 under the Current Agreement)* Contingent Bonus: Annual contingent cash bonus equal to €10,790,913 subject to UMG meeting specific financial and non-financial targets *(paid pro rata*	Target bonus: Annual cash bonus with a target payout of €9,240,685, a minimum payout of €0 and a maximum payout of €13,861,028 (300% of base salary), subject to the achievement of specific financial targets detailed below.

Element	Key remuneration elements per Executive Directors' Remuneration Policy	Remuneration approach for 2023
		for 2023 for the period that the Legacy Agreement was in effect, i.e., from January 1, 2023 through March 31, 2023). Deputy CEO: Annual cash bonus with a target payout of €480,000 (50% of base salary), a minimum payout of €0 and a maximum payout of €960,000 (100% of base salary), subject to the achievement of specific financial targets.
Long-term incentive (LTI)[1]	Variable compensation payable annually in cash, shares, or a combination thereof, subject to the achievement of annually pre-established objectives and/or continued services to retain Executive Directors necessary to execute the Company's strategy, to align the interests of Executive Directors with those of Shareholders and other stakeholders, and to reward delivery of long-term value creation linked to the Company's strategy and strengthen alignment with the interests of Shareholders. LTI grant value is capped at 500% of annual base salary.	Chairman and CEO: *Legacy Agreement*: None *Current Agreement*: Annual Award: €18,481,370 in a combination of restricted stock units (**RSUs**) and performance stock units (**PSUs**), subject to the achievement of specific financial targets detailed below. One-Time Transition Award: €92,406,852, 50% in the form of RSUs which vest in equal installments over 5 years and 50% in performance stock options (**PSOs**) which vests in equal installments over 4 years and are exercisable only when the share price meets levels detailed below. Deputy CEO: No annual LTI grant
Retirement and other post-employment benefits	Customary retirement income and severance benefits to provide future income security, aligned with relevant market levels.	Chairman and CEO: Agreement[2] unchanged: Pension allowance equals 20% of annual base salary, capped at €1,478,510 per year, for a total potential maximum pension allowance of €295,702 per year. Deputy CEO: Agreement unchanged: Participates in the local UMG pension plan.
Other benefits	Customary and market competitive arrangements to compensate for any reasonable costs incurred or perks required for the performance of their duties.	Chairman and CEO: Agreement unchanged: Covers, among other things, health and welfare, housing allowance, automobile, tax equalization, security, and home leave. Deputy CEO: Agreement unchanged: Covers health and welfare, housing allowance, automobile, tax consultation and life insurance.

1 When establishing the Threshold, Target and Maximum goals for the Short-Term and Long-Term Incentive goals, scenario analysis was conducted whereby the potential achievement of these various goals and their alignment to our strategic financial goals assisted in determining that the final goals were appropriate.

2 Additional severance detail under the Severance Payments and Termination Provisions section below

The Remuneration for the Executive Directors in 2023

CEO Employment Agreement

As discussed in the 2022 remuneration report, the Legacy Agreement reflected the arrangements contractually agreed with Sir Lucian Grainge prior to his appointment to the Board. Such legacy arrangements did not always align with the Executive Directors' Remuneration Policy but were allowed as the Executive Directors' Remuneration Policy permits deviations in respect of legacy arrangements.

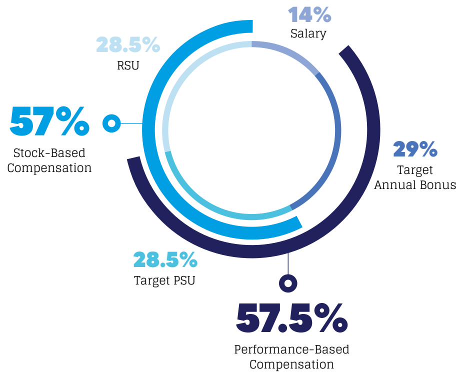
The aim of the Current Agreement is to better align Sir Lucian Grainge's remuneration package with the Executive Directors' Remuneration Policy, and with Shareholders' interests, including a change to a more performance-based and share-based remuneration package. When determining the remuneration package to be offered to Sir Lucian Grainge under the Current Agreement, the Board took into consideration its belief that retaining, securing and incentivizing Sir Lucian Grainge, who has a unique position of leadership in the music industry and has a longstanding relationship with, and knowledge of, UMG and its business, would be in the best interests of the Company and its stakeholders. The Board also took into consideration Sir Lucian Grainge's remuneration and other benefits under the Legacy Agreement, including what was payable if the Legacy Agreement was not renewed. Furthermore, the Board considered that the remuneration offered to Sir Lucian Grainge should be competitive compared to CEOs of other companies in the fields of media, entertainment and tech, which are largely headquartered in the U.S. and therefore examined the compensation practices of the following companies as part of its due diligence:

Activision Blizzard, Inc.	Altice USA, Inc.	Discovery, Inc.
DISH Network Corporation	Electronic Arts Inc.	Fox Corporation
Live Nation Entertainment, Inc.	Netflix, Inc.	News Corporation
Sirius XM Holdings Inc.	Warner Music Group Corp.	

These considerations, along with discussions with Sir Lucian Grainge, led to the Current Agreement with a remuneration package as set out in this remuneration report. As certain elements of the Current Agreement relating to termination and severance benefits continued to deviate from the then applicable Executive Directors' Remuneration Policy, the Board, at the recommendation of the Remuneration Committee, proposed that Shareholders be given an opportunity to approve a supplement to the Executive Directors' Remuneration Policy. The supplement, upon approval, would ensure that the Current Agreement would fall within the scope of the Executive Directors' Remuneration Policy. The General Meeting on May 11, 2023 approved the supplement to the Executive Directors' Remuneration Policy in respect of Sir Lucian Grainge.

As discussed above and in further detail below, the Current Agreement results in Sir Lucian Grainge having a significant portion of his remuneration be performance-based (i.e., subject to the achievement of annually pre-established objectives) and share-based (i.e., aligned with Shareholders' interests generally) as follows:

CEO ANNUAL TARGET PAY



Deputy CEO Employment Agreement

The remuneration of Vincent Vallejo for 2023 continues to reflect the legacy arrangements contractually agreed with him prior to his appointment to the Board under his management services agreement.

Key Remuneration Elements and Approach to Remuneration for 2023

The following is a discussion of the key remuneration elements of 2023 for each of the Executive Directors.

Base Salary

Base salary provides competitive fixed cash compensation reflective of the Executive Director's skills, experience, scope of responsibilities and the external market. The following sets out the 2023 base salary for each Executive Director, as well as the relative changes to the 2022 base salary:

Executive Director	Actual 2022	Actual 2023[1]	% Change
Sir Lucian Grainge	€15,412,990	€7,511,849	-51.3%
Vincent Vallejo	€960,000	€960,000	0.0%

1 Reflects Sir Lucian Grainge base salary under the Legacy Agreement for the first three months of 2023 and his new base salary under the Current Agreement effective as of April 1, 2023

The decrease in the 2023 base salary for Sir Lucian Grainge reflects his transition from an all-cash remuneration package to an updated remuneration package with equity where a significant portion of his total remuneration package is performance-based and share-based.

Short-Term Incentive

In order to motivate the Executive Directors to achieve the annual business priorities for the relevant year and tie a portion of their annual remuneration to Company performance, each Executive Director is eligible for an annual short-term incentive bonus under their employment or management services agreements based on the achievement of certain financial growth objectives.

For 2023, the annual short-term incentive bonus target for each Executive Director was as follows:

Executive Director	Target Percentage of Base Salary	Target Amount
Sir Lucian Grainge	200.0%	€9,240,685
Vincent Vallejo	50.0%	€480,000

For 2023, Sir Lucian Grainge was measured on the following performance metrics and performance results:

Performance Metric	Weighting	Target (100% Payout[1])	Maximum (150% Payout[1])	Actual	Earned %
Revenue Growth	50%	7.2%	10.4%	13.3%	150.0%
Adjusted EBITDA Growth	50%	16.6%	22.4%	18.9%	119.9%
Total					134.9%

1 Payout percentage of target bonus amount

The target for each performance metric aligns with the Company's annual budget, as approved by the Board. The Board determined, as provided under Sir Lucian Grainge's Current Agreement, the threshold level of achievement required for any payout of the annual short-term incentive bonus at 90% of target, where achievement of the threshold level would result in a 50% payout. Achievement of less than the threshold level would result in a 0% payout. In addition, the Board determined the level of achievement required for maximum payout of the annual short-term incentive bonus. In accordance with Sir Lucian Grainge's Current Agreement, the maximum payout is €13,861,028, or 150% of target. Payout results for performance between threshold/target and target/maximum are linearly interpolated.

For 2023, Vincent Vallejo was measured on the following performance metrics and performance results:

Performance Metric	Weighting	Target (100% Payout[1])	Maximum (200% Payout[1])	Actual	Earned %
Revenue Growth	50%	7.2%	10.4%	13.3%	200.0%
Adjusted EBITDA Growth	50%	16.6%	22.4%	18.9%	139.6%
Total					169.8%

1 Payout percentage of target bonus amount

Sir Lucian Grainge's Legacy Agreement

For 2023, under the terms of the Legacy Agreement, Sir Lucian Grainge was entitled to receive an annual cash bonus in an amount equal to 1% of UMG's 2023 EBITA (the EBITA Bonus), which was eliminated under the terms of the Current Agreement. In addition, Sir Lucian Grainge was also entitled to an annual contingent cash bonus in an amount equal to €10,790,913, subject to UMG meeting specific financial and non-financial performance measures (the Contingent Bonus). The Contingent Bonus was subject to meeting one of the following performance measures: UMG's year-over-year EBITA, market share of the U.S. recorded music market and success of UMG's exclusively signed artists on the Billboard 100 or 200 chart. Under the terms of the Current Agreement, the amount of the Contingent Bonus was €2,697,728.

Long-Term Incentive

As discussed in further detail below, in 2023, Sir Lucian Grainge received an Annual Award, a One-Time Transition Award, and a one-time RSU award for the lost value of Vivendi equity awards in connection with the Listing (a **Special One-Time Award**). In 2023, Vincent Vallejo received a Special One-Time Award.

Annual Award

Under the terms of the Current Agreement, Sir Lucian Grainge is entitled to an annual grant of RSUs and PSUs with an aggregate equity value of €18,481,370, with no more than 50% of the grant being in the form of PSUs. The RSUs are time-based and vest ratably over 3 years. The PSUs are performance-based where payout depends on the level of achievement of performance metrics that are determined by the Board. The target for each performance metric will be no less favorable than the Company's annual budget, as approved by the Board. The maximum payout of the PSUs is 200% of target and the minimum payout for the threshold level of achievement will be no less favorable than 50% payout for 90% achievement of the target performance levels. Performance at less than 90% of target will result in a 0% payout under the PSUs.

In 2023, Sir Lucian received the following:

Type	Grant size	Performance metrics and vesting requirements
RSU	€9,240,685	Requires continued services; vests ratably over 3 years
PSU	€9,240,685[1]	Requires continued services; vests 100% after 3 years Metrics • 50.0% to vest based on 3-year Adjusted EBITDA CAGR target • 25.0% to vest based on 3-year Revenue CAGR target • 25.0% to vest based on 3-year Relative TSR (Total Shareholder Return) target

1 Reflects the economic value of the underlying award as opposed to the accounting value under IFRS2

With respect to the PSUs, the Board selected these performance metrics, which represent key performance indicators used by the Company, to provide a foundation for long-term growth and promote long-term value creation.

The targets for Revenue CAGR and Adjusted EBITDA CAGR are not disclosed as doing so could create competitive harm. The Relative TSR targets measure the Company's share price performance against the S&P 500 Media & Entertainment Index and are as follows:

Metric	Threshold (50% payout)	Target (100% payout)	Maximum (200% payout)
Relative TSR	25th percentile	50th percentile	75th percentile

One-Time Transition Award

Under the terms of the Current Agreement, in order to transition Sir Lucian Grainge from an all-cash remuneration package to a combination of cash and equity, with a significant portion of such equity performance-based, Sir Lucian Grainge is entitled to a one-time €92,406,852 equity grant (the **One-Time Transition Award**), as follows:

Type	Grant size	Performance metrics and vesting requirements
RSU	€46,203,426	Requires continued services; vests ratably over 5 years
PSO	€46,203,426	Requires continued services; vests ratably over 4 years and become exercisable[1] if the Company achieves the following share price hurdles: • 1/3rd of vested PSOs at €26.50[2] • 1/3rd of vested PSOs at €30.00[2] • 1/3rd of vested PSOs at €38.00[2]

1 Strike price is as of the closing stock price on April 30, 2023

2 Based on a 30-day average closing share price and must be achieved within the term of the Current Agreement ending May 1, 2028

Special One-Time Awards

Prior to the Listing, Vivendi granted Sir Lucian Grainge and Vincent Vallejo equity awards in the form of performance shares payable in Vivendi stock. These Vivendi equity awards were not adjusted to offset the impact of the spin-off in connection with the Listing, and the value of these Vivendi equity awards significantly decreased as a result. To make Sir Lucian Grainge and Vincent Vallejo whole and compensate them for the loss of value of these Vivendi equity awards, upon recommendation of the Remuneration Committee, the Board granted the following to each Executive Director:

Executive Director	Number of RSUs	Vesting requirements
Sir Lucian Grainge	30,000 30,000 40,000	Requires continued services; vests in 1 year from grant
Vincent Vallejo	7,500	Requires continued services; vests in 1 year from grant

Malus and Claw-back

In 2023, no application of claw-back was applied on any kind of variable payments for the Executive Directors.

Severance Payments and Termination Provisions

In 2023, no severance payments were made to the Executive Directors.

Sir Lucian Grainge

Sir Lucian Grainge is entitled to the following severance benefits under his Current Agreement in case Universal Music Group, Inc. (**UMG, Inc.**) terminates Sir Lucian Grainge's employment without 'Cause', Sir Lucian Grainge terminates his employment for 'Good Reason', or in case of 'Non-Renewal' of Sir Lucian Grainge's Current Agreement (as defined below):

1. a lump-sum cash amount equal to Sir Lucian Grainge's unpaid base salary earned up to the date of his termination of employment plus an amount equal to two years of base salary.
2. a lump-sum cash amount equal to the unpaid portion of any earned bonuses with respect to the last fiscal year ended prior to the date of Sir Lucian Grainge's termination of employment plus the €9,240,685 target annual bonus for the year in which Sir Lucian Grainge's termination of employment occurs plus two years of the €9,240,685 target annual bonus.
3. a lump-sum cash amount equal to the amount that UMG, Inc. would have paid during the 2 years following Sir Lucian Grainge's termination of employment (based on rates in effect at the time of termination of employment) to provide Sir Lucian Grainge with the benefits he would have been entitled to receive under the additional pension allowance and the broad base of benefit plans in which Sir Lucian Grainge may participate, provided that such amount will not include any vacation benefits.
4. each equity award outstanding at the termination of Sir Lucian Grainge's employment, with each such equity award vesting on a pro rata basis in accordance with the terms of the applicable equity award agreement, except that Sir Lucian Grainge will be deemed to be continuously employed for a period of 2 years from the date of termination for 'Good Reason', 'without Cause' or following a 'Non-Renewal', with any performance-based equity awards continuing to vest for a period of 2 years from the date of termination and such vested portion of applicable performance-based equity awards to be settled at target.

'Good Reason' includes:

1. removal of Sir Lucian Grainge from his position as an Executive Director or as Chairman and CEO of UMG, Inc. or the Company resulting in a material diminution in Sir Lucian Grainge's authority, duties or responsibilities, or in the budget over which Sir Lucian Grainge retains authority.

2. the requirement for Sir Lucian Grainge to report to anyone with materially less authority, duties or responsibilities;
3. a material decrease in Sir Lucian Grainge's authority, duties or responsibilities, including, but not limited to, a material adverse change to Sir Lucian Grainge's authority, duties or responsibilities as they relate to managing Sir Lucian Grainge's direct reports or Sir Lucian Grainge's involvement in setting UMG's annual budget or UMG's strategy.
4. a reduction in Sir Lucian Grainge's base salary or target bonus or annual equity award constituting a material diminution in Sir Lucian Grainge's base compensation as determined for purposes of Section 409A of the Internal Revenue Code of 1986, as amended, and the regulations and guidance promulgated thereunder.
5. the requirement that Sir Lucian Grainge's principal place of employment be located other than at the principal offices of UMG, Inc. located in Los Angeles, California, provided that such change in location is a material change in the geographic location at which Sir Lucian Grainge must provide his services as determined for purposes of Section 409A of the Internal Revenue Code of 1986, as amended, and the regulations and guidance promulgated thereunder.
6. a material breach by UMG, Inc. of the Current Agreement (whether or not otherwise set forth in clauses (1) — (5) above).
7. a 'Change in Control'.

A 'Change in control' is defined as a change in the ownership of the Company, which occurs on the date that any one person would be entitled to, directly or indirectly, exercise at least 30% of the votes in a General Meeting (**Predominant Control**) (which would pursuant to Dutch law trigger a mandatory public takeover offer for all of the outstanding Shares); provided, however that no change in control will be considered to exist (i) if the voting power of any one person, or more than one person acting in concert, who at the date of the Current Agreement was already entitled to exercise 30% or more of the votes in a General Meeting increases, and (ii) if the person who acquired Predominant Control loses such Predominant Control within 30 days of acquiring it, unless the Person who acquired Predominant Control has exercised its voting rights in that 30-day period.

'Cause' has a commonly used meaning.

'Non-Renewal' means the expiration of the Current Agreement, with UMG, Inc. not having made an offer of employment on terms at least as favorable as the terms set forth in the Current Agreement at least 90 days before the expiration date of the Current Agreement.

In addition, Sir Lucian Grainge cannot compete against UMG for 24 months following any termination of employment (whether by UMG or by Sir Lucian Grainge) and following expiration of the term of his Current Agreement. In cases where Sir Lucian Grainge is entitled thereto, the severance payment is also considered consideration for the non-competition.

Vincent Vallejo

Vincent Vallejo's management services agreement converted into an indefinite-term agreement on October 1, 2023. His management services agreement does not provide for a severance payment, but he is eligible for severance under Dutch law.

Total Remuneration[1]

Total remuneration of the Executive Directors is presented in the table below. For Sir Lucian Grainge, the increase in remuneration year-over-year is primarily driven by the transition to a more performance-based and share-based remuneration package. The equity remuneration in the table below reflects the grant value of awards.

Name	Reported year	Fixed remuneration	Variable remuneration			Benefits and one-off amounts			Total remuneration[1]	Proportion fixed – variable remuneration
		Base Salary	Short-Term Incentive	Long-Term Incentive	One-Time Transition Award	Retirement Benefits	Other Benefits	Other Payments		
Sir Lucian Grainge, Chairman and CEO[2,3]	2023	€7,511,849	€15,163,413	€18,481,370[4]	€92,406,852[4,5]	€295,702	€2,973,670	€1,981,000[6]	€138,813,856	8% / 92%
	2022	€15,412,990	€28,768,466	€0		€302,410	€2,807,202	€0	€47,291,068	39% / 61%
	2021	€13,192,829	€24,673,885	€0		€0[7]	€2,994,992	€0	€40,861,707	40% / 60%
Vincent Vallejo, Deputy CEO	2023	€960,000	€815,040	€0		€41,053	€57,596	€948,575[8]	€2,822,264	38% / 62%
	2022	€960,000	€570,929	€0		€41,053	€83,739	€968,750[8]	€2,624,471	41% / 59%
	2021	€720,000	€602,859	€0		€0[7]	€62,838[9]	€800,000[8]	€2,185,698	36% / 64%

1 Sir Lucian Grainge and Vincent Vallejo participated in Vivendi share schemes prior to the Listing that are not included. Reference is made to pages 131 to 133 of the Company's prospectus dated September 14, 2021, which is available on the investor relations part of the UMG website (the Prospectus) for further details.

2 For 2023, Sir Lucian Grainge's remuneration has been converted from US dollars into euros using a monthly average FX rate of 0.924.

3 In addition, other payments were made by Vivendi to Sir Lucian Grainge in 2021 in connection with but not limited to the Listing. Reference is made to pages 129 and 131 of the Prospectus that outline the following payments: €17,530,000 for the Tencent-led Consortium acquiring an additional 10% of the Shares, €20,909,789 for the Pershing Entities acquiring their 10% interest in the Company and €194,982,887 for the Listing.

4 Sir Lucian Grainge's Long-Term Incentive and One-Time Transition Award reflect the grant value as of the grant date (April 30, 2023 at a grant price of €19.81). As of December 31, 2023, Sir Lucian Grainge has not versted any of his awards.

5 The One-Time Transition Award will not be applicable in subsequent years. As of December 31, 2023, Sir Lucian Grainge has not vested any of his awards and has not achieved any of the stock price hurdles associated with his PSOs.

6 Special One-Time Award amount reflects the number of units granted on April 30, 2023 at €19.81 per share.

7 For 2021, Retirement Benefits were included as part of Other Benefits. For 2022 and 2023, Retirement Benefits were separated into their own column. For 2021, Sir Lucian Grainge's Retirement Benefits amount was €268,686, included in the 2021 Other Benefits amount of €2,994,992. For 2021, Vincent Vallejo's Retirement Benefits amount was €25,243, of which €9,900 was included in the 2021 Other Benefits amount of €62,838 and €15,343 of 2021 Retirement Benefits was excluded.

8 Amounts reflect the recognition awards paid in 2021 and 2022 in connection with the Listing and a cash retention payment paid in 2023. In addition, for 2022, amounts reflect the value of the Special One-Time Award which was granted on November 30, 2022 at €22.50 per share and for 2023, the value of the Special One-Time Award which was granted on April 30, 2023 at €19.81 per share.

9 For 2021, Other Benefits excluded €6,750 for company car related expenses.

[1] The Remuneration Table includes information and figures that are audited as part of Note 24 of the Annual Consolidated Financial Statements and Note 11 of the Company Financial Statements

Share-Based Remuneration

Total share-based remuneration of the Executive Directors in 2023 is presented in the table below:

	The main conditions of share award plans								Information regarding reported financial year						
									Opening balance	During the year			Closing Balance		
Name of Director, position	Specification of plan	Award type	Performance period	Award date	Vesting date	End of holding period[1]	Expire Date	StrikePrice	Units awarded at the beginning of the year	Units awarded	Dividend Equivalents Added	Units vested	Units subject to a performance condition	Units awarded and unvested as of year end	Units subject to a holding period
Sir Lucian Grainge, Chairman and CEO	2022 UMG Global Equity Plan	RSU	N/A	4/30/2023	4/30/2024[2]	N/A	N/A	N/A	0	30,000	738	0	0	30,738	N/A
		RSU	N/A	4/30/2023	4/30/2024[2]	N/A	N/A	N/A	0	30,000	738	0	0	30,738	N/A
		RSU	N/A	4/30/2023	4/30/2024[2]	N/A	N/A	N/A	0	40,000	984	0	0	40,984	N/A
		RSU	N/A	4/30/2023	4/30/2026[3]	N/A	N/A	N/A	0	459,700	11,314	0	0	471,014	N/A
		PSU	1/1/2023 – 12/31/2025	4/30/2023	4/30/2026[4]	N/A	N/A	N/A	0	459,700	11,314	0	471,014	471,014	N/A
		RSU	N/A	4/30/2023	4/30/2028[5]	N/A	N/A	N/A	0	2,298,496	56,569	0	0	2,355,065	N/A
		PSO	N/A	4/30/2023	4/30/2027[6]	N/A	4/30/2033	€19.81	0	8,624,917	0	0	8,624,917	8,624,917	N/A
Vincent Vallejo, Deputy CEO	2022 UMG Global Equity Plan	RSU	N/A	11/30/2022	11/30/2023[2]	N/A	N/A	N/A	7,500	0	185	7,685	0	0	N/A
		RSU	N/A	4/30/2023	4/30/2024[2]	N/A	N/A	N/A	0	7,500	185	0	0	7,685	N/A

1 As noted in the Corporate Governance section under 'Compliance with the Code', Shares, once vested, are not subject to a holding period.

2 Special One-Time Award

3 RSUs awarded as part of Sir Lucian Grainge's 2023 Annual Award, vesting 1/3 annually

4 PSUs awarded as part of Sir Lucian Grainge's 2023 Annual Award which vest 100% after 3 years if performance metrics are met

5 50% of the One-Time Transition Award, which vests 1/5 annually

6 50% of the One-Time Transition Award, which vests 1/4 annually and are only exercisable if the following share price hurdles are met: 1/3 at €26.50, 1/3 at €30.00, and 1/3 at €38.00

Remuneration and Company Performance Development

The overview below provides insight into the development of the remuneration of the Executive Directors, Company performance and employee pay as of the Listing in 2021. For Sir Lucian Grainge, the year-over year increase in total remuneration from 2022 to 2023 was primarily driven by the One-Time Transition Award. As noted above, the One-Time Transition Award consists of €46,203,426 of RSUs, which vest ratably over 5 years and €46,203,426 of PSOs, which vest ratably over 4 years and which become exercisable only after the passage of time and achieving the aforementioned share price hurdles.

Element	2021	2022	2023[1]
Remuneration			
Chairman and CEO	€40,861,707	€47,291,068	€64,274,250
Annual change	*Not applicable*	*16%*	36%
Deputy CEO[2]	€2,630,851	€2,624,471	€2,686,990
Annual Change	Not applicable	0%	2%
Company performance			
Adjusted EBITDA (in millions of euros)	€1,788	€2,135	€2,369
Annual Change	Not applicable	19%	11%
Average annual remuneration on an FTE basis of employees			
Average annual[3]	€131,961	€142,039	€180,684
Annual Change	Not applicable	8%	27%
Internal Pay Ratio	310	333	356
Annual Change		8%	7%

1 Equity remuneration is based on the annual total remuneration as reported in the Consolidated Financial Statements included in the Annual Report in accordance with IFRS. In contrast, the Total Remuneration Table reflects 2023 equity awards at grant value.

2 In the table above, the Deputy CEO was employed by UMG effective April 2021. Accordingly, the remuneration for 2021 has been updated and annualized from €2,185,698 to €2,630,851 for year-over-year comparison purposes.

3 Reflects the total personnel costs reported in Note 4, adjusted to be aptly comparable with the remuneration of Executive Directors disclosed above.

The Remuneration for the Non-Executive Directors in 2023

The remuneration structure for Non-Executive Directors has been designed to ensure that UMG attracts, motivates and retains highly qualified Non-Executive Directors, while aligning with the Non-Executive Directors Remuneration Policy. In order to ensure that the Remuneration Policy is aligned with the Company's identity, mission and core values, it is built on the following principles:

- The program is simple and transparent.
- Non-Executive Directors should be compensated competitively against market, considering the level of work required for a company that is similar in size, scope, and complexity to UMG.
- Non-Executive Directors' remuneration is differentiated, as appropriate, for differing Board committee responsibilities and time commitments.
- In order to ensure independent supervision, remuneration of Non-Executive Directors is fixed and not dependent on the Company's financial results.

In 2023, the Non-Executive Directors' remuneration for serving on the Board and Board committees was as follows:

- €90,000 per annum for performing their role as a Non-Executive Director
- €50,000 per annum for performing the role of Chair of the Board
- €20,000 per annum for performing their role as a member of a Board committee
- €10,000 per annum for performing the role of chair of a Board committee

Total Remuneration

Total remuneration of the Non-Executive Directors paid in 2023 is presented in the table below:

	Commencement Date	Board[1]	Audit Committee[1]	Remuneration Committee[1]	Nomination Committee[1]	2023 Remuneration (in euros)
A.R.J.C. Fiévet	9/20/2021	Member	Member	Chair		115,589
A.K. Jones[2]	9/20/2021					105,000
C.F.L. Lawson-Hall	9/20/2021	Member	Member			110,000
C.M.C. Bolloré	5/12/2022	Member		Member		110,000
H. Saban	5/11/2023	Member				62,691
J.G. Mitchell[3]	9/20/2021	Member		Member		0
J.S.J. Craymer[4]	9/20/2021					4,500
L.A.J. Van Os	9/20/2021	Member	Chair			120,000
M. Frerejean-Taittinger	9/20/2021	Member	Member		Chair	140,000
M.L. Doherty[3]	9/20/2021	Member			Member	0
N.A. Avant	5/12/2022	Member			Member	110,000
S.L. Lansing	5/12/2022	Chair		Member	Member	175,417
W.A. Ackman[3]	5/12/2022	Member			Member	0

1 Composition of the Board and Board committees as of December 31, 2023.

2 Anna Jones resigned from the Board effective September 30, 2023.

3 Voluntarily elected to not receive any Non-Executive Director remuneration in 2023.

4 Judy Cramer resigned from the Board effective January 10, 2023

Remuneration Development	2023/2022[1]	2022 vs. 2021[1]
A.R.J.C. Fiévet	5%	0%
A.K. Jones[2]	-25%	0%
C.F.L. Lawson-Hall	-8%	0%
C.M.C. Bolloré	0%	N/A
H. Saban	N/A	N/A
J.G. Mitchell[3]	N/A	N/A
J.S.J. Craymer[4]	-98%	0%
L.A.J. Van Os	-8%	0%
M. Frerejean-Taittinger	0%	0%
M.L. Doherty[3]	N/A	0%
N.A. Avant	0%	N/A
S.L. Lansing	59%	N/A
W.A. Ackman[3]	N/A	N/A

1 2022 and 2021 remuneration amounts have been annualized for purposes of calculating the year-over-year change

2 Anna Jones resigned from the Board effective September 30, 2023.

3 Voluntarily elected to not receive any Non-Executive Director remuneration in 2023

4 Judy Cramer resigned from the Board effective January 10, 2023

The Non-Executive Directors' remuneration is fixed and not dependent on the Company's financial results. Non-Executive Directors are also entitled to reimbursement of reasonable expenses incurred in connection with the performance of their duties for the Company. The Non-Executive Directors are not entitled to receive any compensation on termination of their appointment and are not entitled to participate in the Company's bonus or pension schemes.

Other items

2022 Remuneration Report and Supplement to Remuneration Policy Shareholders' Voting Results

Last year, 58.96% of the Shareholders supported the 2022 remuneration report and 59.03% approved the supplement to the Company's existing Executive Directors Remuneration Policy in respect of Sir Lucian Grainge. After the annual General Meeting held on May 11, 2023, UMG engaged with Shareholders to understand their perspective on the 2022 remuneration report and solicit overall feedback about the Executive Director pay design and practices. Feedback was gathered and reviewed within the context that there were legacy arrangements with each Executive Director in place from prior to their appointment to the Board. Shareholders expressed their desire to see Sir Lucian Grainge signed to a new long-term agreement, and to better align Sir Lucian Grainge's financial interests with that of Shareholders by including equity as a meaningful component of the new agreement. Shareholders also requested that more information be provided on the peer group used to structure the Current Agreement, as well as increased disclosure on the performance metrics used to award both short-term and long-term incentives. UMG believes the Current Agreement reached with Sir Lucian Grainge, as well as this remuneration report, reflect the feedback received from Shareholders.

Deviation from Executive Directors' Remuneration Policy

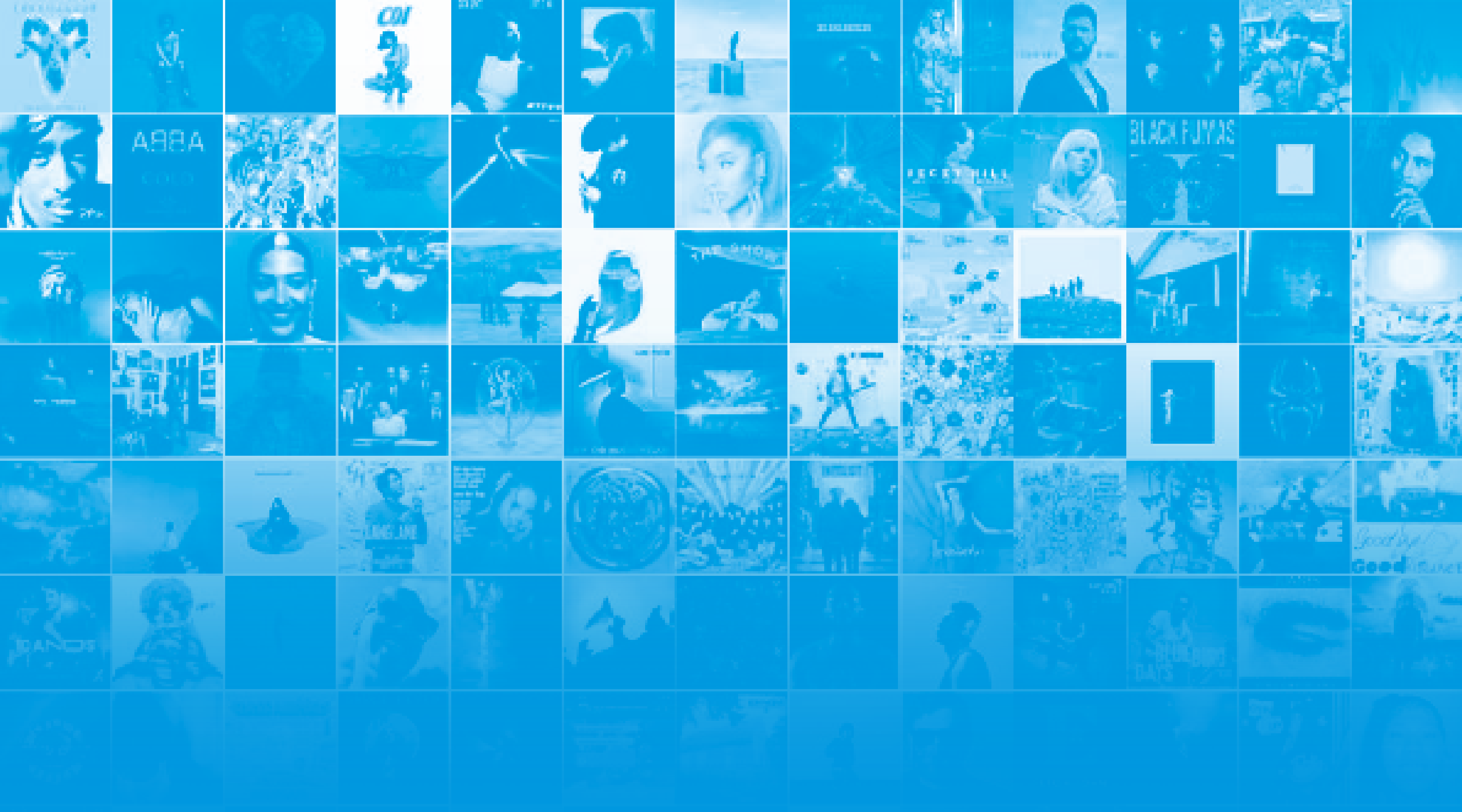
In 2023, the Board temporarily deviated from the Executive Directors' Remuneration Policy to enter into Sir Lucian Grainge's Current Agreement which contained certain elements that were outside the scope of the then applicable Executive Directors' Remuneration Policy. The temporary deviations from the Executive Directors' Remuneration Policy related to Sir Lucian Grainge's termination and severance benefits under the Current Agreement, which are also described in this remuneration report. Entering into the Current Agreement and thus deviating from the Executive Directors' Remuneration Policy allowed UMG to retain and secure Sir Lucian Grainge as UMG's Chairman and CEO.

The Board considered retaining and securing Sir Lucian Grange as UMG's Chairman and CEO to be in the best interest of UMG and its stakeholders, as also explained in the explanatory notes to the agenda for the annual General Meeting held on May 11, 2023.[1]

For these reasons, retaining and securing Sir Lucian Grainge as UMG's Chairman and CEO was deemed such an exceptional circumstance that deviating from the Executive Directors' Remuneration Policy was deemed necessary to serve UMG's long-term interests and sustainability.

As deviations from the Executive Directors' Remuneration Policy may only be temporary in nature, the Board, at the recommendation of the Remuneration Committee, proposed to seek approval from the General Meeting for a supplement to the Executive Directors' Remuneration Policy at the annual General Meeting held on May 11, 2023. As described in detail in the explanatory notes to the agenda for the annual General Meeting held on May 11, 2023, the supplement to the Executive Directors' Remuneration Policy includes those elements of the Current Agreement that deviated from the Executive Directors' Remuneration Policy so that the remuneration and benefits awarded to Sir Lucian Grainge under the Current Agreement would fall within the scope of the Executive Directors' Remuneration Policy upon approval of the supplement by the General Meeting. The supplement to the Executive Directors' Remuneration Policy was adopted at the annual General Meeting held on May 11, 2023.[1]

1 UMGNV_2023_AGM_Agenda



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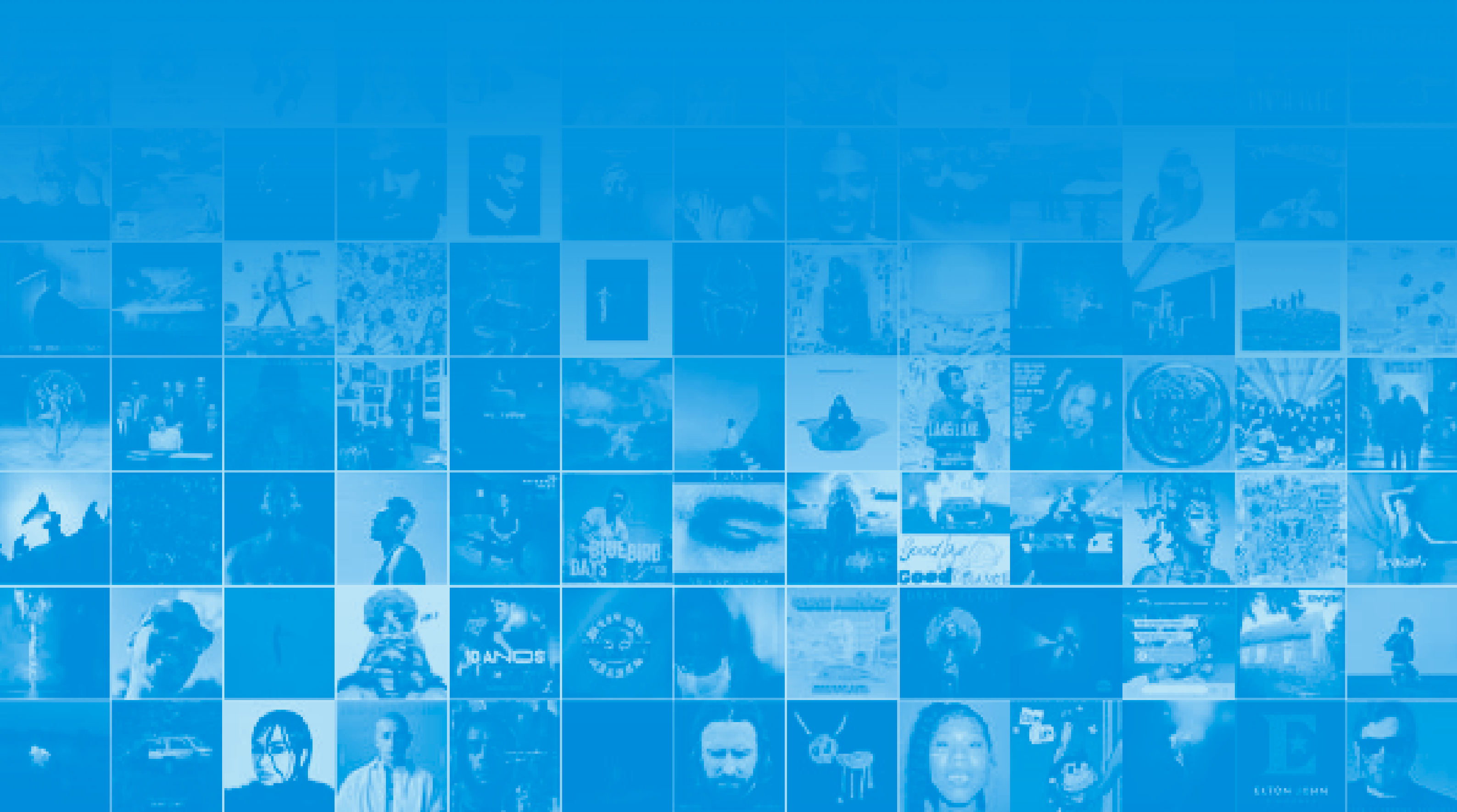

CONSOLIDATED STATEMENTS

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CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

Consolidated Statement of Profit or Loss

		Year ended December 31,	
(millions of euros)	Note	2023	2022
Revenues	3	**11,108**	**10,340**
Cost of revenues	4	(6,208)	(5,753)
Selling, general and administrative expenses	4	(3,213)	(2,702)
Amortisation and impairment losses on intangible assets	8,9	(269)	(285)
Operating profit	3	**1,418**	**1,600**
Financial income	5	454	37
Financial expenses	5	(151)	(735)
		303	**(698)**
Income/(loss) from equity affiliates	12	–	(2)
Profit before income taxes		**1,721**	**900**
Income taxes	6	(458)	(115)
Net profit		**1,263**	**785**
Of which:			
Net profit attributable to equity holders of the parent		1,259	782
Net profit attributable to non-controlling interests		4	3
Earnings per share (in euros)			
Earnings for the period attributable to equity holders of the parent - basic	7	0.69	0.43
Earnings for the period attributable to equity holders of the parent - diluted	7	0.68	0.43

Consolidated Statement of Comprehensive Income

(millions of euros)	Note	Year ended December 31, 2023	2022
Net profit		**1,263**	**785**
Actuarial gains/(losses) related to employee defined benefit plans, net of tax		(3)	36
Financial assets at fair value through other comprehensive income, net of tax		(1)	8
Items not subsequently reclassified to profit or loss, net of tax		**(4)**	**44**
Foreign currency translation adjustments		(150)	184
Other comprehensive income/(loss) from equity affiliates, net of tax		(4)	6
Net gain/(loss) on hedge of net investment		8	-
Items to be subsequently reclassified to profit or loss, net of tax		**(146)**	**190**
Other comprehensive income/(loss), net of tax	20	**(150)**	**234**
Total comprehensive income, net of tax		**1,113**	**1,019**
Of which			
Total comprehensive income attributable to equity holders of the parent		1,109	1,016
Total comprehensive income attributable to non-controlling interests		4	3

Consolidated Statement of Financial Position

		Year ended December 31,	
(millions of euros)	Note	2023	2022
Goodwill	8	1,624	1,578
Non-current royalty advances	3, 9	1,574	1,593
Catalogues	3, 9	3,020	3,058
Other intangible assets	3, 9	180	119
Property, plant and equipment	10	177	167
Right of use assets	11	316	318
Investments in equity affiliates	12	222	156
Non-current financial assets	18	1,436	690
Deferred income tax assets	6	479	348
Other non-current assets		7	8
Non-current assets		**9,035**	**8,035**
Inventories		210	163
Current tax receivables		36	4
Current royalty advances	3, 9	1,060	984
Other current financial assets	18	91	-
Trade and other receivables	13, 14	2,246	2,014
Cash and cash equivalents	16	413	439
Current assets		**4,056**	**3,604**
TOTAL ASSETS		13,091	11,639
Shareowners equity	19	2,962	2,351
Non-controlling interests		21	1
Total equity		**2,983**	**2,352**
Non-current provisions	21	300	291
Long-term borrowings and other financial liabilities	16	1,826	1,113
Deferred tax liabilities	6	676	580
Long-term lease liabilities	11	324	346
Other non-current liabilities	18	715	437
Non-current liabilities		**3,841**	**2,767**
Current provisions	21	122	103
Short-term borrowings and other financial liabilities	16	278	1,137
Trade and other payables	13, 15	5,711	5,150
Short-term lease liabilities	11	86	77
Current tax payables		70	53
Current liabilities		**6,267**	**6,520**
Total liabilities		**10,108**	**9,287**
TOTAL EQUITY AND LIABILITIES		13,091	11,639

Consolidated Statement of Cash Flows

(millions of euros)	Note	Year ended December 31, 2023	2022[1]
Operating activities			
Operating profit	3	1,418	1,600
Adjustments	13	796	568
Royalty advances payments, net of recoupments		(100)	(148)
Gross cash provided by/(used for) operating activities before income tax paid		*2,114*	*2,020*
Other changes in net working capital	13	164	(33)
Net cash provided by/(used for) operating activities before income tax paid		*2,278*	*1,987*
Income tax paid	6	(393)	(255)
Net cash provided by/(used for) operating activities		1,885	1,732
Investing activities			
Catalogue investments		(178)	(359)
Other intangible assets investments		(74)	(60)
Capital expenditures	10	(47)	(33)
Purchases of consolidated companies, after acquired cash		(97)	(22)
Investments in equity affiliates		(81)	(22)
Purchase of financial assets		(154)	(36)
Investments		*(631)*	*(532)*
Proceeds from sales of consolidated companies, after divested cash		1	-
Proceeds from sale of financial assets		1	9
Divestitures		*2*	*9*
Dividends received from equity affiliates	12	4	2
Dividends received from investments		3	1
Net cash provided by/(used for) investing activities		(622)	(520)
Financing activities			
Distributions to shareowners	19	(929)	(798)
Dividends paid by consolidated companies to their non-controlling interests		(2)	(2)
Transactions with shareowners		*(931)*	*(800)*
Proceeds from borrowings		6,647	5,938
Repayments of borrowings		(6,815)	(6,359)
Interest, net		(77)	(30)
Other cash items related to financing activities		(10)	4
Transactions on borrowings and other financial liabilities		*(255)*	*(447)*
Repayment of lease liabilities	11	(80)	(86)
Payment of interest of lease liabilities	11	(14)	(14)
Net cash provided by/(used for) financing activities		(1,280)	(1,347)
Net change in cash and cash equivalents		(17)	(135)
Foreign currency translation adjustments		(34)	1
Change in cash and cash equivalents	16	(51)	(134)
Cash and cash equivalents			
At beginning of the period	16	438	572
At end of the period	16	387	438

1 Reclassified amounts are presented in Note 2.3.

Consolidated Statement of Changes in Equity

Year ended December 31, 2023

(millions of euros)	Note	Number of shares (in thousands)	Share capital	Additional paid-in capital	Treasury shares	Retained earnings	Shareowners equity	Non-Controlling interest	Total equity
BALANCE AS OF DECEMBER 31, 2022		1,813,513	18,135	14,935	(5)	(30,714)	2,351	1	2,352
Net profit		-	-	-	-	1,259	1,259	4	1,263
Income and expenses directly recognized in other comprehensive income, net of tax	20	-	-	-	-	(150)	(150)	-	(150)
TOTAL COMPREHENSIVE INCOME		-	-	-	-	1,109	1,109	4	1,113
Dividends paid and payable by UMG N.V.	19	-	-	-	-	(929)	(929)	(2)	(931)
Share-based compensation plans	23	8,152	82	59	-	317	458	-	458
NCI on acquired catalogue		-	-	-	-	-	-	18	18
Recognition of put option liability on NCI		-	-	-	-	(27)	(27)	-	(27)
TOTAL CHANGES OVER THE PERIOD		8,152	82	59	-	(639)	(498)	16	(482)
BALANCE AS OF DECEMBER 31, 2023		1,821,665	18,217	14,994	(5)	(30,244)	2,962	21	2,983

Year ended December 31, 2022

(millions of euros)	Note	Number of shares (in thousands)	Share capital	Additional paid-in capital	Treasury shares	Retained earnings	Shareowners equity	Non-Controlling interest	Total equity
BALANCE AS OF DECEMBER 31, 2021		1,813,376	18,134	14,941	(12)	(31,033)	2,030	-	2,030
Net profit		-	-	-	-	782	782	3	785
Income and expenses directly recognized in other comprehensive income, net of tax	20	-	-	-	-	234	234	-	234
TOTAL COMPREHENSIVE INCOME		-	-	-	-	1,016	1,016	3	1,019
Dividends paid and payable by UMG	19	-	-	-	-	(798)	(798)	(2)	(800)
Share-based compensation plans	23	137	1	(6)	7	101	103	-	103
TOTAL CHANGES OVER THE PERIOD		137	1	(6)	7	(697)	(695)	(2)	(697)
BALANCE AS OF DECEMBER 31, 2022		1,813,513	18,135	14,935	(5)	(30,714)	2,351	1	2,352

Notes to the Consolidated Financial Statements

Note 1. General information

Universal Music Group N.V. is a public company with limited liability incorporated under the laws of the Netherlands and listed on Euronext Amsterdam under the symbol ‘UMG.AS’. As used herein, the term UMG ("The Group") is used for Universal Music Group N.V. (‘the Company’) and its subsidiaries within the meaning of Section 2:24b of the Dutch Civil Code. UMG’s statutory seat is located in Amsterdam and its principal office is located at:

‘s-Gravelandseweg 80,
1217 EW Hilversum The Netherlands.

UMG is the worldwide leader in music, engaged in recorded music, music publishing and merchandising. It owns more than 50 labels covering all music genres. UMG is home to some of the greatest local and international artists of all time, including The Beatles, Rolling Stones, U2, Andrea Bocelli, Lady Gaga, Helene Fischer and more, as well as many of the biggest artists of the year, such as Taylor Swift, Drake, King & Prince, Morgan Wallen and The Weeknd.

- The recorded music business discovers and develops recording artists, marketing and promoting their music across a wide array of formats and platforms. Its activities also extend to other areas, such as live events, sponsorship, film and television.
- The music publishing business discovers and develops songwriters and owns and administers the copyright for musical compositions used in recordings, public performances and related uses, such as films and advertisements.
- The merchandising business produces and sells artist-branded and other branded products through multiple sales channels, including fashion retail, concert touring and the Internet. Its activities also extend to other areas, such as brand rights management.

Note 2. Basis of preparation

2.1. Statement of compliance

The Consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), IFRS as endorsed by the European Union (EU) and comply with the statutory provisions of Part 9, Book 2 of the Dutch Civil Code. IFRS as endorsed by the EU differs in some respects from IFRS as issued by the IASB. The differences have no impact on the Consolidated financial statements for the years presented.

The Consolidated financial statements are prepared by the Board of Management of UMG and authorized for issue on March 28, 2024 and will be submitted for adoption to the Annual General Meeting of Shareholders on May 16, 2024.

2.2. Basis of preparation and consolidation

The Consolidated financial statements are:

- prepared on a historical cost basis, unless stated otherwise
- are presented in millions of euros, and rounded to the nearest million, unless stated otherwise
- prepared on the basis that UMG will continue to operate as a going concern

The Consolidated financial statements comprise the financial statements of the UMG N.V. and its subsidiaries as at 31 December 2023.

Seperation from Vivendi

Until February 26, 2021, the arrangement that constituted the combined UMG Group was not a legal entity in its own right and was made up of entities under the common control of Vivendi. Until this date, UMG's scope of combination principally comprised the entities held directly and indirectly by UMG Inc. and UIM B.V.

On February 26, 2021, in UMG B.V.'s Consolidated financial statements, the contribution of €33,000 million was directly recorded as an increase in equity attributable to UMG B.V. shareowners (€18,500 million in share capital and €14,500 million in additional paid-in capital), and the contribution of €33,000 million was fully neutralized in UMG B.V.'s retained earnings. The reorganization of its shareholding structure, which is a common control business combination, has no impact on UMG's scope of combination or consolidation.

On September 21, 2021, the shares of Universal Music Group N.V. (UMG N.V.) started trading on the regulated market of Euronext Amsterdam. Vivendi completed the distribution in kind of UMG shares to Vivendi shareholders on the basis of one UMG N.V. share for every eligible Vivendi share. The detachment date (ex-date) of the distribution in kind was September 21, 2021. Settlement occurred on September 23, 2021. UMG B.V. was converted to UMG N.V. on this date accordingly.

Subsidiaries

Subsidiaries are all companies over which UMG has control. Control over an entity exists when UMG is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control commences until the date on which control ceases.

Intra-group balances and transactions, any unrealized gains and losses or income and expenses arising from intra-group transactions are eliminated in preparing the Consolidated financial statements. Unrealized gains arising from transactions with associates and joint ventures are eliminated against the investment to the extent of UMG's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

Significant events in the period and accounting estimates and judgements

Impact of global events

Global economic conditions continue to show a high degree of uncertainty because of several factors, including recent geopolitical events and conflicts. Inflation rates and interest rates globally remain high, with associated impacts on commodity prices, foreign exchange rates and other macroeconomic factors. Nevertheless, UMG's operations continue to demonstrate resilience in the face of these economic headwinds. UMG will continue to monitor economic developments and impact on the Group's operations and financial position.

Climate change

UMG considered the impact of climate related risks on the financial reporting judgements, estimates or assumptions used in preparing the Consolidated financial statements with no material impact identified for the year ending 31 December 2023.

UMG identified and assessed climate related risks in terms of exposure level and severity in our TCFD report. UMG assessed transition risks (including: potential increased operation costs due to compliance or indirect effects of regulations; risks from failure to comply with regulations or goals/targets; risks on operational efficiencies due to regulations; potential increased costs to more sustainable materials & technologies) and physical risks (including: business interruption and increased CapEx due to damaged facilities and production shutdowns; impact on operations due to supply chain disruptions; operational costs from cooling load). The analysis of UMG's risks identified only Low and Moderate-level impacts. There were no risks resulting in High or Critical impact to UMG's operations and therefore UMG does not expect that climate change-related risks will have significant impact on the Group and would qualitatively influence management's decisions.

In 2023 UMG's near-term science-based targets (designed to measure the performance of our climate-related reduction initiatives) were approved by the SBTi. UMG has assessed the short term financial impact of achieving the near-term emissions targets and these would not have a material impact on the financial statements.

Note for details on UMG's near term emissions targets and climate-related risks refer to the Non-Financial Information section in this Annual Report.

Accounting estimates and judgements

Application of the accounting policies requires judgements that impact the amounts recognised. All significant judgements and estimates are disclosed in the notes to the Consolidated financial statements. Information and considerations regarding areas of significant judgements and estimates have been included in the table below. It is reasonably possible, that outcomes of these judgements and estimates within the next financial year are different from the assumptions, which could require a material adjustment to the carrying amount of the asset or liability affected.

Area	Significant judgement	Note
Revenue	Significant judgement is required to identify performance obligations under contracts with customers, whether these performance obligations are satisfied at a point of time or over time, and probability that collectability is assured and significant reversal will not occur.	2.4.5. Revenues and associated costs
Uncertain tax positions and deferred taxes	Judgement in assessing the uncertainty of whether it is probable that a taxation authority will accept or revise the uncertain tax treatment and, future results enabling realisation of deferred taxes.	2.4.20. Income taxes
Lease liabilities and right-of-use assets	Judgement in determining the lease term of contracts with renewal and termination options at the commencement date of each lease contract.	2.4.10. Leases

Area	Significant estimate	Note
Revenue	Estimation on the timing of the consequent usage and the amounts that are probable to be collected.	2.4.5. Revenues and associated costs
Intangible assets, including goodwill and content assets	Assumptions relating to impairment tests performed on each of the Group's cash-generating units (CGUs) or intangible assets, future cash flows and discount rates are updated annually. Estimation of (remaining) useful life for intangible assets, other than goodwill.	2.4.7. Goodwill and 2.4.8. Content assets and other intangibles
Provisions	Estimating the likelihood and timing of potential cash flows relating to royalty claims and litigation.	2.4.18. Provisions
Artist royalty advances	Estimates of the future performance of artists and repertoire owners who are paid advances that are recognized in the Consolidated Statement of Financial Position.	2.4.8. Content assets and other intangibles
Share-based payments	Estimation of the grant date fair value and number of equity instruments.	2.4.21. Share-based payments
Pension liability	Assumptions for discount rates, inflation, future pension increases and life expectancy to calculate the defined benefit obligation.	2.4.19. Employee benefit plans

For more details on these significant judgement areas and resulting estimates refer to the accounting policies below.

2.3. Financial statement presentation changes

During 2023 UMG made a prior year presentation change and updated, compared to the 2022 Consolidated financial statements, the presentation of the Consolidated Statement of Cash Flows to further improve transparency and readability of these statements.

The update to the Consolidated Statement of Cash Flows relates to a reclassificiation of the prior year non-cash share-based compensation expense from other changes in working capital line to the adjustments line. Details on the impact on 2022 comparatives for the year ended December 31, 2022 is presented in the table below.

	Year ended December 31, 2022		
	Before Changes	Presentation Changes	After Changes
Operating activities			
Operating profit	1,600	-	1,600
Adjustments	461	107	568
Royalty advances payments, net of recoupments	(148)	-	(148)
Gross cash provided by/(used for) operating activities before income tax paid	*1,913*	*107*	*2,020*
Other changes in net working capital	74	(107)	(33)
Net cash provided by/(used for) operating activities before income tax paid	*1,987*	-	*1,987*
Income tax paid	(255)	-	(255)
Net cash provided by/(used for) operating activities	**1,732**	-	**1,732**
Net cash provided by/(used for) investing activities	**(520)**	-	**(520)**
Net cash provided by/(used for) financing activities	**(1,347)**	-	**(1,347)**
Net change in cash and cash equivalents	**(135)**	-	**(135)**
Foreign currency translation adjustments	1	-	1
Change in cash and cash equivalents	**(134)**	-	**(134)**
Cash and cash equivalents			
At beginning of the period	572	-	**572**
At end of the period	438	-	**438**

2.4. Material accounting policy information

2.4.1. Foreign currency

Foreign currency transactions
Foreign currency transactions are initially recorded in the functional currency of the entity at the exchange rate prevailing at the date of the transaction. At the closing date, foreign currency monetary assets and liabilities are translated into the entity's functional currency at the exchange rate prevailing on that date with foreign currency differences recorded to profit and loss.

Financial statements denominated in a foreign currency
The assets and liabilities of foreign operations with functional currencies other than the Euro are translated using exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated using monthly average exchange rates which approximate prevailing exchange rates at the dates of the underlying transactions. The resulting translation gains and losses are recognised in other comprehensive income and presented within equity. For foreign operations that are not wholly-owned subsidiaries, the proportionate share of the translation differences are allocated to non-controlling interests. The cumulative amount in the translation reserve is (either fully or partly) reclassified to the income statement upon disposal (either fully or partly) or liquidation.

In 2023, UMG did not have any significant foreign operations in hyper-inflationary economies.

2.4.2. Earnings per share
UMG presents basic and diluted earnings per share (EPS) data for its shares. Basic EPS is calculated by dividing the net profit or loss attributable to shareholders of UMG by the weighted average number of shares outstanding during the year, adjusted for the weighted average number of own shares held in the year. Diluted EPS is determined by dividing the profit or loss attributable to shareholders by the weighted average number of shares outstanding, adjusted for the weighted

average number of own shares held in the year and for the effects of all dilutive potential shares which comprise share rights and options granted to employees.

2.4.3. Consolidated Statement of Cash Flows

The Consolidated Statement of Cash Flows is prepared using the indirect method starting from Operating profit. Dividends received from equity affiliates and investments are included in the investing cash flow. It also includes any cash flows arising from the gain or loss of control of subsidiaries. Interest paid, including interest paid on lease liability, is included in the financing activities.

2.4.4. Accounting for associates and joint ventures

Associates are entities in which UMG has significant influence, but not control or joint control. Significant influence is generally obtained by ownership of more than 20% but less than 50% of the voting rights. Joint ventures are the arrangements in which UMG has joint control.

UMG's investments in associates and joint ventures are accounted for using the equity method of accounting, meaning they are initially recognised at cost. The Consolidated financial statements include UMG's share of the net profit or loss of the associates and joint ventures whereby the result is determined using the accounting policies of UMG. When UMG's share of losses exceeds the carrying amount of the associate or joint venture, the carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that UMG has an obligation or has made a payment on behalf of the associate or joint venture.

2.4.5. Revenues and associated costs

Revenues from contracts with customers are recorded when performance obligations promised in the contract are satisfied, and for an amount for which it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. Revenues are reported net of discounts.

Intellectual property licensing (musical works)

These licenses transfer to a customer either a right to use an entity's intellectual property as it exists at the point in time at which the license is granted (static license), or a right to access an entity's intellectual property as it exists throughout the license period (dynamic license).

Revenues are accounted for when the performance obligation promised in the contract is satisfied (static license) or over time upon satisfaction (dynamic license), i.e., when the seller transfers the control over the right to use/access the intellectual property and the customer obtains control of the use/access of that license. Consequently, revenues from static licenses are recognized at the point in time when the license is transferred and the customer is able to use and benefit from the license. Revenues from dynamic licenses are accounted for over time, over the license period from the date the customer is able to use and benefit from the license and in line with the sale or usage.

Consideration received in the current year, which represents income from ordinary activities related to the prior years, is recorded within revenue, unless it was accrued before. Court settlements in relation to the unauthorized usage of UMG's intellectual property in previous years are recorded in revenue as they relate to activities carried out within the ordinary course of business.

Analysis of the Agent/Principal relationship in sales transactions involving a third party

If the nature of the entity's undertaking is a performance obligation to provide the specified goods or services itself, then the entity acts on its own behalf and it is "principal" in the sale transaction: it accounts for revenue as the gross amount of consideration to which it expects to be entitled in exchange for the goods or services provided, and the commission due to the third-party as cost of revenues. If the entity arranges for a third-party to provide the goods or services specified in the contract, then it recognizes as revenues the net amount of consideration to which it expects to be entitled in exchange for the goods or services provided.

Financing Component and other

UMG does not adjust the transaction price for the effects of significant financing component if, at contract inception, it is expected that the period between customer payment and the transfer of goods or services is one year or less. This applies to the majority of sales transactions.

The transaction price may be variable due to discounts, rebates, or similar arrangements. In determining the transaction price UMG considers the fair value of any non-cash consideration. Revenue is only recognized for the part of the consideration for which it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. Judgement is required in determining the probability and level of discounts and rebates that will be granted. The estimate is updated throughout the term of the contract.

Revenue recognition by business segment

Recorded Music

The sales of recorded music (physical, digital downloading or streaming) are intellectual property licenses granted by UMG to distributors or digital platforms and which give them certain rights over UMG's musical works.

Physical sales of recorded music (CDs, DVDs and Vinyls)

These intellectual property licenses are static licenses transferring to the customer a right to use UMG's recordings as they exist at the point in time at which the license is granted, i.e., on the physical device sold.

Revenues from the physical sales of recorded music, net of a provision for estimated returns and rebates, if any, are accounted for, either: (i) upon the sale to the distributor, at the shipping point for products sold free on board (FOB) or on delivery for products sold free on destination; or (ii) upon the sale to the final customer for consignment sales.

Digital sales of recorded music, via streaming by paid subscription, ad-supported or downloading.

These intellectual property licenses are generally dynamic licenses providing a right to access the entire catalogue of recorded music as it exists throughout the license period considering potential add-ons to, or withdrawals from, the catalogue during that period.

The consideration paid by the digital platform is variable in the form of a sales-based or a usage-based royalty. Revenues are then accounted for when these subsequent sales or usages occur. Revenues from digital sales of recorded music, for which UMG has sufficient, accurate, and reliable data from digital platforms, are recognized at the end of the month in which the sale or usage is made by the end customer.

For digital sales of recorded music via paid subscription or ad-supported streaming, certain contracts may include a non-refundable minimum guarantee which is generally recoupable and is in substance an advance payment. In the case of a dynamic license, the minimum guarantee is spread over the period to which it relates and takes into account the amount of royalties that are actually recoupable. The minimum guarantee is apportioned in accordance with the accounting for these royalties.

Music Publishing

Music Publishing relates to the use by a third party of the copyrights on musical works owned or administered by UMG, which are intellectual property licenses that UMG grants to the third party and which provides a right to access a catalogue of recorded music, as these intellectual property licenses are dynamic licenses. For these contracts, revenues are recognised on the basis of sales and usage royalties, using the best available estimate on the timing of the consequent usage and the amounts that are probable to be collected.

Merchandising

Revenues from merchandising are recognized when control has been passed either upon sale to the end customer, from direct sales during touring, concessions and over the internet; on delivery for sales by a third-party distributor; or for sales of rights attached to merchandising products when a contract is signed and collectability is probable and on a sales and usage basis.

Provisions for estimated returns and price guarantees are deducted from sales of products to customers through distributors. The provisions are estimated based on past sales statistics and take into account the economic environment and product sales forecast to final customers.

Associated costs of revenues

Cost of revenues primarily includes product costs and artists costs.

Selling, general and administrative expenses primarily include salaries and employee benefits, consulting and service fees, insurance costs, travel and entertainment expenses, depreciation of capital expenditure and right of use assets, administrative department costs, value allowances for receivables, restructuring expenses and other operating expenses and are expensed when incurred.

Advertising costs are expensed when incurred.

Slotting fees and cooperative advertising expenses are recorded as a reduction in revenues. However, cooperative advertising is not treated as a reduction of transaction price but marketing expense and expensed when it is distinct and can be estimated.

2.4.6. Business combinations

UMG accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, UMG assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

Under this the acquisition method, upon the initial consolidation of an entity over which UMG has acquired exclusive control:

- the identifiable assets acquired, and the liabilities assumed are recognized at their fair values on the acquisition date; and
- non-controlling interests are measured either at fair value or at the non-controlling interest's proportionate share of the acquiree’s net identifiable assets. This option is available on a transaction-by-transaction basis.

Contingent consideration in a business combination is recorded at fair value on the acquisition date, and any subsequent adjustment occurring after the purchase price allocation period is recognized in the Statement of Profit or Loss. Acquisition-related costs are recognized as expenses when incurred.

2.4.7. Goodwill

Goodwill represents the difference between the fair value of the net assets acquired and the transaction price in a business combination. Goodwill arising on the acquisition of associates and joint ventures is included in their carrying amounts.

Subsequently, goodwill is measured at its initial amount less accumulated impairment losses. On the acquisition date, to the extent possible, goodwill is allocated to each cash-generating unit likely to benefit from the business combination.

2.4.8. Content assets and other intangibles

Content assets include royalty advances to artists, songwriters and co-publishers as well as recorded music and music publishing catalogues, artists’ contracts and rights. Music catalogues, trade names, subscribers’ bases and market shares generated internally are not recognized as intangible assets.

Intangible assets separately acquired are recorded at cost, and intangible assets acquired in a business combination are recorded at their fair value at the acquisition date. Amortisation is charged to profit or loss on a straight-line basis over the estimated useful life. UMG believes that straight-line depreciation most accurately reflects the expected pattern of consumption of the future economic benefits embodied in these intangible assets.

Useful lives are determined based on the asset's expected pattern of the future earnings and the period of the contractual arrangements. Useful lives are reviewed at the end of each reporting period.

Music catalogues and publishing rights

The majority of the music catalogues are amortised over 20 years on a straight-line basis. Some significant catalogues can be amortized over a longer period of time.

Advances to artists and repertoire owners

Royalty advances to artists, songwriters, and co-publishers are capitalized as an asset when their current popularity and past performances provide a reasonable basis to conclude that the probable future recoupment of such royalty advances against earnings otherwise payable to them is reasonably assured. Royalty advances are recognized as an expense as subsequent royalties are earned by the artist, songwriter or co-publisher. Any portion of capitalized royalty advances not deemed to be recoverable against future royalties is expensed during the period in which the loss becomes evident. These expenses are recorded in cost of revenues.

Other intangible assets

Other intangibles mainly includes software for internal use. Direct internal and external costs incurred for the development of software for internal use are capitalized during the development stage if the resulting product or process is technically and commercially feasible, cost can be reliably measured, UMG has sufficient resources and the intention to complete its development. Research costs are expensed when incurred. Costs of significant upgrades and enhancements resulting in additional functionality are also capitalized.

The software for internal use is generally amortized over 3 years and included within amortisation expense.

2.4.9. Property, plant and equipment

Property, plant and equipment are carried at historical cost less any accumulated depreciation and impairment losses. Land and assets under construction are not depreciated. Depreciation is calculated using the straight-line method based on the estimated useful life of the assets. Leasehold improvements are depreciated over a period not longer than the lease term. Useful lives are reviewed at the end of each reporting period and are as follows:

- buildings: 5 to 40 years;
- equipment and machinery: 3 to 8 years; and
- other: 2 to 10 years.

2.4.10. Leases

The main lease contracts for UMG correspond to real estate leases for which UMG is the lessee. Real estate leases for which UMG is the lessee are recorded at the commencement date and result in the recognition of a lease liability equal to the present value of future lease payments against a right-of-use asset relating to leases.

Right-of-use assets

Right-of-use assets are initially measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. The recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

UMG recognizes lease liabilities initially measured at the present value of future lease payments over the lease term. The lease payments include in-substance fixed payments (less any lease incentives), variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include payments of penalties for terminating a lease, if UMG has the option to terminate and it is reasonably certain that this option will be exercised. In calculating the present value of lease payments, UMG uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. The carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term or a change in the in-substance fixed lease payments.

Short-term leases and leases of low-value assets
UMG applies the short-term lease recognition exemption to the real-estate leases with a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the lease of low-value assets recognition exemption to leases of office chattels and other equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as an expense on a straight-line basis over the lease term.

Estimates in accounting for leases
UMG determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. When determining the lease term, UMG considers all relevant facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. These circumstances include UMG's real estate planning.

In estimating the lessee's incremental borrowing rate, UMG takes into account the residual lease term and its duration to reflect the interest rate of a loan with a similar payment profile to the lease payments.

2.4.11. Impairment of non-financial assets

Each time events or changes in the economic environment indicate a risk of impairment of goodwill, content assets and other intangible assets, property, plant and equipment, investments in associates and joint ventures, rights-of-use assets, UMG re-examines the value of these assets. In addition, in accordance with applicable accounting standards, goodwill and intangible assets in progress are all subject to an annual impairment test undertaken in the fourth quarter of each fiscal year. This impairment test is performed to compare the recoverable amount of each Cash Generating Unit (CGU) to the carrying value of the corresponding assets (including goodwill). A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. UMG operates through different content businesses. Each business offers different products and services that are marketed through various channels. CGUs for goodwill correspond to the UMG's operating segments.

The recoverable amount is determined for each individual asset as the higher of: (i) its value in use; and (ii) its fair value (less costs to sell) as described hereafter. If the asset does not generate cash inflows that are largely independent of other assets or groups of assets, the recoverable amount is determined for the group of assets. In particular, in the case of goodwill, an impairment test is performed by UMG for each CGU.

The value in use of each asset or group of assets is determined, subject to exceptions, by the Discounted Cash Flow method (DCF) using cash flow projections consistent with the budget of the following year and the most recent forecasts prepared by the operating segments.

Applied discount rates are determined by reference to available external sources of information, usually based on financial institutions' benchmarks, and reflect the current assessment by UMG of the time value of money and risks specific to each asset or group of assets.

Perpetual growth rates used for the evaluation are those used to prepare budgets for each CGU, and beyond the period covered, are consistent with growth rates estimated by the business by extrapolating growth rates used in the budgets, without exceeding the long-term average growth rate for the markets in which UMG operates.

The fair value (less costs to sell) is the price that would be received from the sale of an asset or group of assets in an orderly transaction between market participants at the measurement date, less costs to sell of the asset or group of assets. These values are generally determined based on market data (stock market prices or comparison with similar listed companies, with the value attributed to similar assets or companies in recent transactions) or, in the absence of such data, based on discontinued cash flows.

If the recoverable amount is lower than the carrying value of an asset or group of assets, an impairment loss equal to the difference is recognized in Operating profit. In the case of operating segments, this impairment loss is first recorded against goodwill.

The impairment losses recognized in respect of property, plant and equipment, and intangible assets (other than goodwill) may be reversed in a later period if the recoverable amount becomes greater than the carrying value, within the limit of impairment losses previously recognized. Impairment losses recognized in respect of goodwill cannot be reversed at a later date.

2.4.12. Financial assets

Financial assets are initially recognized at fair value corresponding, in general, to the consideration paid, which is best evidenced by the acquisition cost (including transaction costs, if any). Thereafter, financial assets are measured at fair value or at amortized cost depending on which financial asset category they belong to.

Financial assets are classified into the accounting categories “financial assets at amortized cost”, “financial assets at fair value through other comprehensive income” and “financial assets at fair value through profit or loss”.

This classification depends on UMG‘s business model for managing the financial assets and on contractual terms enabling to determine whether the cash flows are solely payments of principal and interest (SPPI). The financial assets that contain an embedded derivative are considered in full to determine whether their cash flows are SPPI.

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and UMG has transferred substantially all the risks and rewards of ownership.

Financial assets at fair value

These include financial assets at fair value through other comprehensive income, derivative financial instruments with a positive value and other financial assets measured at fair value through profit or loss. Most of these financial assets are actively traded in organized financial markets, as their fair value is calculated by reference to the published market price at the period end. Fair value is estimated for financial assets which do not have a published market price on an active market. As a last resort, when a reliable estimate of fair value cannot be made using valuation techniques in the absence of an active market, UMG values financial assets at historical cost, less any impairment losses.

These financial assets are recognized initially on trade date when UMG becomes a party to the contractual provisions of the instrument. Dividend income is recognised when the UMG's right to receive payment is established.

Financial assets at amortized cost

Financial assets at amortised cost include trade receivables, other receivables, loans issued and bank deposits which are not cash equivalents. Loans, receivables and deposits are recognized on the date they are originated.

Financial assets at amortized cost consist of debt instruments as described above held within a business model whose objective is to hold financial assets to collect contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. At the end of each period, these assets are measured at amortized cost using the effective interest method.

2.4.13. Impairment of financial assets

UMG assesses the expected credit loss associated with its financial assets recognized at amortized cost on a prospective basis. A loss allowance for expected credit loss based on probability of default is recognized at initial recognition. The loss allowance is updated for changes in these expected credit losses at each reporting date to reflect changes in credit risk since initial recognition.

To assess whether there has been a significant increase in credit risk, UMG compares the credit risk at the reporting date with the credit risk at the date of initial recognition based on reasonable forward-looking information and events, including credit ratings if available, significant adverse economic changes (actual or expected), financial or business environment that are expected to result in a material change in the borrower's ability to meet its obligations.

Trade accounts receivable are initially recognised at their transaction price. Expected loss rates on trade receivables and contract assets are calculated by the relevant operating entities over their lifetime from initial recognition and are based on historical data that also incorporates forward-looking information. In addition, account receivables from customers subject to insolvency proceedings or customers with whom UMG is involved in litigation or a dispute are generally impaired in full.

2.4.14. Cash and cash equivalents

Cash and cash equivalents include all cash balances and short-term highly liquid investments with an original maturity of three months or less that are readily convertible into known amounts of cash.

Bank overdrafts form an integral part of UMG's cash management and often fluctuate from being positive to overdrawn and are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Investments in securities, investments with initial maturities of more than three months without an early termination option and bank accounts subject to restrictions (blocked accounts), other than restrictions due to regulations specific to a country or activity sector (e.g., exchange controls), are not classified as cash equivalents but as financial assets.

2.4.15. Financial liabilities

A liability is recognized when UMG becomes party to a contract. Regular way purchases and sales of financial instruments are accounted for at the trade date. Initial measurement of financial liabilities is at fair value, including any attributable transaction costs. Financial liabilities are all classified and subsequently measured at amortized cost, except for financial liabilities at fair value through profit or loss, for example derivatives or contingent consideration in a business acquisition. Such contingent consideration shall subsequently be measured at fair value with changes recognized in profit or loss. For the financial liabilities subsequently measured at amortised cost, the effective interest method is applied. The effective interest rate is the internal yield rate that discounts future cash flows over the term of the financial instrument. In addition, where the financial liability comprises an embedded derivative or an equity instrument, the amortized cost is calculated for the debt component only, after separation of the embedded derivative or equity instrument, if the embedded derivative is not closely related to the host contract and therefore needs to be separated.

2.4.16. Derivative financial instruments

Derivative financial instruments are recognised initially at fair value. Subsequent accounting for derivatives depends on whether or not the derivatives are designated as hedging instruments in a cash flow, fair value or net investment hedge. Derivatives with positive fair values are recorded as assets and negative fair values as liabilities. UMG did not apply hedge accounting to the derivatives in 2022. Beginning in 2023, foreign currency translation risks are hedged to a limited extent, as the underlying currency positions are generally considered to be long-term in nature. If a hedge is entered into, it is accounted for as a net investment hedge.

UMG measures all derivative financial instruments at fair value derived from market prices of the instruments or calculated as the present value of the estimated future cash flows based on observable interest yield curves, basis spread and foreign exchange rates. These calculations are tested for reasonableness by comparing the outcome of the internal valuation with the valuation received from the counterparty.

2.4.17. Inventories

Inventories are valued at the lower of cost or net realizable value. Cost comprises purchase costs, production costs and other supply and packaging costs. These are usually calculated using the weighted average cost method. Net realizable value is the estimated selling price in the normal course of business, less estimated completion costs and selling costs. Inventories at UMG mostly comprise of finished goods.

2.4.18. Provisions

Provisions are recognized when, at the end of the reporting period, UMG has a legal obligation (statutory, regulatory or contractual) or a constructive obligation, as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the obligation can be reliably estimated. Where the effect of the time value of money is material, provisions are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money. If the amount of the obligation cannot be reliably estimated, no provision is recorded and a disclosure is made in the Notes to the Consolidated Financial Statements. Significant judgment is required in determining the amount and probability of resources outflow and discount rates used to calculate the present value of this outflow.

Provisions for royalty audit claims

Up to the completion of the royalty claim audit, the timing and the amount of the potential pay-outs is uncertain. UMG makes its best possible estimate of the outcome using any available data, including history of claims with rights owners. When the estimate is performed for large homogeneous claims and contract terms, the statistical valuation method is used.

Litigation provisions

In the ordinary course of business, UMG may be involved in a number of legal and arbitration proceedings and administrative actions. The costs which may result from these proceedings are accrued at the reporting date if UMG has a present obligation toward a third party resulting from a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of that liability can be quantified or estimated within a reasonable range. The amount of provision recorded is based on a case-by-case assessment of the risk level, and events arising during the course of legal proceedings may require a reassessment of this risk at any time.

2.4.19. Employee benefit plans

Defined contribution plans

Contributions to defined contribution and multi-employer plans are expensed during the year when related services are provided.

Defined benefit plans

Defined benefit plans may be funded by investments in various instruments such as insurance contracts or equity and debt investment securities, excluding shares in any UMG entity or debt instruments.

Pension expenses and defined benefit obligations are calculated by independent actuaries using the projected unit credit method. This method is based on annually updated assumptions, which include the probability of employees remaining with UMG until retirement, expected changes in future compensation and an appropriate discount rate for each country in which UMG maintains a pension plan. The discount rate is determined for each country by reference to yields on notes issued by investment grade companies having a credit rating of AA and maturities identical to that of the valued plans, generally based on relevant rate indices. The expected return on plan assets is estimated by using the selected discount rate to value the obligations of the previous year.

The calculation is performed separately for each plan. A provision is recorded in the Statement of Financial Position equal to the difference between the actuarial value of the related benefits (actuarial liability) and the fair value of any associated plan assets, and this includes past service costs and actuarial gains and losses.

The cost of defined benefit plans consists of three components recognized as follows:

- the service cost is included in selling, general and administrative expenses. It comprises current service cost, past service cost resulting from a plan amendment or a curtailment, immediately recognized in profit and loss, and gains and losses on settlement;
- the financial component, recorded in other financial expenses and income, consists of the unwinding of the interest component of the discount, less the expected return on plan assets determined using the discount rate retained for the valuation of the benefit obligation; and

- the remeasurements of the net defined benefit liability (asset), recognized in items of other comprehensive income not reclassified as profit and loss, mainly consist of actuarial gains and losses, i.e., changes in the present value of the defined benefit obligation and plan assets resulting from changes in actuarial assumptions and experience adjustments (representing the differences between the expected effect of some actuarial assumptions applied to previous valuations and the effective impact).

Where the value of plan assets exceeds benefit obligations, a financial asset is recognized up to the present value of future refunds and the expected reduction in future contributions.

Some other post-employment benefits, such as life insurance and medical coverage (mainly in the United States) are subject to provisions which are assessed through an actuarial calculation comparable to the method used for pension provisions.

2.4.20. Income taxes

Differences existing at closing between the tax base value of assets and liabilities and their carrying value in the Consolidated Statement of Financial Position give rise to temporary differences. Pursuant to the liability method, these temporary differences result in the accounting of:

- deferred tax assets, when the tax base value is greater than the carrying value (expected future tax saving); and
- deferred tax liabilities, when the tax base value is lower than the carrying value (expected future tax expense).

Deferred tax assets and liabilities are measured at the expected tax rates for the year during which the asset will be realized or the liability settled, based on tax rates (and tax regulations) enacted or substantially enacted by the closing date. They are reviewed at the end of each year, in line with any changes in applicable tax rates.

Deferred tax assets are recognized for all deductible temporary differences, tax loss carry-forwards and unused tax credits, insofar as it is probable that a taxable profit will be available, or when a current tax liability exists to make use of those deductible temporary differences, tax loss carry-forwards and unused tax credits, except where the deferred tax asset associated with the deductible temporary difference is generated by initial recognition of an asset or liability in a transaction which is not a business combination, and that, at the transaction date, does not impact net profit, nor tax income or loss.

For deductible temporary differences resulting from investments in subsidiaries, joint ventures and other associated entities, deferred tax assets are recorded to the extent that it is probable that the temporary difference will reverse in the foreseeable future and that a taxable profit will be available against which the temporary difference can be utilized.

The carrying value of deferred tax assets is reviewed at each closing date, and revalued or reduced to the extent that it is more or less probable that a taxable profit will be available to allow the deferred tax asset to be utilized. When assessing the probability of a taxable profit being available, account is taken, primarily, of prior years' results, forecasted future results, non-recurring items unlikely to occur in the future and the tax strategy. As such, the assessment of UMG's ability to utilize tax losses carried forward is to a large extent judgement-based. If the future taxable results of UMG proved to differ significantly from those expected, UMG would be required to increase or decrease the carrying value of deferred tax assets with a potentially material impact on UMG's Statement of Financial Position and Statement of Profit or Loss.

Deferred tax liabilities are recognized for all taxable temporary differences, except where the deferred tax liability results from goodwill or initial recognition of an asset or liability in a transaction which is not a business combination, and that, at the transaction date, does not impact net profit, tax income or loss.

For taxable temporary differences resulting from investments in subsidiaries, joint ventures and other associated entities, deferred tax liabilities are recorded except to the extent that both of the following conditions are satisfied: the parent, investor or venturer is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not be reversed in the foreseeable future.

Current tax and deferred tax shall be charged or credited directly to equity, and not profit if the tax relates to items that are credited or charged directly to equity. Current tax liabilities not expected to be paid within the next 12 months are recorded as long term current tax liability.

2.4.21. Share-based payments

Equity-settled share-based compensation expense is recognized as a personnel cost over the vesting period of the award at the fair value of the equity instruments granted at the grant date with a corresponding increase in equity. For cases in which the grant date occurs after the employees to whom the equity instruments were granted have begun rendering services (for example, if a grant of equity instruments is subject to shareholder approval), UMG estimates the grant date fair value of the equity instruments by estimating the fair value of the equity instruments at the end of the reporting period, for the purposes of recognising the services received during the period between service commencement date and grant date. Once the date of grant has been established, UMG revises the earlier estimate so that the amounts recognised for services received in respect of the grant are ultimately based on the grant date fair value of the equity instruments.

Fair value of the shares granted is fixed at the grant date and is equal to the share price at the grant date with a deduction for the aggregate discounted value of the dividends that will not be received over the vesting period, unless the conditions of the plan prescribe compensation for the vesting period dividends, and after taking into account the discount for non-transferability during the retention period.

The cumulative expense recognized for equity-settled transactions at each reporting date reflects the extent to which the vesting period has expired and UMG's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the Statement of Profit or Loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period. Service and non-market performance conditions are not considered when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of UMG's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value.

2.4.22. Related parties

A related party is a person or an entity that is related to UMG. These include both people and entities that have, or are subject to, the influence or control of UMG (e.g. key management personnel). Transactions with related parties are accounted for in accordance with the requirements of relevant IFRSs and take into account the substance as well as the legal form.

2.4.23. Contingent liabilities

Non-financial guarantees are accounted for as a contingent liability until such time it becomes probable that UMG will be required to make a payment under the guarantee.

Contingent liabilities are possible or present obligations of sufficient uncertainty that it does not quality for recognition as a provision, unless it is assumed in a business combination. Contingent liabilities are reviewed continuously to assess whether an outflow of resources has become probable.

2.4.24. Financial guarantees

Financial guarantee is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantees are initially recognised at fair value and are subject to the expected credit loss model, with a credit loss is recognized for expected cash shortfalls.

2.5. Accounting policy changes

2.5.1. Accounting policy changes originating from the IFRS amendments

UMG has amended its accounting policies for new or amended IFRS standards and interpretations that became effective as of 1 January 2023. None of these new or amended standards and interpretations had a material impact on adoption. These are:

- IFRS 17 Insurance Contracts
- Definition of Accounting Estimates – Amendments to IAS 8
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12
- International Tax Reform - Pillar Two Model Rules – Amendments to IAS 12

UMG has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

In March 2022, the Organisation for Economic Co-operation and Development (OECD) released technical guidance on its 15% global minimum tax agreed as the Pillar Two. The Company has significant operations in several jurisdictions where the Pillar Two rules will firstly become in effect as of financial years starting in 2024. On May 23, 2023, the IASB issued International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12. These amendments introduced a mandatory temporary exception to IAS 12 recognition and disclosure requirements resulting from tax laws enacted or substantively enacted to implement the (OECD) Pillar Two tax reform.

2.5.2. Impact of standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of UMG's financial statements are disclosed below. UMG intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures, effective 1 January 2024
- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback, effective 1 January 2024
- Amendments to IAS 1 Presentation of Financial Statements - Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants, effective 1 January 2024
- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability, effective 1 January 2025

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures

The amendments, effective for UMG beginning on January 1, 2024, require an entity to provide certain information about the impact of supplier finance arrangements on liabilities and cash flows. UMG does not expect that adoption of this standard will have a material impact on the Consolidated financial statements.

Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback

The amendments, effective for UMG beginning on January 1, 2024, specify how a seller-lessee measures the lease liability arising in a sale and leaseback transaction so that it does not recognise any amount of the gain or loss that relates to the right of use retained. UMG does not expect that adoption of this standard will have a material impact on the Consolidated financial statements.

Amendments to IAS 1 Presentation of Financial Statements - Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants

The amendments, effective for UMG beginning on January 1, 2024, clarify the criteria for determining whether to classify a liability as current or non-current. The amendments also include additional disclosure requirements for liabilities classified as non-current where an entity's right to defer settlement depends on future compliance with a loan covenant within a 12-month period. UMG does not expect that adoption of this standard will have a material impact on the Consolidated financial statements.

Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rate: Lack of Exchangeability
The amendments, effective for UMG on January 1, 2025, specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable. UMG is currently assessing the impact the amendments will have on the Consolidated financial statements.

Note 3. Segment data

Operating segment data

The segment reporting that follows is aligned with internal reporting used by UMG Management to assess UMG's performance. UMG's operating segments are organised by nature of the business and are the same as its reportable segments: Recorded Music, Music Publishing and Merchandising and Other. Each of these is described at Note 1. Corporate centre represent amounts not allocated to the operating segments and includes certain costs related to central activities as well as group enabling functions. Management also receives information about the segment's revenue and assets. Inter-segment pricing is determined on an arm's length basis. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment EBITDA and Adjusted EBITDA are included in these disclosures because they are the primary measures of profit or loss used by UMG Management to assess each segment's performance and make decisions about allocating resources. EBITDA and Adjusted EBITDA are non-IFRS measures defined in the Appendix of the Annual Report accompanying these Consolidated financial statements.

Main aggregates of the Statement of profit or loss

(millions of euros)	Note	Recorded Music	Music Publishing	Merchandising and other	Corporate centre	Elimination of intersegment transactions	Total
Year ended December 31, 2023							
External revenue		8,461	1,943	704	-	-	11,108
Intercompany revenue		-	13	2	-	(15)	-
Revenues		**8,461**	**1,956**	**706**	**-**	**(15)**	**11,108**
Adjusted EBITDA		**2,042**	**470**	**47**	**(190)**	**-**	**2,369**
Non-cash share-based compensation expense	23	(424)	(50)	(4)	(83)	-	(561)
EBITDA		**1,618**	**420**	**43**	**(273)**	**-**	**1,808**
Amortisation and depreciation expense		(217)	(156)	(2)	(7)	-	(382)
Restructuring expenses		(34)	(2)	-	(5)	-	(41)
Gain/(loss) on sale of assets		26	-	-	-	-	26
Impairment reversal/(charge) on intangible assets		-	7	-	-	-	7
Operating profit		**1,393**	**269**	**41**	**(285)**	**-**	**1,418**
Financial income							454
Financial expenses							(151)
Income/(loss) from equity affiliates							-
Profit before income taxes							**1,721**

(millions of euros)	Note	Recorded Music	Music Publishing	Merchandising and other	Corporate centre	Elimination of intersegment transactions	Total
Year ended December 31, 2022							
External revenue		7,937	1,787	616	–	–	10,340
Intercompany revenue		–	12	2	–	(14)	–
Revenues[1]		**7,937**	**1,799**	**618**	**–**	**(14)**	**10,340**
Adjusted EBITDA		**1,900**	**410**	**36**	**(211)**	**–**	**2,135**
Non-cash share-based compensation expense	23	(73)	(15)	–	(19)	–	(107)
EBITDA		**1,827**	**395**	**36**	**(230)**	**–**	**2,028**
Amortisation and depreciation expense		(204)	(162)	(2)	(9)	–	(377)
Restructuring expenses		(29)	–	(2)	(1)	–	(32)
Gain/(loss) on sale of assets		(1)	(1)	–	–	–	(2)
Impairment reversal/(charge) on intangible assets		–	(17)	–	–	–	(17)
Operating profit		**1,593**	**215**	**32**	**(240)**	**–**	**1,600**
Financial income							37
Financial expenses							(735)
Income/(loss) from equity affiliates							(2)
Profit before income taxes							**900**

1 2022 External revenues includes a €71 million benefit in Recorded Music from the settlement of a copyright infringement lawsuit with an internet service provider that represents revenue other than revenue from contracts with customers.

Revenues by geographic area

UMG has a global network and operates in local countries, which enables it to maintain the relationships with clients and to understand the local market, legal and other conditions. As a result, the geographic basis of the operating companies is the basis in determining the split of revenues from external customers per geographical areas.

	Year ended December 31,		Year ended December 31,	
(millions of euros)	2023		2022	
U.S.	5,579	50%	5,163	50%
UK	941	9%	936	9%
Japan	768	7%	699	7%
Germany	576	5%	499	5%
France	444	4%	399	4%
Rest of the world[1]	2,800	25%	2,644	25%
Total revenues	**11,108**	**100%**	**10,340**	**100%**

1 Revenues for the Netherlands was €179 million in 2023 and €229 million in 2022.

Disaggregated revenue information

Recorded Music

(millions of euros)	Year ended December 31, 2023	2022
Streaming revenue	1,425	1,420
Subscription revenue	4,275	3,901
Downloads and other digital revenue[1]	207	337
Physical revenue	1,380	1,207
License and other revenue	1,174	1,072
Recorded Music revenue	**8,461**	**7,937**

1 2022 Downloads and other digital revenue includes a €71 million benefit from the settlement of a copyright infringement lawsuit with an internet service provider that represents revenue other than revenue from contracts with customers.

Music Publishing

(millions of euros)	Year ended December 31, 2023	2022
Performance revenue	416	371
Synchronisation revenue	254	236
Digital revenue	1,128	1,040
Mechanical revenue	108	97
Other revenue	50	55
Music Publishing revenue	**1,956**	**1,799**

Subscriptions and streaming represents the largest type of recorded music revenue and is recognised over time and is 51% (51% in 2022) of total UMG revenues. Physical recorded music revenues are recognised at a point in time and represent 12% (12% in 2022) of total UMG revenues.

Other Recorded Music revenues mostly include neighbouring rights income which are recognized over time.

Merchandising revenue is recognised at a point in time. Music Publishing revenue is mostly recognised over time.

In 2023, UMG had 3 customers that each individually represented over 10% of total revenues (3 customers in 2022) and which represented total revenues of 19%, 11% and 10% respectively (18%, 12% and 10% in 2022). Each customer reports revenues in both Recorded Music and Music Publishing segments.

The amount of revenue recognized for the year ended December 31, 2023 from performance obligations satisfied (or partially satisfied) in previous periods amounts to €203 million.

Segment assets

Segment assets by Segment

Segment assets that are reported to the executive board include items that are directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated assets mainly comprise of cash and deferred tax assets which are managed at the Group level.

(millions of euros)	Note	Recorded Music	Music Publishing	Merchandising and other	Corporate centre	Total
Year ended December 31, 2023						
Goodwill	8	779	745	100	–	1,624
Royalty advances, non-current	9	862	508	204	–	1,574
Catalogues	9	1,335	1,685	–	–	3,020
Property, plant & equipment	10	165	4	–	8	177
Other intangible assets	9	50	31	–	99	180
Right of use relating to leases	11	310	4	–	2	316
Royalty advances, current	9	520	481	59	–	1,060
Other assets		3,171	753	54	234	4,212
Total segment assets[1]		**7,192**	**4,211**	**417**	**343**	**12,163**
Unallocated assets						928
Total assets						**13,091**
Year ended December 31, 2022						
Goodwill	8	709	769	100	–	1,578
Royalty advances, non-current	9	938	441	214	–	1,593
Catalogues	9	1,247	1,811	–	–	3,058
Property, plant & equipment	10	152	5	–	10	167
Other intangible assets	9	23	23	–	73	119
Right of use relating to leases	11	311	4	1	2	318
Royalty advances, current	9	464	476	44	–	984
Other assets		2,140	616	48	227	3,031
Total segment assets[1]		**5,984**	**4,145**	**407**	**312**	**10,848**
Unallocated assets						791
Total assets						**11,639**

1 Total segment assets in the Netherlands was €1,607 million in 2023 (€931 million in 2022).

Content assets by segment

(millions of euros)	Note	Recorded Music	Music Publishing	Merchandising and other	Total
		December 31, 2023			
Catalogues (of music and publishing rights)		1,335	1,685	-	3,020
Royalty advances (to artists and repertoire owners)		1,382	989	263	2,634
Of which:					
Non-current		862	508	204	1,574
Current		520	481	59	1,060
Content assets, net	9	2,717	2,674	263	5,654
Current content assets		520	481	59	1,060
Non-current content assets		2,197	2,193	204	4,594

(millions of euros)	Note	Recorded Music	Music Publishing	Merchandising and other	Total
		December 31, 2022			
Catalogues (of music and publishing rights)		1,247	1,811	-	3,058
Royalty advances (to artists and repertoire owners)		1,402	917	258	2,577
Of which:					
Non-current		938	441	214	1,593
Current		464	476	44	984
Content assets, net	9	2,649	2,728	258	5,635
Current content assets		464	476	44	984
Non-current content assets		2,185	2,252	214	4,651

Note 4. Cost of revenues and selling, general and administrative expenses

(millions of euros)	Note	2023	2022
		Year ended December 31,	
Included in cost of revenues:			
Artist costs		5,152	4,704
Product costs		1,056	1,049
Of which:			
Personnel costs		*33*	*30*
Included in selling, general and administrative expenses:			
Depreciation of tangible assets	10	34	35
Depreciation of right of use assets	11	72	74
Personnel costs		2,048	1,537

Personnel costs and average employee numbers

(millions of euros)	Note	Year ended December 31, 2023	2022
Salaries		1,196	1,202
Social security and other employment expenses		209	167
Wages and expenses		**1,405**	**1,369**
Share-based compensation plans	23	600	128
Employee defined contribution plans		52	48
Employee defined benefit plans	22	2	3
Other		22	19
Personnel costs		**2,081**	**1,567**
Annual average number of full-time equivalent employees (in thousands)		*10.0*	*9.5*

Note 5. Financial income and expenses

(millions of euros)	Note	Year ended December 31, 2023	2022
Interest income from cash, cash equivalents and other		14	20
Change in fair value of financial instruments through profit or loss		431	-
Expected return on plan assets related to employee benefit plans	22	1	3
Gain on derivative instruments at fair value through profit or loss[1]		5	13
Income from investments		3	1
Financial income		**454**	**37**
Interest expense on borrowings		(91)	(47)
Change in fair value of financial instruments through profit or loss		(14)	(654)
Unwinding of interest component		(1)	(1)
Interest cost related to employee benefit plans	22	(7)	(6)
Interest expenses on lease liabilities	11	(14)	(14)
Foreign exchange loss		(11)	(1)
Cost of finance		(7)	(9)
Other		(6)	(3)
Financial expenses		**(151)**	**(735)**
Net total financial income and (expenses)		**303**	**(698)**

1 The net gain on derivative instruments at fair value through profit or loss relates to foreign exchange forward contracts that did not qualify for hedge accounting.

Note 6. Income taxes

Income taxes and income tax paid by geographic area

	Year ended December 31,	
(millions of euros)	2023	2022
(Expense)/income		
Current		
U.S.	(224)	(185)
UK	(30)	(24)
Rest of Europe	(117)	(127)
Rest of the world	(105)	(11)
	(476)	**(347)**
Deferred[1]		
U.S.	89	9
UK	12	(1)
Rest of Europe	(105)	189
Rest of the world	22	35
	18	**232**
Income taxes	**(458)**	**(115)**

1 Included the deferred tax charge relating to the revaluation gain recorded through profit or loss related to the investments in Spotify, Tencent Music Entertainment and other listed investments for an aggregate expense amount of €111 million in 2023, compared to €166 million benefit in 2022.

Income tax paid

	Year ended December 31,	
(millions of euros)	2023	2022
U.S.	(208)	(187)
UK	(30)	(22)
Rest of Europe	(57)	(36)
Rest of the world[1]	(98)	(10)
Income tax (paid)/collected	**(393)**	**(255)**

1 The 2022 amount includes €62 million in refunds from litigations before court.

Effective tax rate

(millions of euros)	2023	2022
	Year ended December 31,	
Net profit /(loss) from continuing operations	**1,263**	**785**
(Income)/loss from equity affiliates	–	2
Income taxes	458	115
Profit before income taxes excluding (income)/loss from equity affiliates	**1,721**	**902**
Dutch statutory tax rate	*25.8%*	*25.8%*
Theoretical provision for income taxes based on Dutch statutory tax rate	**(444)**	**(233)**
Reconciliation of the theoretical and effective provision for income taxes		
Corporate tax rate differences	7	33
Impacts of the changes in tax rates	(3)	1
Use or recognition of tax attributes[1]	16	19
Adjustments to tax expense from previous years	6	21
Settled tax litigations[2]	–	90
Non-deductible expenses	(19)	(8)
Withholding taxes (net of Corporate Income tax benefit)	(58)	(56)
United States tax components		
Foreign Derived Intangible Income (FDII) deduction	37	31
Other	–	(13)
Provision for income taxes	**(458)**	**(115)**
Effective tax rate	**26.6%**	**12.7%**

1 Tax attributes includes tax losses and tax credits, both for the use of previously unrecognized attributes as for prior years attributes recognised this year for expected utilisation in future years.

2 This represents the beneficial impact of two litigations finalised before tax courts in 2022.

Excluding previous years' adjustments and the impacts of the tax litigations to income tax expense, the effective tax rate would have been 27.9% in 2023 and 27.3% in 2022.

Deferred tax assets and liabilities

Changes in deferred tax assets/(liabilities), net

(millions of euros)	2023	2022
	Year ended December 31,	
Opening balance of deferred tax assets/(liabilities)	**(232)**	**(446)**
Income taxes	18	231
Expenses and income directly recorded in equity and other comprehensive income	25	(14)
Changes in foreign currency translation adjustments and other	(8)	(3)
Closing balance of deferred tax assets/(liabilities), net	**(197)**	**(232)**

Components of deferred tax assets and liabilities

	Year ended December 31,	
(millions of euros)	2023	2022
Deferred tax assets		
Recognizable deferred taxes		
Tax attributes[1]	89	98
Of which		
Universal Music US and its subsidiaries	*7*	*8*
Universal Music UK and its subsidiaries	*45*	*51*
Universal Music and its subsidiaries in the rest of Europe	*19*	*19*
Universal Music and its subsidiaries in the rest of the world	*18*	*20*
Other	610	448
Of which		
non-deductible provisions	*87*	*61*
employee benefits	*120*	*37*
working capital	*148*	*149*
Other	*255*	*201*
Set-off deferred tax	(137)	(90)
Total gross deferred tax assets	**562**	**456**
Deferred taxes, unrecognized		
Tax attributes[1]	(64)	(82)
Of which		
Universal Music US and its subsidiaries	*(6)*	*(6)*
Universal Music UK and its subsidiaries	*(23)*	*(38)*
Universal Music and its subsidiaries in the rest of Europe	*(17)*	*(18)*
Universal Music and its subsidiaries in the rest of the world	*(18)*	*(20)*
Other	(19)	(26)
Total deferred tax assets, unrecognized	**(83)**	**(108)**
Recorded deferred tax assets	**479**	**348**
Deferred tax liabilities		
Asset revaluations[2]	(172)	(198)
Working capital	(172)	(163)
Financial instruments[3]	(286)	(124)
Other	(183)	(185)
Set-off deferred tax	137	90
Recorded deferred tax liabilities[4]	**(676)**	**(580)**
Deferred tax assets/(liabilities), net[5]	**(197)**	**(232)**

1 As shown in this table, the amounts of gross tax attributes (including tax losses and tax credits) were estimated at the end of the relevant fiscal years. As a result, the amount of tax attributes shown in this table and the amount reported to tax authorities at the time of the filing of the tax returns may differ, and if necessary, may need to be adjusted in this table at the end of the following year. €19 million of the unrecognized gross tax attributes will expire within 5 years. In addition to the unrecognized deferred tax assets in this table, deferred tax assets have not been recognised in respect of gross tax attributes for €1,069 million (2022: €1,279 million), as it is not probable that there will be future taxable profits within the entities against which these can be utilised.

2 These tax liabilities, stemming from asset revaluations and resulting from the purchase price allocation of entities acquired by UMG, are cancelled upon amortization or divestiture of the related assets and do not and will not generate any current tax liabilities.

3 Primarily related to the deferred tax liabilities stemming from the revaluation of the investments in Spotify, Tencent Music Entertainment and other investments.

4 No liability has been recorded for the withholding tax to be suffered on any group entities' future dividend distributions of available earnings as of December 31, 2023 as the impact is not material.

5 As a result of applying the Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12 the December 31, 2022 balances show a gross up of the previously recorded net deferred tax assets on leases (from €26 million to €106 million) as well as a deferred tax liability of €80 million (previously nil). As a legally enforceable right to offset exists with the same taxation authority these positions have been ultimately netted.

Pillar Two

UMG has carried out a study on the financial impact of the Pillar Two rules on future years. Based on the currently available information UMG estimates that this impact is not material. UMG will closely monitor the legislative developments and guidance issued to assess potential changes in the impact on the Pillar Two rules.

Tax litigation

In the normal course of their business, UMG is subject to tax audits by the relevant tax authorities in the countries in which it conducts or has conducted business. Various tax authorities have proposed ordinary adjustments to the financial results reported by UMG in prior years, under statutes of limitation applicable to UMG. In litigation situations, UMG's policy is to pay the taxes it intends to contest, and to seek a refund through appropriate legal proceedings. Regarding ongoing tax audits, no provision is recorded where the impact that could result from an unfavourable outcome cannot be reliably assessed. To date, UMG believes that these tax audits are unlikely to have a material impact on the Group's financial position or liquidity.

Note 7. Earnings per share

	Year ended December 31,	
(millions of euros and shares, except per share data)	2023	2022
Net profit attributable to equity holders of the parent	**1,259**	**782**
Weighted average number of shares outstanding (after deduction of treasury shares) during the year	1,819	1,813
Potential dilutive effects related to share-based compensation	23	3
Diluted weighted average number of shares	**1,842**	**1,816**
Earnings per share *(in euros)*		
Basic earnings per share	0.69	0.43
Diluted earnings per share	0.68	0.43

Note 8. Goodwill

Changes in goodwill

(millions of euros)	Year ended December 31, 2023	2022
Balance as at January 1		
Goodwill, gross	1,678	1,567
Accumulated impairment losses	(100)	(87)
Goodwill, net	**1,578**	**1,480**
Changes in book value:		
Acquisitions	93	19
Impairment losses	–	(7)
Foreign currency translation adjustments	(47)	86
Total changes	**46**	**98**
Balance as at December 31		
Goodwill, gross	1,720	1,678
Accumulated impairment losses	(96)	(100)
Goodwill, net	**1,624**	**1,578**

Goodwill by cash generating unit

(millions of euros)	Year ended December 31, 2023	2022
Recorded Music	779	709
Music Publishing	745	769
Merchandising & Other	100	100
Closing balance	**1,624**	**1,578**

Cash generating units

For impairment testing, goodwill is allocated to cash-generating units, which represent the lowest level at which the goodwill is monitored internally for management purposes. The cash-generating units correspond to the operating segments as disclosed in Note 3 above.

Goodwill impairment test

UMG conducted the full annual impairment test in the fourth quarter of 2023.

The goodwill was tested for impairment by comparing it with a recoverable amount. The recoverable amount is determined as the higher of the value in use determined by the discounted value of future cash flows (Discounted Cash Flow method (DCF)) and the fair value (less costs to sell), determined on the basis of market data (stock market prices, comparable listed companies, comparison with the value attributed to similar assets or companies in recent acquisition transactions). For a description of the methods used for the impairment test, please refer to Note 2. In 2023 and 2022, the recoverable amounts of cash generating units were determined using their value in use.

Key assumptions used in the impairment tests for the cash-generating units were sales growth rates and the rates used for discounting the projected cash flows. These cash flow projections were determined using management's internal forecasts that cover an initial period of 2024 to 2028 that matches the period used for our strategic planning process, after which a terminal value was calculated. The sales growth rates used to estimate cash flows are based on:

- past performance, including the label pool revenue forecasts derived from commercial agreements with customers;
- external market growth assumptions among which is the overall population and corresponding growth in streaming penetration rate among the population;
- expected market share developments;
- industry long-term growth averages.

Key assumptions

	2023			2022		
In % per year	Compound Annual Revenue Growth 2024-2028	Extrapolation revenue growth rate after 2028	Pre-tax discount rates	Compound Annual Revenue Growth 2023-2027	Extrapolation revenue growth rate after 2027	Pre-tax discount rates
Recorded Music	6.6%	3.3%	10.0%	5.0%	3.4%	9.8%
Music Publishing	5.9%	3.3%	10.0%	3.9%	3.4%	9.8%
Merchandising	9.1%	2.1%	10.0%	10.8%	2.0%	9.8%

The annual impairment test for Recorded Music, Music Publishing and Merchandising showed significant headroom and management did not identify an impairment for these CGUs. The sensitivity analysis around the key assumptions in the impairment tests have indicated that a reasonably possible change in any of the assumptions would not cause the recoverable amount to be less than the carrying value. Impairment losses in 2022 presented in the tables above relates to a disposal of a minor operation within Music Publishing.

Note 9. Content assets (catalogues and royalty advances) and other intangibles

Net book value

	December 31, 2023		
(millions of euros)	Asset value, gross	Accumulated amortisation and impairment losses	Net book value
Catalogues (of music and publishing rights)	5,845	(2,825)	3,020
Royalty advances (to artists and repertoire owners)	2,634	-	2,634
Content assets	**8,479**	**(2,825)**	**5,654**
Other intangible assets	585	(405)	180

	December 31, 2022		
(millions of euros)	Asset value, gross	Accumulated amortisation and impairment losses	Net book value
Catalogues (of music and publishing rights)	5,732	(2,674)	3,058
Royalty advances (to artists and repertoire owners)	2,577	-	2,577
Content assets	**8,309**	**(2,674)**	**5,635**
Other intangible assets	489	(370)	119

Changes in content assets and other intangibles

(millions of euros)	Catalogues (of music and publishing rights)	Royalty advances (to artists and repertoire owners)	Other intangibles	Total intangible assets & advances
Balance December 31, 2021	**2,982**	**2,380**	**96**	**5,458**
Amortisation	(233)	–	(35)	(268)
Impairment	(10)	–	–	(10)
Additions	137	1,187	54	1,378
Disposals	(3)	–	–	(3)
Recoupments	–	(1,122)	–	(1,122)
Business combinations	6	–	1	7
Changes in foreign currency translation adjustments and other	179	132	3	314
Balance December 31, 2022	**3,058**	**2,577**	**119**	**5,754**
Amortisation	(236)	–	(40)	(276)
Impairment	7	–	–	7
Additions	264	1,319	103	1,686
Disposals	(1)	–	–	(1)
Recoupments	–	(1,201)	–	(1,201)
Business combinations	19	–	–	19
Changes in foreign currency translation adjustments and other	(91)	(61)	(2)	(154)
Balance December 31, 2023	**3,020**	**2,634**	**180**	**5,834**

Royalty advance payments, net on the Consolidated Statement of Cash Flows consists of additions and recoupments from the changes in content assets table above.

The significant music catalogues and publishing rights were acquired through business combinations of BMG Publishing (BMG) and EMI Recorded Music (EMI). The BMG catalogue was acquired in 2007 with a fair value of €1,241 million and has carrying amount of €308 million (2022: €378 million) with a remaining useful life of 4 and 34 years for the respective catalogue components. The EMI catalogue was acquired in 2012 with a fair value of €1,046 million, and has a carrying amount of €559 million (2022: €626 million) with a remaining useful life of 9 and 39 years for the respective catalogue components.

Note 10. Property, plant and equipment

(millions of euros)	Land and buildings	Equipment and machinery	Other fixed assets	Assets under construction	Total
Cost					
Balance as at January 1, 2023	**241**	**119**	**78**	**20**	**458**
Additions	3	3	3	38	47
Transfers and reclassifications	17	16	1	(34)	-
Disposals	(16)	(15)	(6)	-	(37)
Changes in foreign currency translation adjustments and other	(3)	(1)	(2)	-	(6)
Balance as at December 31, 2023	**242**	**122**	**74**	**24**	**462**
Depreciation and impairment losses					
Balance as at January 1, 2023	**(135)**	**(99)**	**(57)**	**-**	**(291)**
Depreciation during the year	(18)	(9)	(7)	-	(34)
Disposals	15	15	6	-	36
Changes in foreign currency translation adjustments and other	2	1	1	-	4
Balance as at December 31, 2023	**(136)**	**(92)**	**(57)**	**-**	**(285)**
Carrying amount					
As at January 1	**106**	**20**	**21**	**20**	**167**
As at December 31	106	30	17	24	177

(millions of euros)	Land and buildings	Equipment and machinery	Other fixed assets	Assets under construction	Total
Cost					
Balance as at January 1, 2022	**234**	**111**	**74**	**9**	**428**
Additions	4	4	1	24	33
Transfers and reclassifications	5	5	3	(13)	-
Disposals	(5)	(4)	(2)	(1)	(12)
Changes in foreign currency translation adjustments and other	3	3	2	1	9
Balance as at December 31, 2022	**241**	**119**	**78**	**20**	**458**
Depreciation and impairment losses					
Balance as at January 1, 2022	**(120)**	**(90)**	**(51)**	**-**	**(261)**
Depreciation during the year	(18)	(10)	(7)	-	(35)
Disposals	5	3	3	-	11
Changes in foreign currency translation adjustments and other	(2)	(2)	(2)	-	(6)
Balance as at December 31, 2022	**(135)**	**(99)**	**(57)**	**-**	**(291)**
Carrying amount					
As at January 1	114	21	23	9	167
As at December 31	106	20	21	20	167

Note 11. Leases

Changes in the rights-of-use

(millions of euros)	Year ended December 31, 2023	2022
Opening balance	**318**	**388**
Depreciation	(72)	(74)
Additions	78	25
Disposals	(1)	(26)
Foreign currency translations and other	(7)	5
Closing balance	**316**	**318**

Lease liabilities

(millions of euros)	Note	Year ended December 31, 2023	2022
Opening balance		**423**	**501**
Additions		77	26
Disposals		(1)	(26)
Accretion of interest	5	14	14
Payments		(94)	(100)
Of which interest		*(14)*	*(14)*
Of which principal		*(80)*	*(86)*
Foreign currency translations and other		(9)	8
Closing balance		**410**	**423**

Maturity of lease liabilities

(millions of euros)	Year ended December 31, 2023	2022
Maturity		
< 1 year	86	77
Between 1 and 5 years	217	228
> 5 years	107	118
Lease liabilities	**410**	**423**

Cash outflow for leases and lease-related expenses

Total cash outflow and expenses for the leases of real-estate with maturity shorter than 12 months and expense relating to low-value assets recorded in the Statement of Profit or Loss amounted to €19 million for the year ended December 31, 2023 (compared to €18 million for the year ended December 31, 2022).

Note 12. Investments in equity affiliates

UMG has certain interests in joint ventures and companies where UMG has significant influence. The main company over which UMG had significant influence at the reporting date was Vevo LLC (Vevo). Vevo is a global music videos and entertainment services platform and its country of incorporation is the United States. UMG owns 49.2% of the voting interest and the carrying amount of this investment was €68 million on December 31, 2023 (2022: €74 million).

Change in value of investments in equity affiliates

	Year ended December 31,	
(millions of euros)	2023	2022
Opening balance	**156**	**109**
Acquisitions	74	47
Write-downs	–	(2)
Income/(loss) from equity affiliates	–	(2)
Change in other comprehensive income	(4)	6
Dividends	(4)	(2)
Translation difference	–	–
Closing balance	**222**	**156**

Note 13. Capital and financial risk management

Capital risk management

UMG objectives when managing capital are to safeguard UMG's ability to continue to create value for shareholders, support the sustainable growth of the Group, and maintain a capital structure that optimizes its cost of capital. As a result, UMG endeavours to maintain a satisfactory economic return for its shareholders and guarantee economic access to external sources of funds.

During 2023, UMG maintained its Baa1/BBB Long Term Credit Ratings from Moody's and S&P. The syndicated RCF financial covenant requires that UMG maintain Baa2/BBB long term ratings with Moody's and S&P.

UMG and its subsidiaries are not subject to external capital requirements, other than the financial covenants as disclosed above.

To support this strategic goal, UMG management remains focused on the robust performance of the Free Cash Flow, a non-IFRS measure as defined in the definitions in the Appendix to the Annual Report, and effective Working Capital management, details on both are presented below.

Free cash flow

	Year ended December 31,	
(millions of euros)	2023	2022
Operating profit	**1,418**	**1,600**
Amortisation and depreciation expense	382	377
Non-cash share-based compensation expense, net of employees tax withheld	429	107
Impairment (reversal)/charge on intangible assets	(7)	17
Changes in provision, net	18	65
(Gain)/loss on sale of assets	(26)	2
Adjustments	**796**	**568**
Royalty advance payments, net of recoupments	(100)	(148)
Other changes in net working capital	164	(33)
Net cash provided by/(used for) operating activities before income tax paid	**2,278**	**1,987**
Income tax paid	(393)	(255)
Net cash provided by/(used for) operating activities	**1,885**	**1,732**
Net cash provided by/(used for) investing activities	**(622)**	**(520)**
Repayment of lease liabilities and related interest expenses	(94)	(100)
Interest, net	(77)	(30)
Other cash items related to financing activities	(10)	4
Free cash flow	**1,082**	**1,086**

Changes in working capital

(millions of euros)	December 31, 2022	Changes in operating working capital[1]	Business combinations	Changes in foreign currency translation adjustments	Other[2]	December 31, 2023
Inventories[3]	**163**	52	–	(5)	–	**210**
Trade accounts receivable and other	**2,014**	309	3	(41)	(39)	**2,246**
Of which:						
Trade accounts receivable	*580*	*102*	*3*	*(16)*	*(23)*	*646*
Expected credit losses	*(62)*	*13*	*(1)*	*2*	*(1)*	*(49)*
Working capital assets	**2,177**	**361**	**3**	**(46)**	**(39)**	**2,456**
Trade accounts payable and other	**(5,150)**	(527)	(9)	134	(159)	**(5,711)**
Other non-current liabilities	**(437)**	2	(40)	5	(245)	**(715)**
Working capital liabilities	**(5,587)**	**(525)**	**(49)**	**139**	**(404)**	**(6,426)**
Net working capital	**(3,410)**	**(164)**	**(46)**	**93**	**(443)**	**(3,970)**

1 Excludes content investments.

2 Mainly includes the change in net working capital relating to content investments, capital expenditures and other investments.

3 Total inventory obsolescence expense for the period was €59 million.

(millions of euros)	December 31, 2021	Changes in operating working capital[1]	Business combinations	Changes in foreign currency translation adjustments	Other[2]	December 31, 2022
Inventories[3]	99	62	–	2	–	163
Trade accounts receivable and other	1,803	203	1	11	(4)	2,014
Of which:						
Trade accounts receivable	*550*	*22*	*1*	*4*	*3*	*580*
Expected credit losses	*(46)*	*(14)*	–	–	*(2)*	*(62)*
Working capital assets	**1,902**	**265**	**1**	**13**	**(4)**	**2,177**
Trade accounts payable and other	(4,875)	(226)	(2)	(113)	66	(5,150)
Other non-current liabilities	(769)	(6)	(3)	(14)	355	(437)
Working capital liabilities	**(5,644)**	**(232)**	**(5)**	**(127)**	**421**	**(5,587)**
Net working capital	**(3,742)**	**33**	**(4)**	**(114)**	**417**	**(3,410)**

1 Excludes content investments.

2 Mainly includes the change in net working capital relating to content investments, capital expenditures and other investments.

3 Total inventory obsolescence expense for the period was €69 million.

Financial risk management

UMG business activities expose the Group to financial risks, including credit risk, liquidity risk, and market risk. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risks.

These risks are inherent to how UMG operates as a multinational with locally operating subsidiaries. To manage these risks, UMG has developed specific policies. The essence of measuring the performance of these policies is to strike a balance between managing risks and contributing to the financial results of UMG. UMG policies are risk-averse in that regard. Enforcement of procedures related to financial risk management is carried out by UMG Group Treasury in line with the guiding principles of the Group Treasury Policies.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by falling to discharge an obligation.

UMG's maximum credit risk exposure is equal to the carrying amounts of Trade and other receivables, refer to Note 14, and Cash position and borrowings, refer to Note 16, as presented in the Statement of Financial Position. Also, for the derivatives and assets at fair value via profit and loss, the maximum exposure to credit risk at the end of the reporting period is equal to the carrying amount, refer to Note 18 . The maximum credit risk exposure on guarantees issued corresponds to their nominal amounts, as presented in Note 17 .

UMG aims to centralize its cash management with its Tier 1 banks, of which all the banks have credit ratings of minimum of A-.

UMG performs ongoing evaluations of the financial and non-financial condition of UMG customers and adjusts credit limits when appropriate. In instances where a customer's creditworthiness is determined not to be sufficient to grant the required credit limit, there are several mitigation tools that can be utilized to close the gap, including reducing payment terms, cash on delivery, prepayments and pledges on assets.

UMG's operational subsidiaries have set up procedures and systems to track their trade accounts receivable and recover outstanding amounts. In addition, some subsidiaries have insured their main client credit risks worldwide with a leading credit insurer.

Liquidity risk

Liquidity risk is the risk that UMG will not be able to meet its financial obligations as they fall due.

The primary objective of liquidity management is providing sufficient cash to enable UMG to meet its liabilities when due, under normal and stressed conditions, without incurring losses.

Neither the aged receivables of individual customers, nor the profile of the accounts receivable portfolio per segment, impose a significant threat to UMG's liquidity planning.

UMG Treasury provides for the short-term day-to-day cash management needs of the Group by organizing sweeps between international cash poolings. For medium term financing requirements, UMG Group Treasury determines the Group's overall debt position and its planned evolution based on the Group's 13-month rolling cash forecast. A liquidity analysis is performed to ensure the proper funding is in place to face medium-term needs.

Cash is pooled up to UMG NV from all territories participating in the international cash pooling arrangement. Cash is extracted from countries outside the cash pooling through dividends or upstream loans.

The objectives of liquidity management are to repay UMG's external debt and to pay UMG's dividend to the Group's shareholders. The list of permitted banks for liquidity management includes nine banks with minimum rating of A-.

The liquidity analysis includes a buffer of €400 million to provide for intra-month treasury swings and the incompressible treasury float. Adequate bank facilities are available as backup for Commercial paper. The maturity schedule for long-term external debt is maintained above 3 years and the current average maturity for long term external debt is 5 years. UMG Treasury ensures central compliance with financial covenants, pari-passu, and negative pledge clauses.

Total cash and cash equivalents position as at December 31, 2023, is disclosed in Note 16. Contractual obligations and their timing are disclosed in Note 17. In addition, as at December 31, 2023, UMG has undrawn Revolving Credit Facilities (RCF) of €2,301 million.

Market risk

Market risk is the possibility that an entity will experience losses due to factors that affect the financial markets. Market risk includes currency risk and interest rate risk as addressed below, but also risk of change in fair value of the financial instruments, including those traded on the active markets. At December 31, 2023, UMG held financial instruments measured at fair value as disclosed in Note 18, where the exposure of the risk and sensitivity are presented.

UMG risk management policies cover refinancing risk to ensure that under any market circumstances, UMG can refinance its debt on time and a reasonable cost. The objectives of refinancing risk management are to benefit from sufficient flexibility granted by the access to capital markets (in particular, Euro commercial papers, private placement and bond markets) and not rely solely on bank borrowings.

Interest rate risk

Interest rate risk is the risk of the fair value or future cash flows of a financial instrument fluctuating because of changes in the market interest rates. Financial instruments included in borrowings create an inherent interest rate risk.

UMG seeks to limit the period over which it is exposed to interest rate risk on the Group's borrowings. The preferred method of hedging interest rate risk is issuing long-term fixed-rate bonds. The use of interest-rate plain vanilla derivatives is also authorized. The list of authorized instruments includes interest rate swaps, FRAs, caps, and floors.

As for currency risk management, interest rate hedging operations are handled solely by UMG Treasury according to the Group's strategic goals set by the Group Chief Financial Officer. The speculative use of interest rate derivatives is strictly prohibited.

As of December 31, 2023, UMG had a ratio of fixed-rate debt to total outstanding debt of approximately 85%. A sensitivity analysis conducted in January 2024 on the gross debt portfolio shows that if short term EURIBOR were to increase instantaneously by 0.5% from their level of December 31, 2023, with all other variables held constant, the total change in annualized interest expense result would be €1 million.

Foreign currency risk

As any multinational group, UMG is exposed to transactional foreign currency risk on committed and forecast cash flows, that are denominated in a currency other than the transacting entity's functional currency. UMG is also exposed to translational risk, resulting from the translation of foreign operations into Euros. The main currencies that drive UMG's foreign currency risk are U.S. Dollar, British Pound and Japanese Yen.

UMG’s exposure to foreign exchange transactional risk is greatly limited due to the offsetting of inflows and outflows in local currencies to the extent possible as a natural hedge. UMG Treasury mainly manages foreign currency risk exposure on balance sheet positions, primarily cash concentrations in non-Euro currencies held under the Group's cash pooling arrangements. UMG Treasury's foreign currency risk management policy is to hedge recognized assets and liabilities denominated in foreign currencies above a predefined threshold. UMG uses forward exchange rate contracts and foreign exchange swaps to manage this exposure. All material foreign currency balance sheet exposures are offset by derivatives, so potential foreign currency rate fluctuations as of December 31, 2023 would have no significant impacts on UMG’s financial results. UMG did not apply hedge accounting to these derivatives in 2023 or 2022. Currency derivatives are not used for speculative purposes. The average maturity of these contracts is one month.

The table below summarises the net nominal value of the foreign currency balance sheet exposure and foreign exchange rate derivatives used to offset it as of December 31, 2023.

(millions of euros)	USD	GBP	JPY	Other	Total
Nominal value of Balance sheet exposure	535	475	106	412	1,528
Foreign exchange rate derivatives	(535)	(475)	(106)	(412)	(1,528)
Net exposure	–	–	–	–	–

Beginning in 2023, foreign currency translation risks are hedged to a limited extent, as the underlying currency positions are generally considered to be long-term in nature. If a hedge is entered into, it is accounted for as a net investment hedge.

Note 14. Trade and other receivables

	Year ended December 31,	
(millions of euros)	2023	2022
Trade receivables	1,986	1,765
Other receivables	260	249
Trade receivables, net of value allowance	**2,246**	**2,014**

(millions of euros)	Year ended December 31, 2023	2022
Current	1,895	1,698
Overdue 0-30 days	58	46
Overdue 31-150 days	25	21
Overdue >150 days	8	-
Trade receivables, net of value allowance	**1,986**	**1,765**

For the movements of the expected credit loss allowance and the credit risk management policies and procedures of UMG please refer to Note 13.

Note 15. Trade and other accounts payable

(millions of euros)	Year ended December 31, 2023	2022
Trade accounts payable	118	138
Music royalties to artists and repertoire owners	3,944	3,523
Accrued expenses	389	401
Other payables	852	711
Trade and other accounts payable	**5,303**	**4,773**
Current contract liabilities	408	377
Trade accounts payable and other	**5,711**	**5,150**

Out of the total amount of €377 million recognized in contract liabilities at the beginning of 2023, €321 million has been recognized as revenue for the year ended December 31, 2023. The total amount of current and non-current contract liabilities as at December 31, 2023 is €428 million.

Note 16. Cash position and borrowings

Cash position

(millions of euros)	Year ended December 31, 2023	2022
Cash and cash equivalents	413	439
Bank overdrafts	(26)	(1)
Cash and cash equivalents in the statement of cash flows	**387**	**438**

UMG operates in a number of territories where regulations do not authorise participation of local entities to the UMG global cash pooling. Only dividends and intra-group invoices are available to extract cash from these territories. The amount of cash held by UMG entities in these countries amounted to €394 million as of December 31, 2023.

Borrowings and other financial liabilities

	December 31, 2023			December 31, 2022		
(millions of euros)	Total	Long-term	Short-term	Total	Long-term	Short-term
Bonds	1,808	1,774	34	1,004	987	17
Drawn revolving credit facilities	-	-	-	125	125	-
Commercial papers	197	-	197	929	-	929
Bank overdrafts	26	-	26	1	-	1
Other	73	52	21	191	1	190
Borrowings at amortized cost	2,104	1,826	278	2,250	1,113	1,137
Cash and cash equivalents	(413)	-	(413)	(439)	-	(439)
Derivative financial assets	(2)	-	(2)	(1)	-	(1)
Net debt	1,689			1,810		

New borrowings

In July 2023, UMG issued ¥7 billion (€45 million) of senior notes due on July 5, 2038 with a coupon of 1.61%.

In June 2023, UMG issued €750 million of senior unsecured notes due on June 13, 2031 with a coupon of 4.00%.

In March 2023, UMG entered into a short-term bilateral floating rate €500 million revolving credit facility. The facility matures 12 months from the signing date.

In February 2023, UMG extended the original maturity of the syndicated floating rate €2 billion revolving credit facility. The maturity date was extended for two years up to April 26, 2028. All other conditions remained unchanged.

Movements of borrowings

(millions of euros)	Term facility	Drawn revolving credit facilities	Bonds	Bank overdrafts	Commercial papers	Other debt	Total
Balance December 31, 2021	998	1,447	-	13	-	137	2,595
New borrowings	8	1,722	1,004	1	3,117	87	5,939
Repayments	(1,006)	(3,126)	-	(13)	(2,188)	(34)	(6,367)
Translation differences and other movements	-	82	-	-	-	1	83
Balance December 31, 2022	-	125	1,004	1	929	191	2,250
New borrowings	-	1,075	794	26	4,738	34	6,667
Repayments	-	(1,200)	-	(1)	(5,469)	(145)	(6,815)
Translation differences and other movements	-	-	10	-	(1)	(7)	2
Balance December 31, 2023	-	-	1,808	26	197	73	2,104

Note 17. Contractual obligations and other commitments

UMG's material contractual obligations and contingent assets and liabilities include:

- Contractual content commitments. UMG routinely commits to pay agreed amounts to artists and other parties upon delivery of content or other products. Until the artist or the other party has delivered his or her content or until the recoupment of an advance, UMG discloses its obligation as an off-balance sheet commitment;
- Certain contractual obligations relating to the UMG's business operations, including leases and off-balance sheet commercial commitments, such as long-term service contracts and purchase or investment commitments; and
- Commitments related to UMG's financing: term loan and drawn committed bank credit facilities.

Contractual obligations

The table below analyses UMG's financial liabilities into relevant maturity groupings based on their contractual maturities. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant. Interest on long-term debt is based on floating rate adjustments according to market expectations.

	Minimum future payments as of December 31, 2023				Total minimum future payments as of
		Payments due in			
(millions of euros)	Total	1 year	2-5 years	After 5 years	December 31, 2022
Borrowings and other financial liabilities	2,449	274	735	1,440	2,506
Lease liabilities	463	94	251	118	472
Music royalties to artists and repertoire owners	3,957	3,944	13	-	3,542
Creative talent and employment agreements and others	603	362	240	1	470
Other payables	1,411	949	55	407	1,156
Consolidated statement of financial position items	**8,883**	**5,623**	**1,294**	**1,966**	**8,146**
Contractual content commitments	1,595	815	737	43	1,562
Other commitments	287	82	135	70	244
Total off-balance sheet commitments	**1,882**	**897**	**872**	**113**	**1,806**
Total	**10,765**	**6,520**	**2,166**	**2,079**	**9,952**

Note 18. Financial assets and liabilities

The following table shows the carrying amounts and fair values of financial assets and liabilities according to their fair value hierarchy. Based on the nature, maturity or the magnitude of the amounts, UMG considers that the fair value of trade and other receivables, short-term deposits, loans receivable, borrowings, trade and other payables are not materially different from their carrying value.

Fair value hierarchy is based on the transparency of the inputs used and is as follows:

- Level 1: fair value measurement based on quoted prices in active markets for identical assets or liabilities;
- Level 2: fair value measurement based on observable market data (other than quoted prices included under Level 1), being for example, price on the last transactions on over-the-counter (OTC) markets; and
- Level 3: fair value measurement based on valuation techniques using inputs for the asset or liability that are not based on observable market data.

	December 31, 2023			
		Fair value		
(millions of euros)	Carrying amount	Level 1	Level 2	Level 3
Financial assets at fair value through profit and loss				
Listed equity securities	1,227	1,227	-	-
Other financial assets	75	-	55	20
Trade and other receivables	-	-	-	-
Financial assets at fair value through other comprehensive income				
Listed equity securities through OCI	-	-	-	-
Unlisted equity securities	20	-	-	20
Financial assets at amortised cost				
Trade and other receivables	2,246	-	-	-
Other financial assets	205	-	-	-
Total financial assets	**3,773**	**1,227**	**55**	**40**
Financial liabilities at fair value through profit and loss				
Trade and other payables	(4)	(4)	-	-
Other non-current liabilities	(35)	(5)	-	(30)
Financial liabilities at amortised cost				
Trade and other payables	(5,707)	-	-	-
Bonds	(1,808)	(1,808)	-	-
Borrowings, excluding bank overdrafts and bonds	(270)	-	-	-
Other non-current liabilities	(680)	-	-	-
Total financial liabilities	**(8,504)**	**(1,817)**	-	**(30)**

(millions of euros)	Carrying amount	Fair value Level 1[1]	Level 2	Level 3
	December 31, 2022			
Financial assets at fair value through profit and loss				
Listed equity securities	597	597	-	-
Other financial assets	51	-	31	20
Trade and other receivables	1	-	1	-
Financial assets at fair value through other comprehensive income				
Listed equity securities through OCI	1	1	-	-
Unlisted equity securities	19	-	-	19
Financial assets at amortised cost				
Trade and other receivables	2,013	-	-	-
Other financial assets	22	-	-	-
Total financial assets	**2,704**	**598**	**32**	**39**
Financial liabilities at fair value through profit and loss				
Trade and other payables	-	-	-	-
Other non-current liabilities	-	-	-	-
Financial liabilities at amortised cost				
Trade and other payables	(5,150)	-	-	-
Bonds	(1,004)	(987)	-	-
Borrowings, excluding bank overdrafts and bonds	(1,245)	-	-	-
Other non-current liabilities	(437)	-	-	-
Total financial liabilities	**(7,836)**	**(987)**	**-**	**-**

1 Includes transfer of €31 million of equity securities from level 2 to level 1.

Listed equity portfolio

	Number of shares held (thousands)	Ownership interest	Average purchase price[1,2] (€/share)	Stock market price (€/share)	Carrying value (millions of euros)	Change in value over the period (millions of euros)	Cumulative unrealized captial gain/(loss)[3] (millions of euros)	Sensitivity at +/- 10 pts
	December 31, 2023							
Spotify	6,487	3.27%	6.58	171.36	1,112	629	1,069	+111/-111
Tencent Music Entertainment	12,246	0.78%	na	8.22	101	5	101	+10/-10
Other					14	(4)	14	
Total					**1,227**	**630**	**1,184**	

1 Includes acquisition fees and taxes.

2 na: not applicable.

3 Includes revaluation gains, net of liabilities, of €425 million in 2023 as recognized in Note 5.

	December 31, 2022							
	Number of shares held (thousands)	Ownership interest	Average purchase price[1,2] (€/share)	Stock market price	Carrying value (millions of euros)	Change in value over the period	Cumulative unrealized captial gain/(loss)[3]	Sensitivity at +/- 10 pts
Spotify	6,487	3.30%	6.58	74.41	483	(856)	440	+48/-48
Tencent Music Entertainment	12,246	0.76%	na	7.80	96	22	96	+10/-10
Other					18	18	18	
Total					**597**	**(816)**	**554**	

1 Includes acquisition fees and taxes.

2 na: not applicable.

3 Includes revaluation losses, net of liabilities, of €617 million in 2022 as recognized in Note 5.

Note 19. Equity

Share capital

UMG has an authorized share capital of €27,000 million divided into 2,700,000,000 ordinary shares with a nominal value of €10 per share. On December 31, 2023, the issued and fully paid share capital consisted of 1,821,665,441 ordinary shares with a nominal value of €10 per share (2022: 1,813,512,742 ordinary shares with a nominal value of €10 per share).

Additional paid-in capital

Additional paid-in capital represents the premium paid in excess of the par value of shares at the time of the issuance of new shares.

Treasury shares

As at December 31, 2023, UMG held 214,235 shares (2022: 214,235 shares) as Treasury shares.

Retained Earnings

Dividend Distribution

On May 11, 2023 the shareholders approved a dividend distribution of €0.27 per ordinary share, corresponding to a total distribution of €492 million, payable in June 2023.

On July 26, 2023 the directors approved an interim dividend distribution of €0.24 per ordinary share, corresponding to a total distribution of €437 million payable in October 2023.

UMG plans to annually declare and pay dividends to all holders of the Shares on a pro-rata basis in two semi-annual instalments, in the aggregate amount of no less than 50% of UMG's net profits realized during the relevant financial year, subject to agreed non-cash items. UMG intends to pay an interim dividend in the fourth quarter of each financial year, after the publication of the half-year figures of the Group, and a final dividend in the second quarter of the following financial year, to be paid following approval of the UMG's financial statements at its Annual General Meeting.

A proposal will be submitted to the 2024 Annual General Meeting of Shareholders to pay a dividend of €0.27 per ordinary share corresponding to a total distribution of €492 million, in cash, from the 2023 retained earnings, payable in Q2 2024.

Note 20. Expenses and income directly recognized in other comprehensive income

Details of changes in equity related to other comprehensive income

	Items not subsequently reclassified to profit & loss		Items to be subsequently reclassified to profit & loss			
(millions of euros)	Actuarial gains/(losses) related to employee defined benefit plans	Financial assets at fair value through other comprenhensive income	Foreign currency translation adjustments	Other comprehensive income from equity affiliates, net	Net gain/(losses) on hedge of net investment	**Other comprehensive income**
Balance as of December 31, 2021	**(47)**	**(13)**	**(200)**	**(3)**	**-**	**(263)**
Expenses and income directly recognized in other comprehensive income	49	8	184	6	-	247
Tax effect	(13)	-	-	-	-	(13)
Balance as of December 31, 2022	**(11)**	**(5)**	**(16)**	**3**	**-**	**(29)**
Expenses and income directly recognized in other comprehensive income	(5)	(1)	(150)	(4)	8	(152)
Tax effect	2	-	-	-	-	2
Balance as of December 31, 2023	**(14)**	**(6)**	**(166)**	**(1)**	**8**	**(179)**

Note 21. Provisions

		Year ended December 31,	
(millions of euros)	Note	2023	2022
Post-retirement employee benefits	22	166	166
Royalty audit claims		129	126
Deferred employee compensation		31	31
Restructuring costs		19	16
Litigations		21	5
Other		56	50
Provisions		**422**	**394**
Deduction of current provisions		(122)	(103)
Non-current provisions		**300**	**291**

Based on the historical utilisation rate, UMG expects the royalty audit claims provision will be utilized mainly within the next 5 years.

Movements in provisions

(millions of euros)	Restructuring	Litigation	Royalty audit claims	Other	Total
Balance as at January 1, 2023	**16**	**5**	**126**	**50**	**197**
Additions	27	16	43	16	102
Utilizations	(24)	–	(20)	(14)	(58)
Releases	–	–	(17)	(6)	(23)
Changes in foreign currency translation adjustments	–	–	(3)	10	7
Balance as at December 31, 2023	**19**	**21**	**129**	**56**	**225**
Current	19	16	59	9	103
Non-current	–	5	70	47	122

Note 22. Post-retirement employee benefits

In accordance with the laws and practices of each country in which it operates, UMG participates in, or maintains, employee benefit plans providing retirement pensions, post-retirement health care, life insurance and other post-employment benefits to eligible (former) employees and such of their beneficiaries who meet the required conditions. Post-retirement benefits are provided for substantially all employees through defined contribution plans, which are integrated with local social security, or defined benefit plans, which are generally managed via group pension plans.

The plan funding policy implemented by UMG is consistent with applicable government funding requirements and regulations. Refer to Note 4 for the contribution to defined contribution plans. Post-employment benefits covered in this note relate to defined-benefit pension and other post-retirement defined benefit plans, including medical plans and life insurance. The benefits provided by these plans are based on employees' years of service and compensation levels.

Refer to the table below for the present value of the net defined benefit obligations and plan assets per country as at 31 December.

	2023			2022		
(millions of euros)	Obligation	Fair value of plan assets	Net obligation/ (asset)	Obligation	Fair value of plan assets	Net obligation/ (asset)
Germany	136	(1)	135	134	(2)	132
U.S.	18	–	18	19	–	19
Other	38	(35)	3	41	(39)	2
Total	**192**	**(36)**	**156**	**194**	**(41)**	**153**
of which						
assets related to employee benefit plans			(10)			(13)
liabilities for employee benefit plans			166			166

Germany

The post-retirement benefit plans in Germany aim to provide pension benefits to eligible (former) employees and such of their beneficiaries who meet certain conditions. The total obligation as presented above includes multiple plans, from which three are material. These plans are closed to new entrants since 2003 and earlier. In accordance with current regulations, these plans are not funded and are not covered by the plan assets. The main risks for UMG relate to changes in discount rates.

United States

The defined benefit liability in the United States mainly relates to the post-retirement medical care benefits. Post-retirement medical benefit plans in the United States are not covered by plan assets in accordance with local laws and practices.

Cash flow impact for 2024

In 2024 UMG expects a cash outflow of €13 million in relation to all defined benefit plans.

Net defined benefit obligations/(assets)

Movements of the net defined benefit obligations and plan assets for the year ended on December 31, are presented in the table below.

		2023			2022		
(millions of euros)	Note	Obligation	Fair value of plan assets	Net obligation/ (asset)	Obligation	Fair value of plan assets	Net obligation/ (asset)
Opening balance		194	(41)	153	427	(219)	208
Current service cost	4	2	–	2	3	–	3
(Gain)/loss on settlements		–	–	–	–	–	–
Other		–	–	–	–	–	–
Impact on selling & administrative expenses		*2*	–	*2*	*3*	–	*3*
Interest cost	5	7	–	7	6	–	6
Expected return on plan assets	5	–	(1)	(1)	–	(3)	(3)
Impact on other financial income		*7*	*(1)*	*6*	*6*	*(3)*	*3*
Included in the statement of profit or loss		9	(1)	8	9	(3)	6
Actuarial losses/(gains) related to:							
Experience adjustments		(3)	–	(3)	10	51	61
Financial assumptions		9	–	9	(111)	–	(111)
Demographic assumptions		(1)	–	(1)	1	–	1
Included in other comprehensive income	20	*5*	–	*5*	*(100)*	*51*	*(49)*
Contributions by employers		–	(12)	(12)	–	(12)	(12)
Benefits paid by the fund		(2)	2	–	(121)	121	–
Benefits paid by the employer		(12)	12	–	(12)	12	–
Foreign currency and other		(2)	4	2	(9)	9	–
Closing balance		192	(36)	156	194	(41)	153
of which							
wholly or partly funded benefits		*33*			*38*		
wholly unfunded benefits[1]		*159*			*156*		
assets related to employee benefit plans				*(10)*			*(13)*
liabilities for employee benefit plans				*166*			*166*

1 Included a current liability of €13 million as of December 31, 2023 and €14 million as of December 31, 2022

Assumptions used in the valuation of the net defined benefit liability

The mortality tables used for UMG's major defined benefit schemes in Germany are Richttafeln 2018 G K. Heubeck.

Other key assumptions used in the valuation of the net defined benefit plans liability are: rate of compensation increase, discount rate, and expected return on plan assets. The weighted-average assumptions used to calculate the defined-benefit obligation as of December 31 were as follows:

	Germany		U.S.		Weighted average of all plans	
	2023	2022	2023	2022	2023	2022
Discount rate	3.50%	3.75%	5.28%	5.00%	3.51%	3.58%
Inflation rate	2.00%	2.00%	na	na	2.00%	2.00%
Rate of compensation increase	2.50%	2.50%	na	na	2.39%	1.93%
Duration of the benefit obligation (in years)					9.6	10.4

na: not applicable.

A 50 basis point increase (or a 50 basis point decrease, respectively) to the 2023 discount rate would have led to a decrease in the defined benefit obligation of €9.1 million (or an increase of €9.9 million, respectively), assuming all other assumptions remain unchanged.

Pension plan assets allocation

	Year ended December 31,	
(millions of euros)	2023	2022
Insurance contracts	54%	55%
Equity securities	21%	20%
Debt securities	15%	14%
Diversified funds	0%	0%
Cash and other	10%	11%
Total	**100%**	**100%**

Note 23. Share-based compensation plans

In 2022, UMG received formal approval from its shareholders to implement an equity plan, the UMG Global Equity Plan. Under the plan, Restricted Stock Units (RSUs) and Performance Stock Units (PSUs) are granted to senior executives to align the interests of the employees of UMG with its shareholders' interests by providing them with an additional incentive to improve UMG's performance and increase its share price on a long-term basis. In addition, the Annual Incentive Plan (AIP) for these senior executives was modified such that all or a portion of the payment under the plan may be settled in equity at the discretion of UMG. In 2023, the equity plan was extended to additional executives and a number of senior management personnel, resulting in the issuance of additional RSUs, PSUs and also Performance Stock Options (PSOs).

UMG Restricted Stock Units (RSUs)

Starting in the last quarter of 2022, and continuing for each year of service under the term of their contracts, certain senior executives and senior management are granted RSUs, being a right to receive shares upon vesting. The awards have vesting periods of 2.5 to 8 years and will vest in 3 equal instalments if the service condition is fulfilled. The total number of RSUs granted as at December 31, 2023 was 17.06 million and the grant date weighted-average UMG N.V. share market price was €21.50.

In addition, a one-off RSU award was granted to certain senior executives and senior management with an average 15 months vesting period in 2 equal instalments. The total number of these RSUs granted was 9.66 million and the grant date weighted-average UMG N.V. share market price was €21.18.

There was a number of RSUs granted with slightly different service conditions. The grant date weighted-average UMG share market price was €22.67 per share corresponding to the total fair value of €51 million of such awards.

The share rights are dividend-bearing during the service period. The total expense for these awards recognised in 2023 was €469 million (2022: €74 million) and the total equity reserve at December 31, 2023 was €308 million (2022: €78 million).

UMG Performance Stock Units (PSUs)

Starting in the last quarter of 2022, and continuing for each year of service under the term of their contracts, certain senior executives and senior management are granted PSUs, being a right to receive shares upon vesting. The vesting of these rights is subject to service, market and non-market performance conditions.

For these PSUs, the total number of shares delivered will range from 0% to 200% of the number of PSUs granted based on certain performance conditions tailored to each participant. These include non-market performance conditions: target compound annual growth rate for revenues (Revenue CAGR) and Adjusted EBITDA (Adjusted EBITDA CAGR) and a market performance condition: relative total shareholder return (TSR). In addition, the employee must remain in continued service for a three-year period. The share rights are dividend-bearing during the performance period.

The total number of PSUs granted as at December 31, 2023 is 5.09 million and the weighted average grant date fair value per award was €25.45. The grant date fair value was estimated taking into account the market performance condition.

There was a small number of PSU awards with slightly different service and performance conditions. The estimated grant date UMG share market price of €25.81 per share corresponding to the total fair value of €18 million of such awards.

The total expense for these awards recognised in 2023 was €47 million (2022: €5 million) and the total equity reserve at December 31, 2023 was €52 million (2022: €5 million).

Annual Incentive Program (AIP)

In 2022, the AIP for senior executives, which was previously settled only in cash and accrued throughout the year, was modified to allow UMG the choice of whether to settle in cash, shares, or a combination of the two. Such modification did not change the fair value of the award compared to the previously accrued AIP payable. UMG expects to settle 50% of the AIP in cash and 50% in shares. UMG has a constructive obligation to settle 50% of the award in cash. The total AIP expense for the full calendar year starting January 1, 2023, being the start of the service period for the 2023 award, was €47 million (2022: €42 million) with the cash-settled AIP accrual amounting to 50% of the total expense.

The vesting conditions of the AIP awards are a one-year service period and certain internally measured performance conditions including Adjusted EBITDA, revenue and cash flow from operations (CFFO). The amount received can vary between 0% and 200% of the on-target amount based on the actual performance against these performance criteria.

The number of shares granted is based on the total value of the award and UMG's share price on 15 March. The total fair value of the equity-settled portion of the total AIP is €25 million (2022: €21 million).

UMG Performance Stock Options (PSOs)

During the first half of 2023, PSOs were granted to a senior executive.

The PSOs are subject to a service condition and a market condition. Under the service condition, the options will vest annually in four substantially equal instalments on each of the first four anniversaries of the grant date, subject to the senior executive's continued employment by UMG on those dates. The market condition requires that certain stock price hurdles be met before the PSOs become exercisable. The stock price hurdles are met as follows: one-third of the PSOs each becomes exercisable at hurdle prices of €26.50, €30.00 and €38.00, respectively, based on the preceding 30-day average closing price of UMG N.V. shares. The senior executive must be employed by UMG on the occurrence of the stock price hurdles. As a result, the PSOs vest at the later of completion of service condition or the stock price hurdle. Awards will forfeit if the relevant stock price hurdle is not met in the five-year period following the grant date. The PSOs will be equity-settled.

The PSOs were granted on March 30, 2023 at a total fair value of €45.9 million ($50 million), the grant date fair value used for recognising the expense on these awards. In accordance with the PSO terms, the number of options issued was determined at a later valuation date, April 30, 2023. As of this valuation date, a Monte Carlo simulation was performed to determine the number of options to be issued so that the per unit fair values summed in total to the grant date fair value. The valuation exercise simulated the stock price of UMG over the contractual term, taking into account the terms and conditions on which the options were granted, expected dividend distributions and the historical volatility of UMG. UMG's historical volatility was also benchmarked against the long-term volatility of other listed groups considered comparable to UMG.

The number and weighted average exercise price (WAEP) of, and movements in, share options during 2023 were as follows:

	2023	
	Number (thousands)	WAEP
Outstanding at 1 January	-	na
Granted during the year	8,625	€ 19.81
Forfeited during the year	-	na
Exercised during the year	-	na
Expired during the year	-	na
Outstanding at 31 December	**8,625**	**€ 19.81**
Exercisable at 31 December	-	na

The weighted average remaining contractual life for the share options outstanding as at December 31, 2023 was 4.34 years.

The weighted average fair value of options granted during the year was €5.3.

The range of exercise prices for options outstanding at the end of the year was €19.81.

The following table lists additional inputs to the Monte Carlo model used for the PSOs for the 2023 awards granted:

	2023
Dividend yield (%)	2.00
Expected volatility (%)	34.60
Risk free interest rate (%)	2.64
Weighted average share price at valuation date (€)	19.81

The dividend distribution during the lifetime of the option has been estimated based on historical and forecasted data and is not necessarily indicative of yield patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which also may not necessarily be the actual outcome.

The total expense for these awards recognised in 2023 was €10 million and the total equity reserve at year end was €10 million.

Estimated future tax obligation

An estimate of the amount that UMG expects to transfer to tax authorities to settle the employees' tax obligations in relation to all RSU, PSU, PSO and AIP is €439 million (2022: €51 million).

All Employee Award

In October 2022, each eligible employee of UMG was granted 100 shares to be vested at the end of one-year service period. The grant date share price was €17.25 per share. A total of 0.75 million shares was granted with the majority vesting in October 2023.

The total expense for these awards recognised in 2023 was €9 million (2022: €4 million) and the total equity reserve at year end was €0 million (2022: €4 million).

UMG shares granted upon separation from Vivendi and direct listing on the Euronext Amsterdam

A total of 762,095 UMG shares, constituting a recognition award, were granted and vested to the Executive Vice President, Chief Financial Officer and President of Operations, Boyd Muir immediately after the UMG's listing date. These shares will settle over three years, from which one third was settled in 2021, a further third was settled in 2022 on the first anniversary of UMG listing and the final third settled in 2023 on the second anniversary of the UMG listing. The grant date fair value of these shares was estimated at UMG' share market price as of that date and was €25.25 per share. UMG recognised an expense of €19 million in profit and loss for the year ended December 31, 2021. The awards were fully vested in 2021 and hence there was no further cost of this award in 2023. The final tranche was settled in 2023. There is a total equity reserve of €0 million as at year end 2023 (2022: €11 million).

Vivendi Share Awards

In 2023, UMG recognised €0 million expense (2022: €1 million) relating to legacy Vivendi share based payment plans for awards granted prior to UMG's separation from Vivendi. No additional awards will be granted from these plans.

UMG-Vivendi Performance Awards

In 2021, to compensate for any effect of the UMG separation on the Vivendi share price, UMG announced that it will issue its own shares for every Vivendi share earned by the UMG participants of Vivendi's performance share plans, which were granted in 2017 – 2020 while UMG was part of Vivendi. The amount of Vivendi shares (and accordingly UMG shares in 1-to-1 ratio) estimated to be vested for the 2020 ongoing plan will be further adjusted at the end of the original performance period of Vivendi's performance share plans. In relation to this award a total expense of €0 million was recognised in 2023 (2022: €2 million) and total equity reserve of €2 million (2022: €15 million) as at year end 2023.

Note 24. Related parties

UMG’s related parties include the Corporate Executives and non-executive board members

Corporate Executive compensation

As of December 31, 2023, UMG's Corporate Executives are comprised of 9 (2022: 9) members, of which 2 (2022: 2) were Executive Directors on the UMG N.V. board. The Corporate executives are as defined in the Appendix of the Annual Report. The Executive directors are also members of the UMG N.V. board. Their aggregate compensation is presented in the table below.

	Year ended December 31, 2023		
(millions of euros)	Other Corporate Executives	Executive Directors	Corporate Executives
Short-term employee benefits	18	29	47
Post-employment benefits	–	–	-
Other long-term benefits	2	–	2
Termination benefits	–	–	-
Share-based payments	70	38	108
Corporate Executives	90	67	157

	Year ended December 31, 2022		
(millions of euros)	Other Corporate Executives	Executive Directors	Corporate Executives
Short-term employee benefits	18	50	68
Post-employment benefits	–	–	-
Other long-term benefits	–	–	-
Termination benefits	–	–	-
Share-based payments	33	–	33
Corporate Executives	51	50	101

Refer to the Remuneration Report section in the Annual Report for more detail.

Non-executive board compensation

As of December 31, 2023 UMG's non-executive board received director fees of €1 million (2022: €1 million).

Other related-party transactions

Other related parties include:

- companies fully consolidated by UMG. The transactions between these companies have been eliminated for the preparation of UMG’s Annual Financial Statements;
- companies over which UMG exercises a significant influence or has joint control;
- all companies that are controlled or jointly controlled by Corporate Executives or their close relatives;
- minority shareholders exercising a significant influence over UMG’s subsidiaries; and
- all companies that have a significant influence over UMG.

As of December 31, 2023, transactions with Vivendi are still qualified as transactions with related parties under IAS 24.

UMG distributes its cash surpluses to shareowners through dividends and share capital reductions (please refer to Note 19). Vivendi and UMG had previously entered into a transition and services agreement in connection with the separation, the terms of which Vivendi and its subsidiaries will provide to UMG, and UMG will provide to Vivendi and its subsidiaries, on an interim, various transitional basis services as applicable, including but not limited to: (i) a limited selection of treasury related services and applications; (ii) a limited selection of accounting services and accounting software related services and applications; (iii) taxation related services; and (iv) certain employee related principles in connection with the direct listing on the Euronext Amsterdam. This transaction and services agreement ceased in the first half of 2023.

The balances and transactions with the parties described above are summarised in the table below:

	December 31, 2023			
(millions of euros)	Associates	Shareholders	Other	Total
Statement of Financial Position				
Assets				
Trade accounts receivable	52	4	1	57
Non-current financial assets	105	-	-	105
Royalty advances	-	-	-	-
Liabilities				
Trade accounts payable	-	-	-	-
Statement of Profit or Loss				
Revenue	268	8	2	278
Cost of revenues	-	-	-	-
Selling, general and administrative expenses	(2)	(2)	-	(4)
Services billed by Shareholders included in profit and loss				
Share-based compensation plans	-	-	-	-

	December 31, 2022			
(millions of euros)	Associates	Shareholders	Other	Total
Statement of Financial Position				
Assets				
Trade accounts receivable	49	6	-	55
Non-current financial assets	17	-	-	17
Royalty advances	-	-	25	25
Liabilities				
Trade accounts payable	-	1	-	1
Statement of Profit or Loss				
Revenue	275	13	-	288
Cost of revenues	-	(4)	-	(4)
Selling, general and administrative expenses	(2)	(3)		(5)
Services billed by Shareholders included in profit and loss				
Share-based compensation plans	-	(1)	-	(1)

Note 25. Litigation

In the normal course of its business, Universal Music Group is subject to various lawsuits, arbitrations and governmental, administrative or other proceedings (collectively referred to herein as “Legal Proceedings”). However, based on the information currently available, UMG believes that the outcome from these Legal Proceedings will not have a material impact on UMG's consolidated results of operations and financial position.

Note 26. List of consolidated entities

The Consolidated financial statements comprise the assets and liabilities of 372 legal entities. Set out below is a list of material subsidiaries, representing more than 75% of UMG's consolidated sales.

All the entities are 100% owned.

Legal entity name	Principal country of business
Universal Music Group N.V.	Netherlands
Universal Music Group, Inc.	United States
Universal Music Group Holdings, Inc.	United States
UMG Recordings, Inc.	United States
Universal International Music B.V.	Netherlands
Universal Music Entertainment GmbH	Germany
Universal Music LLC	Japan
Universal Music Holdings Ltd.	United Kingdom
Universal Music Group Treasury S.A.S.	France

UMG does not have subsidiaries that have non-controlling interests that are material for its Consolidated financial statements.

Note 27. Statutory auditors fees

Fees for audit services include the audit of the financial statements of the UMG and its subsidiaries. Fees for other audit services include review of interim financial statements, sustainability, and other audits. Fees for tax services include tax compliance and tax advice. Fees for other non-audit services include agreed-upon procedures and advisory services. Fees for tax and other non-audit services are related to the network outside the Netherlands and are in accordance with local independence regulation.

	Year ended December 31,		
(millions of euros)	2023	2022	
	Ernst & Young Accountants LLP	Deloitte Accountants B.V.	Ernst & Young Accountants LLP
Audit of UMG and its subsidiaries	8	4	6
Other statutory services	–	–	–
Tax services	–	–	–
Other non-audit services	–	–	–
Total[1]	8	4	6

1 At the 2023 AGM, Ernst & Young Accountants LLP was appointed as the sole external auditor of UMG from 2023 to 2025. Total fees charged by the Dutch organization of Ernst & Young was €4 million (2022: €2 million). Total fees charged by the Dutch organization of Deloitte in 2022 was €2 million.

Note 28. Audit exemptions

UMG has provided guarantees to the following subsidiaries, incorporated in the Netherlands, under the registered number indicated, under section 403 of Book 2 of the Dutch Civil Code. As these companies' financial data is consolidated within these financial statements, the Dutch entities are allowed to prepare abridged financial statements which are exempt from publication and audit.

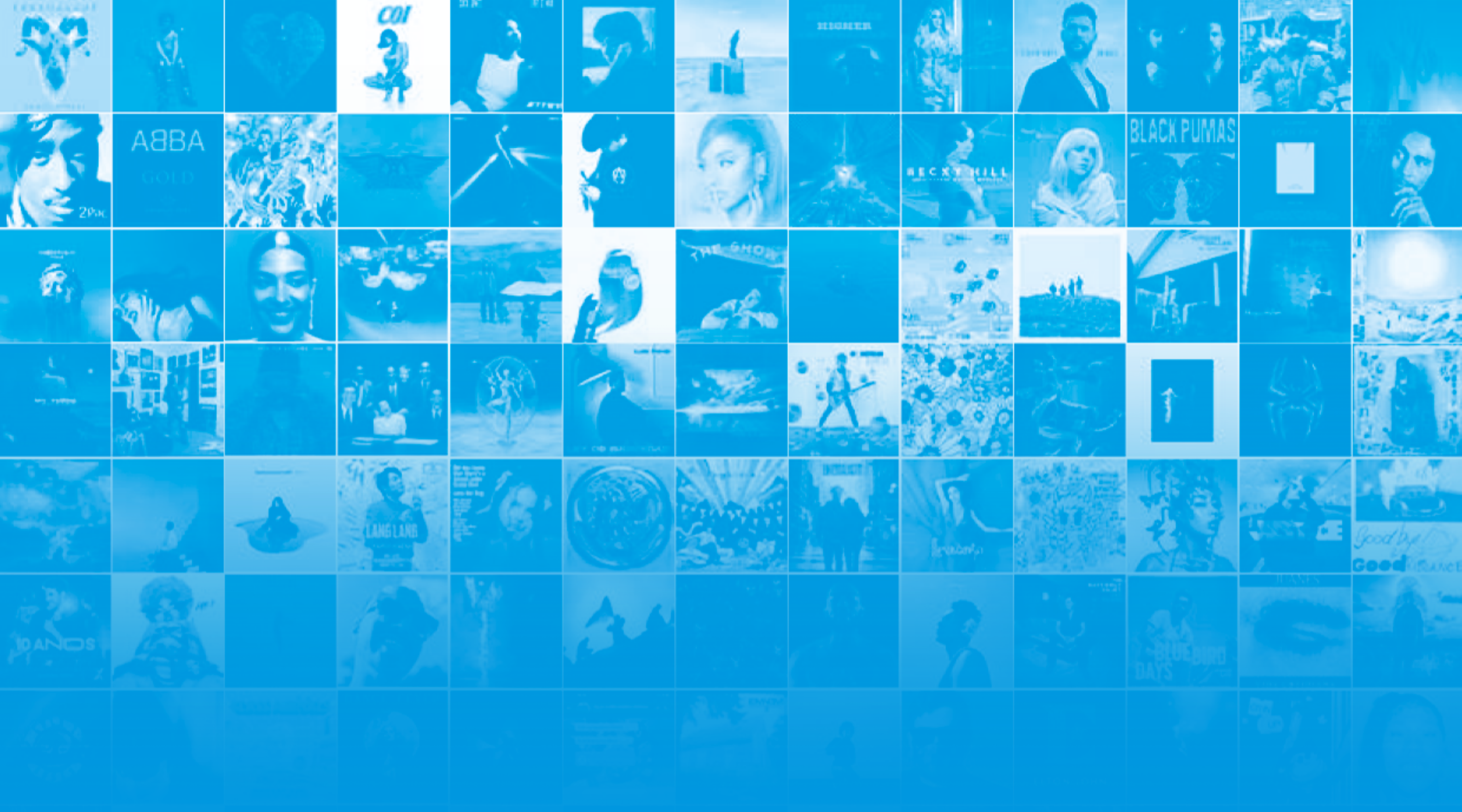
Name	Company Number
Universal International Music B.V.	31018439
Universal Music Publishing International B.V.	31037866
Universal Music Publishing B.V.	32101966
CMHL B.V.	32140273
Universal Production Music B.V.	85798479

In addition UMG has provided guarantees to the following subsidiaries, incorporated in Germany, under the registered number indicated, under section 264 paragraph 3 of the German Commercial Code. The financial data for these companies are also consolidated within these financial statements therefore the German entities are allowed to prepare abridged financial statements which are exempt from publication and audit.

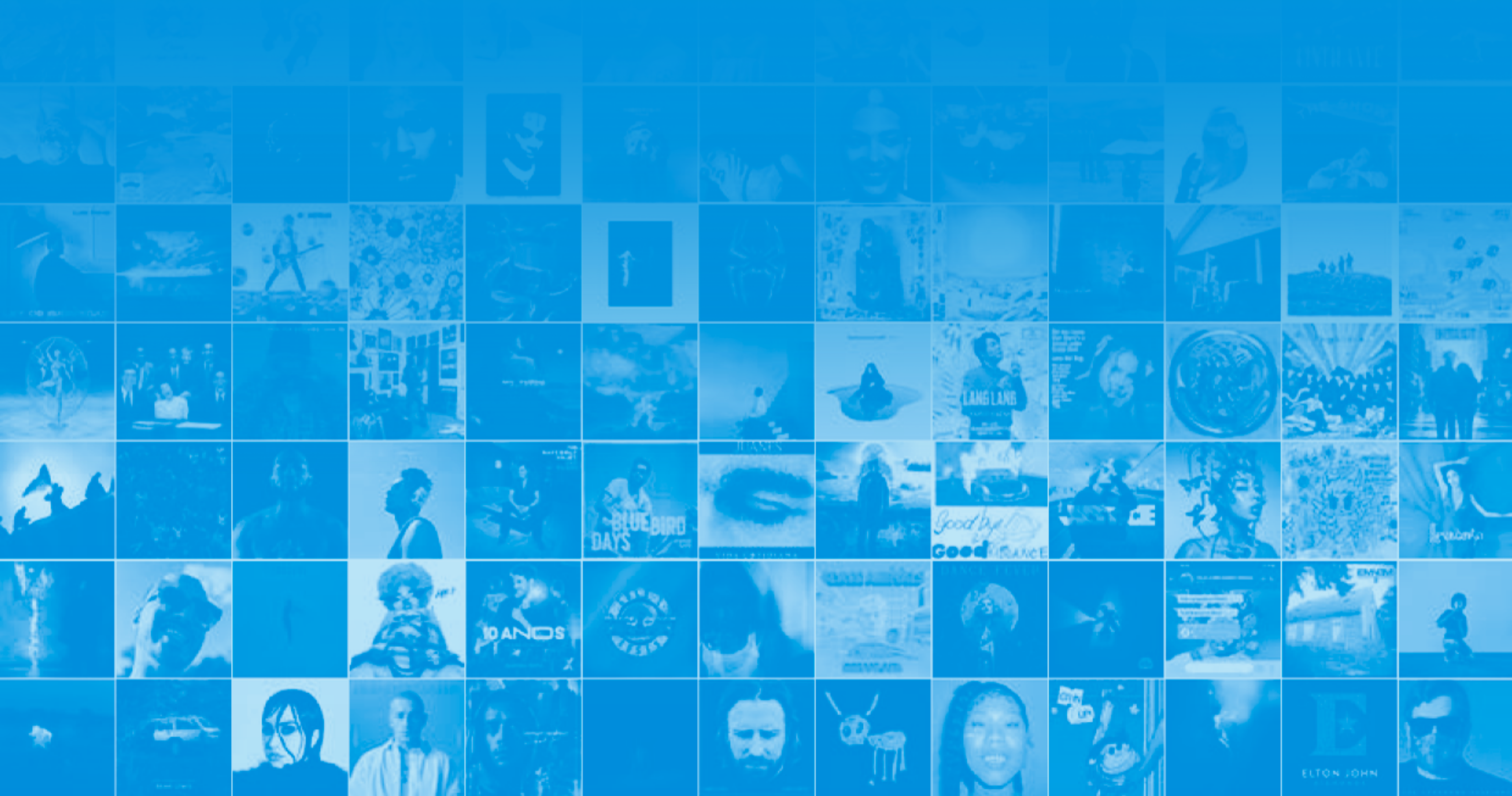
Name	Company Number
Arabella Musikverlag GmbH	HRB 110271
Centre Stage Artist Management GmbH	HRB 66733
Deutsche Grammophon Gesellschaft mbH	HRB 138012
Dreiklang-Dreimasken, Bühnen- und Musikverlag Gesellschaft mit beschränkter Haftung	HRB 110736
G. RICORDI & Co. Bühnen- und Musikverlag GmbH	HRB 153334
Musik Edition Discoton, Gesellschaft mit beschränkter Haftung	HRB 110249
Rob. Forberg Musikverlag GmbH	HRB 153343
Rondor Musikverlag G.m.b.H.	HRB 89705
Sheffield Music GmbH	HRB 221164
UNIVERSAL / MCA Music Publishing GmbH	HRB 85574
Universal Music Entertainment GmbH	HRB 86559
Universal Music GmbH	HRB 158632
Universal Music Publishing GmbH	HRB 87411
Universal Production Music GmbH	HRB 113037

Note 29. Subsequent events

In February 2024, UMG announced agreements to invest in Chord Music Partners (“Chord”), NTWRK and Mavin Global (“Mavin”). Total cash consideration for these investments will be approximately €450 million. UMG expects to account for its investments in Chord and NTWRK as associates using the equity method. UMG expects to account for its investment in Mavin as a business combination. The NTWRK and Chord transactions closed in March 2024 while the Mavin transaction remains subject to regulatory approval and is expected to close later in 2024.



COMPANY STATEMENTS



COMPANY STATEMENTS

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Company Statement of Profit or Loss and Other Comprehensive Income

		Year ended December 31,	
(millions of euros)	Note	2023	2022
General and administrative expenses	3	(7)	(4)
Operating profit		**(7)**	**(4)**
Financial income	4	43	36
Financial expenses	4	(142)	(45)
Profit/(loss) before income taxes		**(106)**	**(13)**
Income taxes		27	(3)
Profit/(loss) after income taxes		**(79)**	**(16)**
Net loss attributable to equity holders of the Company		(79)	(16)
Total comprehensive loss attributable to equity holders of the Company		(79)	(16)

Company Statement of Financial Position

		Year ended December 31,	
(millions of euros)	Note	2023	2022
Right of use assets		1	1
Investments in subsidiaries	5	35,930	33,000
Non-current financial assets	6	6	1,976
Deferred tax assets		30	-
Non-current assets		**35,967**	**34,977**
Current financial assets	6	66	333
Cash and cash equivalents	7	1	10
Current assets		**67**	**343**
TOTAL ASSETS		36,034	35,320
Share capital		18,217	18,135
Additional paid-in capital		14,994	14,935
Treasury Shares		(5)	(5)
Retained earnings		(1,442)	(721)
Total equity	9	**31,764**	**32,344**
Long-term borrowings	7	1,774	1,112
Long-term lease liabilities		1	1
Non-current liabilities		**1,775**	**1,113**
Short-term borrowings	7	2,490	1,856
Trade and other payables		5	7
Current liabilities		**2,495**	**1,863**
Total liabilities		**4,270**	**2,976**
TOTAL EQUITY AND LIABILITIES		36,034	35,320

Company Statement of Cash Flows

		Year ended December 31,	
(millions of euros)	Note	2023	2022
Operating activities			
Operating profit		(7)	(4)
Changes in net working capital		(7)	–
Adjustments for accrued interest		–	(3)
Net cash used for operating activities before income tax paid		**(14)**	*(7)*
Income tax paid		(4)	(3)
Net cash provided by/(used for) operating activities		**(18)**	**(10)**
Investing activities			
Increase in financial assets	6	–	(5)
Proceeds from financial assets	6	–	200
Interest received		43	34
Proceeds from subsidiaries on issuance of Share Based Payments awards		495	–
Net cash provided by/(used for) investing activities		**538**	**229**
Financing activities			
Distributions to equity holders	9	(929)	(798)
Transactions with shareowners		**(929)**	**(798)**
Proceeds from borrowings	7	7,198	5,573
Repayments of borrowings	7	(6,669)	(5,018)
Interest paid		(127)	(19)
Other cash items related to financial activities		(6)	–
Net cash provided by/(used for) financing activities		**(533)**	**(262)**
Change in cash and cash equivalents		**(13)**	**(43)**
Cash and cash equivalents			
At beginning of the period	7	**10**	**53**
At end of the period	7	**(3)**	**10**

Company Statement of Changes in Equity

Year ended December 31, 2023

(millions of euros)	Note	Number of shares (thousands)	Share Capital	Additional paid-in capital	Treasury shares	Retained Earnings	Total equity
BALANCE AS OF DECEMBER 31, 2022		1,813,513	18,135	14,935	(5)	(721)	32,344
Net loss		–	–	–	–	(79)	(79)
TOTAL COMPREHENSIVE INCOME		–	–	–	–	(79)	(79)
Dividends paid	9	–	–	–	–	(929)	(929)
Share-based compensation plans	9	8,152	82	59	–	287	428
TOTAL CHANGES OVER THE PERIOD		8,152	82	59	–	(642)	(501)
BALANCE AS OF DECEMBER 31, 2023		1,821,665	18,217	14,994	(5)	(1,442)	31,764

Year ended December 31, 2022

(millions of euros)	Note	Number of shares (thousands)	Share Capital	Additional paid-in capital	Treasury shares	Retained Earnings	Total equity
BALANCE AS OF DECEMBER 31, 2021		1,813,376	18,134	14,941	(12)	(8)	33,055
Net loss		–	–	–	–	(16)	(16)
TOTAL COMPREHENSIVE INCOME		–	–	–	–	(16)	(16)
Dividends paid	9	–	–	–	–	(798)	(798)
Share-based compensation plans	9	137	1	(6)	7	101	103
TOTAL CHANGES OVER THE PERIOD		137	1	(6)	7	(713)	(711)
BALANCE AS OF DECEMBER 31, 2022		1,813,513	18,135	14,935	(5)	(721)	32,344

Notes to the Company Financial Statements

Note 1. General information

Universal Music Group N.V. ("the Company") is a public company with limited liability incorporated under the laws of the Netherlands and listed on Euronext Amsterdam under the ticker symbol 'UMG AS'.

The Company was formed to ultimately act as a holding company for Universal Music Group ("UMG").

The Company's official seat (statutaire zetel) is in Amsterdam, The Netherlands, and the Company's principal office is located at 's-Gravelandseweg 80, 1217 EW Hilversum The Netherlands. The Company is registered with the Dutch Chamber of commerce under number 81106661.

Incorporation

The Company was incorporated on December 4, 2020. On February 26, 2021, the Company obtained all of the shares of Universal International Music B.V. and Universal Music Group, Inc. from Vivendi and the consortium led by Tencent by issuing new shares, to its shareholders.

This internal reorganization of the shareholding structure of UMG was scheduled as part of the agreement signed in December 2019 by Vivendi and the Tencent-led consortium, a prerequisite for the company's planned listing on the stock market.

The prospectus relating to the admission to listing and trading of the shares of the Company on Euronext Amsterdam was approved by the Dutch Authority for the Financial Markets (Stichting Autoriteit Financiële Markten) on September 14, 2021 and is available on the Company's websites.

On September 21, 2021, the shares of the Company started trading on the regulated market of Euronext Amsterdam.

Note 2. Basis of preparation

2.1 Statement of compliance

For the year ended December 31, 2023, the Company have prepared its financial statements in accordance with the International Financial Reporting Standards (IFRS) as issued by International Accounting Standards Board (IASB), IFRS as endorsed by the European Union (EU) and with the statutory provisions of Part 9, Book 2 of the Dutch Civil Code. The Company financial statements are prepared by the Board of Management of the Company and authorized for issue on March 28, 2024 and will be submitted for adoption to the Annual General Meeting of Shareholders on May 16, 2024.

2.2 Basis of measurement

The Company financial statements were prepared using the same accounting policies as set out in the notes to the consolidated financial statements at December 31, 2023 (the "Consolidated financial statements"), except for the measurement of the investments as presented under Note 2.4 in the Company financial statements. The accounting policies were consistently applied to all periods presented.

2.3 Foreign currency translation

The Company financial statements are presented in millions of euros, unless stated otherwise. The functional currency of the Company is Euro.

Foreign currency

Foreign currency transactions are initially recorded in the Euros at the exchange rate prevailing at the date of the transaction. At the closing date, foreign currency monetary assets and liabilities are translated into the entity's functional currency at the exchange rate prevailing on that date with foreign currency differences recorded to profit and loss.

2.4 Recent accounting developments

The 2023 accounting policy changes originated from the IFRS amendments, which became effective as at 1 January 2023, however, the impact from their adoption on the Company financial statements of UMG N.V. was not material.

Accounting policy changes originating from the IFRS amendments

The Company has amended its accounting policies for new or amended IFRS standards and interpretations that became effective as of 1 January 2023. None of these new or amended standards and interpretations had a material impact on adoption. These are:

- IFRS 17 Insurance Contracts
- Definition of Accounting Estimates – Amendments to IAS 8
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12
- International Tax Reform - Pillar Two Model Rules – Amendments to IAS 12

The Company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

In March 2022, the Organisation for Economic Co-operation and Development (OECD) released technical guidance on its 15% global minimum tax agreed as the Pillar Two. The Company has significant operations in several jurisdictions where the Pillar Two rules will firstly become in effect as of financial years starting in 2024. On May 23, 2023, the IASB issued International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12. These amendments introduced a mandatory temporary exception to IAS 12 recognition and disclosure requirements resulting from tax laws enacted or substantively enacted to implement the (OECD) Pillar Two tax reform.

Impact of standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of Company's financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures, effective 1 January 2024
- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback, effective 1 January 2024
- Amendments to IAS 1 Presentation of Financial Statements - Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants, effective 1 January 2024
- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability, effective 1 January 2025

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures

The amendments, effective for the Company beginning on January 1, 2024, require an entity to provide certain information about the impact of supplier finance arrangements on liabilities and cash flows. The Company does not expect that adoption of this standard will have a material impact on the financial statements.

Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback

The amendments, effective for the Company beginning on January 1, 2024, specify how a seller-lessee measures the lease liability arising in a sale and leaseback transaction so that it does not recognise any amount of the gain or loss that relates to the right of use retained. The Company does not expect that adoption of this standard will have a material impact on its financial statements.

Amendments to IAS 1 Presentation of Financial Statements - Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants

The amendments, effective for the Company beginning on January 1, 2024, clarify the criteria for determining whether to classify a liability as current or non-current. The amendments also include additional disclosure requirements for liabilities classified as non-current where an entity's right to defer settlement depends on future compliance with a loan covenant within a 12-month period. The Company does not expect that adoption of this standard will have a material impact on the Consolidated financial statements.

Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rate: Lack of Exchangeability

The amendments, effective for the Company on January 1, 2025, specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable. The Company is currently assessing the impact the amendments will have on its financial statements.

2.5 Significant judgements and estimates

The preparation of Company financial statements in compliance with IFRS requires management to make certain judgements and estimates that they consider reasonable and realistic. Although these judgements and estimates are regularly reviewed by management, based, in particular, on past or anticipated achievements, facts and circumstances may lead to changes in these judgements and estimates which could have an impact on the reported amount of group assets, liabilities, equity or profit.

The main significant judgements relate to the measurement of:

- Investment in subsidiaries: valuation method used to identify the recoverable amount of the asset, refer to Note 2.7;

The main significant estimates relate to the measurement of:

- Investments in subsidiaries: assumptions on the recoverable amount of the asset, refer to Note 2.7;
- Expected credit losses on loans receivable and financial guarantees: estimation of loss allowance requires assessment of the probability of default on the part of the borrower on a prospective basis. Reasonable forward-looking information and events, including credit ratings if available, significant adverse economic changes (actual or expected), financial or business environment that are expected to result in a material change in the borrower's ability to meet its obligations is used to assess whether there is significant increase in credit risk, refer to Note 2.9 and 2.11. For more on financial guarantees, refer to note 2.14.

2.6 Investments in subsidiaries

Investments in subsidiaries are stated at cost, less impairment.

Dividend income from the Company's subsidiaries is recognized in the statement of profit or loss when the right to receive payment is established.

2.7 Impairment of investments in subsidiaries

At each reporting date, the Company assesses whether there is an indication that investments in subsidiaries may be impaired. If any such indication exists, the Company makes an estimate of the asset's recoverable amount. The recoverable amount is defined as the higher of the fair value of the investment less costs to sell and its value in use. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. The recoverable amount of investments in subsidiaries are determined based on discounted cash flow models and key assumptions are disclosed in Note 8 of the Consolidated financial statements. Any resulting impairment is recognized in the income statement.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such an indication exists, the Company makes an estimate of the recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount, up to a maximum of the carrying amount that would have been determined if no impairment loss had been recognized for the asset in prior periods. Such a reversal is recognized in the income statement.

2.8 General and administrative expenses

General and administrative expenses primarily include salaries and employee benefits, consulting and service fees, overhead recharges, insurance costs, travel and entertainment expenses, administrative department costs, provisions for receivables and other operating expenses and are expensed when incurred.

2.9 Loans receivable

Loans receivable are initially recognized at fair value and subsequently measured at amortized cost using the effective interest rate method, less any value allowances.

The Company assesses the expected credit loss associated with the loans receivable on a prospective basis. A loss allowance for expected credit loss based on probability of default is recognized at initial recognition. The loss allowance is updated for changes in these expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. To assess whether there has been a significant increase in credit risk, the Company compares the credit risk at the reporting date with the credit risk at the date of initial recognition based on reasonable forward-looking information and events, including credit ratings if available, significant adverse economic changes (actual or expected), financial or business environment that are expected to result in a material change in the borrower's ability to meet its obligations.

2.10 Cash and cash equivalents

Cash and cash equivalents include all cash balances and short-term highly liquid investments with an original maturity of three months or less that are readily convertible into known amounts of cash.

There are no liens, pledges, collateral or restrictions on cash and cash equivalents. Cash and cash equivalents do not include amounts in UMG cash management pools.

2.11 Financial liabilities

A liability is recognized when the Company becomes party to a contract. Financial liabilities of the Company are all classified and subsequently measured at amortized cost and measured using the effective interest rate method.

Transaction costs relating to financial liabilities

Non-recurring costs incurred at inception of financial liabilities are loan origination fees by substance and are directly attributable to the issue of the financial liability and would not be otherwise incurred. These costs also form an integral part of the effective interest.

These costs are to be capitalised and recognised going forward as an adjustment to the effective interest rate for the bonds.

2.12 Related parties

A related party is a person or an entity that is related to the Company. These include both people and entities that have, or are subject to, the influence or control of the Company (e.g. key management personnel). Transactions with related parties are accounted for in accordance with the requirements of relevant IFRSs and take into account the substance as well as the legal form.

2.13 Contingent liabilities

Contingent liabilities are possible or present obligations of sufficient uncertainty that do not qualify for recognition as a provision, unless it is assumed in a business combination. Contingent liabilities are reviewed continuously to assess whether an outflow of resources has become probable.

2.14 Financial guarantees

Financial guarantee is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Issued financial guarantees are initially recognised at fair value and are subject to the expected credit loss model, and a credit loss is recognized for expected cash shortfalls.

Non-financial guarantees are accounted for as a contingent liability until such time it becomes probable that UMG will be required to make a payment under the guarantee.

2.15 Leases

The lease contracts for the Company correspond to real estate leases for which the Company is the lessee. Real estate leases for which the Company is the lessee are recorded at the commencement date and result in the recognition of a lease liability equal to the present value of future lease payments against a right-of-use asset relating to leases.

Right-of-use assets

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. The recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Amounts received for leasehold improvements are depreciated over a period not longer than the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

The Company recognizes lease liabilities initially measured at the present value of future lease payments over the lease term. The lease payments include in-substance fixed payments (less any lease incentives), variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include payments of penalties for terminating a lease, if the Company has the option to terminate and it is reasonably certain that this option will be exercised. In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. The carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term or a change in the in-substance fixed lease payments.

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. When determining the lease term, the Company considers all relevant facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option.

Note 3. General and administrative expenses

General and administrative costs consisted of the following:

	Year ended December 31,	
(millions of euros)	2023	2022
Salaries	10	9
Pension	–	–
Social security and other employment expenses	1	1
Wages and expenses	**11**	**10**
Legal and professional fees[1]	10	7
Audit fees	4	4
Other[2]	(18)	(17)
Total	**7**	**4**
Annual average number of full-time equivalent employees, of which none worked from outside of the Netherlands.	*39*	*35*

1 Legal and professional fees mainly relate to legal, financial and consulting services.

2 Other consists of employee and service costs charged to and from subsidiaries.

Note 4. Financial income and expenses

Financial income and expenses consisted of the following:

	Year ended December 31,	
(millions of euros)	2023	2022
Interest income from intercompany loans	43	36
Financial income	**43**	**36**
Interest expense on borrowings	(134)	(36)
Cost of finance	(8)	(9)
Financial expenses	**(142)**	**(45)**

Note 5. Investments in subsidiaries

Investments in subsidiaries consist of the following investments:

		Net carrying value	
		Year ended December 31,	
(millions of euros)	Voting % interest	2023	2022
Universal International Music B.V.; Hilversum; The Netherlands	100	21,080	18,150
Universal Music Group, Inc.; Santa Monica; USA	100	14,850	14,850
		35,930	**33,000**

On June 1, 2023, the Company made non-stipulated share premium contributions of €2,175 million and €755 million to Universal International Music B.V. Refer to Note 6 and 7.

Net result and equity as per the most recent adopted financial statements:

	Net Result		Shareholders' Equity	
	Year ended December 31,		Year ended December 31,	
	2022	2021	2022	2021
Universal International Music B.V.[1]	(480)	(68)	6,018	6,498
Universal Music Group, Inc.[2]	714	931	3,925	3,358

1 Millions of euros

2 Millions of US dollars

For a list of indirect subsidiaries and other group entities, refer to Note 26 of the Consolidated Financial Statements.

Note 6. Current and non-current financial assets

At December 31, 2022, current and non-current financial assets consisted primarily of loans receivable of €2,174 million from Universal International Music B.V. ("UIM"). These loans were issued primarily for the purpose of refinancing of debt granted by Vivendi SE to UIM. Loans receivable are denominated in Euro.

The first loan bore interest at a rate of EURIBOR 3 months plus margin. Margin for 2023 was set at 1.03% (2022: 1.03%). On June 1,2023, the Company contributed the full receivable, including accrued interest, with a total book value of €805 million, to UIM as a non-stipilated share premium contribution, without the issue of shares in the capital of UIM.

The second loan bore interest at a rate of EURIBOR 1 month plus margin. Margin for 2023 was set at 1.13% (2022: 1.13%). On June 1,2023, the Company contributed the full receivable, including accrued interest, with a total book value of €1,370 million, to UIM as a non-stipilated share premium contribution, without the issue of shares in the capital of UIM.

Other non-current financial assets consist of capitalized bank fees of €6 million paid to banks as part of obtaining the credit facility as disclosed in Note 7, less amortization over the term of the facility.

Other current financial assets consisted of the following:

	Year ended December 31,	
(millions of euros)	2023	2022
Current intercompany receivables	19	18
Other intercompany receivables related to share-based compensation	47	108
	66	126

Current intercompany receivables primarily consist of a short-term receivable from Universal Music Group, Inc for expenses paid on behalf of Universal Music Group, Inc.

Refer to Note 23 of the Consolidated Financial Statements for more details on share-based compensation.

The Company is exposed to credit risk embedded in these loans receivable and being the credit risk of UIM. The Company assessed potential credit losses on the loans receivable based on the expected credit loss model ("ECL"), which is designed to be forward-looking. The ECL estimates were unbiased and included reasonable and supportable information about past events, current conditions, and forecasts of future economic conditions. UMG Treasury reporting and forecasting proves sufficient cash generated from the operation of the subsidiary to fulfill these borrowings. The effect of the recognized expected credit losses is negligible. The loans are performing in accordance with the agreements.

Note 7. Cash position and borrowings

Cash position

	Year ended December 31,	
(millions of euros)	2023	2022
Cash and cash equivalents	1	10
Bank overdrafts	(4)	-
Cash and cash equivalents in the statement of cash flows	**(3)**	**10**

Borrowings

	December 31, 2023			December 31, 2022		
(millions of euros)	Total	Long-term	Short-term	Total	Long-term	Short-term
Bonds	**1,808**	1,774	34	**1,004**	987	17
Drawn revolving credit facilities	**-**	-	-	**125**	125	-
Commercial papers	**197**	-	197	**929**	-	929
Intercompany payable	**2,255**	-	2,255	**910**	-	910
Bank overdrafts	**4**	-	4	**-**	-	-
	4,264	**1,774**	**2,490**	**2,968**	**1,112**	**1,856**

New borrowings

In July 2023, the Company issued ¥7 billion (€45 million) of senior notes due on July 5, 2038 with a coupon of 1.61%.

In June 2023, the Company issued €750 million of senior unsecured notes due on June 13, 2031 with a coupon of 4.00%.

In March 2023, the Company entered into a short-term bilateral floating rate €500 million revolving credit facility. The facility matures 12 months from the signing date.

In February 2023, the Company extended the original maturity of the syndicated floating rate €2 billion revolving credit facility. The maturity date was extended for two years up to April 26, 2028. All other conditions remained unchanged

The committed multi-currency RCF bears interest at a variable rate based on the relevant EURIBOR and LIBOR respectively with zero-floor plus a margin and the EUR commercial paper program bears variable interest rates of EURIBOR plus margin. The margin was 0.24% as of December 31, 2023 (2022: 0.36%) and is subject to adjustment based on the level of Net Debt to EBITDA ratio as at every financial year-end.

The intercompany payable consist of a short-term payable to Universal Music Group Treasury S.A.S. under a Cash Management Agreement.

Financial covenants

During 2023, the Company maintained its Baa1/BBB Long Term Credit Ratings from Moody's and S&P. The syndicated RCF financial covenant requires that UMG maintain Baa2/BBB long term ratings with Moody's and S&P.

Movements of borrowings

The movements in borrowings were as follows:

(millions of euros)	Term Facility	Drawn Revolving Credit Facility	Bonds	Bank Overdrafts	Commercial Papers	Inter-company payable	Total
Balance December 31, 2021	**998**	**1,050**	**-**	**-**	**-**	**384**	**2,432**
New borrowings	8	918	1,004	-	3,117	526	**5,573**
Repayments	(1,006)	(1,843)	-	-	(2,188)	-	**(5,037)**
Balance December 31, 2022	**-**	**125**	**1,004**	**-**	**929**	**910**	**2,968**
New borrowings	-	1,075	794	4	4,738	591	**7,202**
Repayments	-	(1,200)	-	-	(5,469)	-	**(6,669)**
Non-stipulated share premium contribution	-	-	-	-	-	755	**755**
Translation differences and other movements	-	-	10	-	(1)	-	**9**
Balance December 31, 2023	**-**	**-**	**1,808**	**4**	**197**	**2,256**	**4,265**

Interest rate risk is the risk of the fair value or future cash flows of a financial instrument fluctuating because of changes in the market interest rates. Financial instruments included in the borrowings create an inherent interest rate risk.

The Company seeks to limit the period over which interest rates on debt are exposed. The preferred method of hedging interest rate risk is issuing long term fixed-rate bonds. The use of interest-rate plain vanilla derivatives is also authorized. The list of authorized instruments includes Interest rate swaps, FRAs, caps, and floors.

As of December 31, 2023, the Company had a ratio of fixed-rate debt to total outstanding net debt of approximately 87%, including lease liabilities. A sensitivity analysis conducted in January 2024 on the gross debt portfolio shows that if short term EURIBOR were to increase instantaneously by 0.5% from their level of December 31, 2023, with all other variables held constant, the additional annualized interest expense would be €1 million.

Note 8. Contractual obligations and other commitments

The table below analyzes the Company's material financial liabilities into relevant maturity groupings based on their contractual maturities. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant. Interest on Long-term debt is based on floating rate adjustments according to market expectations.

Contractual obligations

	Minimum future payments as of December 31, 2023				Total minimum future payments as of
		Payments due in			
(millions of euros)	Total	1 year	2-5 years	After 5 years	December 31, 2022
Drawn revolving credit facility	-	-	-	-	128
Term Loan	-	-	-	-	-
Bonds	2,239	64	735	1,440	1,263
Commercial Papers	201	201	-	-	934
Lease liabilities	-	-	-	-	-
	2,440	**265**	**735**	**1,440**	**2,325**

Liquidity risk

The Company is exposed to the liquidity risk. Liquidity risk management ensures the ability to meet financial obligations as they fall due.

The primary objective of liquidity management is providing for sufficient cash and cash equivalents to enable the Company to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company.

The Company believes that the cash flow generated by the operations of its investments, its cash surpluses, net of amounts used to reduce UMG's debt, as well as funds available through undrawn committed bank credit facilities will be sufficient to cover cash outflows necessary for its operations as well as its debt service for the foreseeable future.

Over the course of the year, fluctuations occur in the working capital needed to finance operations. The Company strives to have a good liquidity position at all times and optimize daily cash management. Moreover, the Company strictly controls working capital by optimizing billing and collection.

Financial guarantees

At December 31, 2023, the Company provided guarantees over certain debt of the following subsidiaries: Universal Music Group Treasury S.A.S. €190 million; Universal Music Ltda. (Brazil) €86 million; Universal Music AB (Sweden) €7 million. No material allowances for credit losses were recognized in the Statement of Financial Position for both years presented, as the expected credit loss estimation was insignificant and the loans are fully performing in accordance with the agreements. Financial guarantees were measured at fair value on initial recognition.

For intercompany financial guarantees issued by the Company no material expected credit loss was estimated and therefore the financial guarantees are not recognised. In addition, the Company provided guarantees to several subsidiaries in the UK, Germany and the Netherlands.

The Company has provided guarantees to the following Universal Music Group subsidiaries, incorporated in the Netherlands, under the registered number indicated, under section 403 of Book 2 of the Dutch Civil Code.

Name	Company Number
Universal International Music B.V.	31018439
Universal Music Publishing International B.V.	31037866
Universal Music Publishing B.V.	32101966
CMHL B.V.	32140273
Universal Production Music B.V.	85798479

The Company is head of the fiscal unity of Universal Music Group in the Netherlands. As a result, the Company is liable for the tax liability of the fiscal unity in the Netherlands.

In addition UMG has provided guarantees to the following subsidiaries, incorporated in Germany, under the registered number indicated, under section 264 paragraph 3 of the German Commercial Code.

Name	Company Number
Arabella Musikverlag GmbH	HRB 110271
Centre Stage Artist Management GmbH	HRB 66733
Deutsche Grammophon Gesellschaft mbH	HRB 138012
Dreiklang-Dreimasken, Bühnen- und Musikverlag Gesellschaft mit beschränkter Haftung	HRB 110736
G. RICORDI & Co. Bühnen- und Musikverlag GmbH	HRB 153334
Musik Edition Discoton, Gesellschaft mit beschränkter Haftung	HRB 110249
Rob. Forberg Musikverlag GmbH	HRB 153343
Rondor Musikverlag G.m.b.H.	HRB 89705
Sheffield Music GmbH	HRB 221164
UNIVERSAL / MCA Music Publishing GmbH	HRB 85574
Universal Music Entertainment GmbH	HRB 86559
Universal Music GmbH	HRB 158632
Universal Music Publishing GmbH	HRB 87411
Universal Production Music GmbH	HRB 113037

Note 9. Equity

Share capital

The Company has an authorized share capital of €27,000 million, divided into 2,700,000,000 ordinary shares with a nominal value of €10 per share. On December 31, 2023, the issued and fully paid share capital consisted of 1,821,665,441 ordinary shares with a nominal value of €10 per share (2022: 1,813,512,742 ordinary shares with a nominal value of €10 per share).

The following table summarizes the changes in the number of issued and fully paid up shares of the Company for the year ended December 31, 2023:

	Ordinary Shares
Issued and fully paid up shares as at December 31, 2022	**1,813,512,742**
Shares issued[1]	8,152,699
Issued and fully paid up shares as at December 31. 2023	**1,821,665,441**

1 In 2023, the Company issued 8,152,699 shares for the purpose of delivering on the share-based executive incentive plan, refer to Note 23 of the Consolidated Financial Statements for more details.

Additional paid-in capital

Additional paid-in capital represents the premium paid in excess of the par value of shares at the time of the issuance of new shares. Since the value of the contribution exceeded the par value of the shares, the balance constituted share premium.

Treasury shares

As at December 31, 2023 the Company held 214,235 shares (2022: 214,235) as Treasury shares.

Dividend distribution

On May 11, 2023 the shareholders approved a dividend distribution of €0.27 per ordinary share, corresponding to a total distribution of €492 million, payable in June 2023.

On July 26, 2023 the directors approved an interim dividend distribution of €0.24 per ordinary share, corresponding to a total distribution of €437 million payable in October 2023.

The Company plans to annually declare and pay dividends to all holders of the Shares on a pro rata basis in two semi-annual instalments, in the aggregate amount of no less than 50% of the Company's net profits realized during the relevant financial year, subject to agreed non-cash items. The Company intends to pay an interim dividend in the fourth quarter of each financial year, after the publication of the half-year figures of the Company, and a final dividend in the second quarter of the following financial year, to be paid following approval of the Company's financial statements at its annual General Meeting.

A proposal will be submitted to the 2024 Annual General Meeting of Shareholders to pay a dividend of €0.27 per ordinary share corresponding to a total distribution of €492 million, in cash, from the 2023 retained earnings of the Company, payable in Q2 2024.

Pursuant to Dutch law, limitations exist relating to the distribution of shareholders' equity up to at least the total amount of the share capital, the legal reserve, as well as other reserves mandated per the Company Articles of Association.
At December 31, 2023, the legal and non-distributable reserves of the Company amounted to €18,217 million (2022: €18,135 million).

Reconciliation of equity and net (loss)/profit

(millions of euros)	Year ended December 31, 2023
Equity attributable to Universal Music Group equity holders in the Consolidated financial statements as at December 31, 2023	2,962
Combined equity pre-incorporation	(1,634)
Intra-group restructuring upon incorporation	33,000
Cumulative dividend income received	785
Cumulative results of subsidiaries in the Consolidated financial statements	(3,042)
Cumulative charges and income directly recognized in equity in the Consolidated financial statements	(307)
Equity in the Company financial statements as at December 31, 2023	**31,764**

The reconciliation of equity and net (loss)/profit as per the Consolidated financial statements to equity and net (loss)/profit as per the Company financial statements is provided below:

(millions of euros)	Year ended December 31, 2023
Net (loss)/profit attributable to equity holders of the parent in the Consolidated financial statements	1,259
Results of subsidiaries in the Consolidated financial statements	(1,338)
Net (loss)/profit in the Company financial statements as at December 31, 2023	**(79)**

(millions of euros)	Year ended December 31, 2022
Equity attributable to Universal Music Group equity holders in the Consolidated financial statements as at December 31, 2022	2,351
Combined equity pre-incorporation	(1,634)
Intra-group restructuring upon incorporation	33,000
Cumulative dividend income received	785
Cumulative results of subsidiaries in the Consolidated financial statements	(1,704)
Cumulative charges and income directly recognized in equity in the Consolidated financial statements	(454)
Equity in the Company financial statements as at December 31, 2022	**32,344**

(millions of euros)	Year ended December 31, 2022
Net (loss)/profit attributable to equity holders of the parent in the Consolidated financial statements	**782**
Results of subsidiaries in the Consolidated financial statements	(798)
Net (loss)/profit in the Company financial statements as at December 31, 2022	**(16)**

Note 10. Related parties

Detailed information on the remuneration of the Board of Directors and senior management is included in the "Corporate Governance" and "Remuneration of Directors" sections to the Annual Report. Also refer to Note 24 Related Parties of the Consolidated financial statements.

Executive management compensation

As of December 31, 2023 there were 2 (2022: 2) Executive Directors on the UMG N.V board. Their aggregate compensation is presented in the table below.

	Year ended December 31,	
(millions of euros)	2023	2022
Short-term employee benefits	3	3
	3	3

The Chairman and CEO is directly remunerated by another group company and this remuneration is not recharged to the Company.

Non-executive board compensation

As of December 31, 2023, UMG's non-executive board received director fees of €1 million (2022: €1 million).

Other related-party transactions

Other related parties include:

- Overhead costs recharged from and to Universal International Music B.V. to a net income amount of €25 million. Disclosed under "Other" in Note 3;
- Investments in subsidiaries (Note 5);
- Long term receivables from Universal International Music B.V. (Note 6);
- Financial income on loans granted (Note 4);
- Intercompany payables (Note 7);
- Financial Guarantees provided to subsidiaries (Note 8);
- Guarantee fees received on guarantees provided to subsidiaries (Note 8);

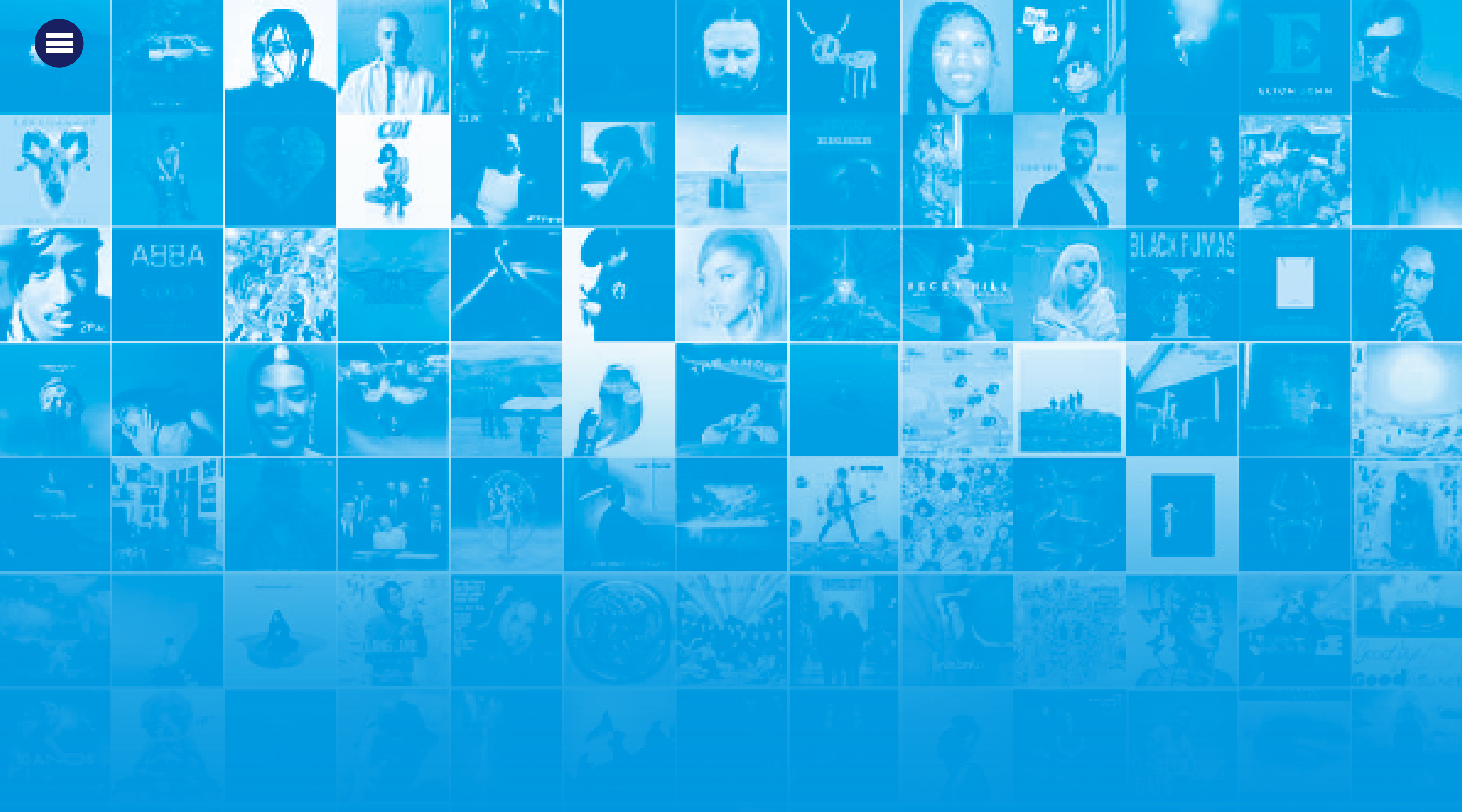
Note 11. Statutory audit fees

The fees for services provided by the Company's independent auditors, Ernst & Young Accountants LLP and its member firms and/or affiliates, consisted of the following:

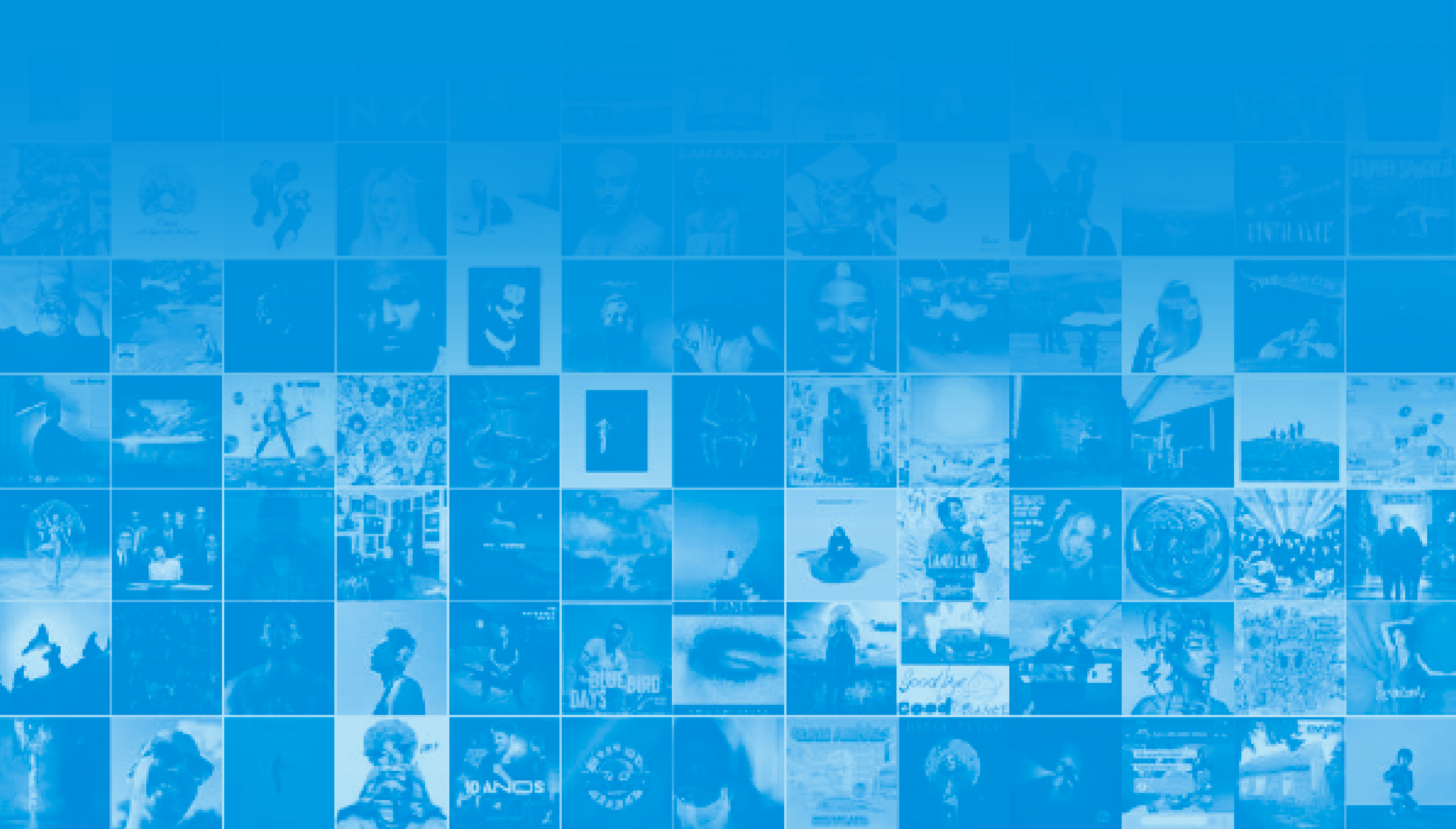
	2023	2022	
(millions of euros)	Ernst & Young Accountants LLP	Deloitte Accountants B.V.	Ernst & Young Accountants LLP
Audit of the Company	4	2	2
Total	4	2	2

Note 12. Subsequent events

The Company has evaluated subsequent events and no events have been identified that could have a material impact on its financial statements.



OTHER INFORMATION



DISTRIBUTION OF PROFITS

Pursuant to article 32 of the Articles, the distribution of profits shall be made after the adoption of the financial statements by the General Meeting from which it appears that the distribution is allowed. The Company may only make distributions to the extent the shareholders' equity of the Company exceeds the sum of the paid-up and called-up part of the share capital of the Company and any reserves that must be maintained pursuant to Dutch law.

The Board may determine which part of the profits shall be reserved, with due observance of the dividend policy. The General Meeting may resolve to distribute any part of the profits remaining after such reservation. If the General Meeting does not resolve to distribute these profits in whole or in part, such profits (or any profits remaining after distribution) shall also be reserved.

Subject to Dutch law, the Board may resolve to make an interim distribution of profits, provided that it appears from an interim statement of assets and liabilities signed by the Board that the shareholders' equity of the Company exceeds the sum of the paid-up and called-up part of the share capital of the Company and any reserves that must be maintained pursuant to Dutch law.

The Board, or the General Meeting, at the proposal of the Board, may resolve that a distribution shall not be paid in whole or in part in cash but in kind or in the form of Shares or that Shareholders shall be given the option to receive the distribution in cash or in kind or in the form of Shares (and with due observance of the Articles), and may determine the conditions under which such option can be given to the Shareholders.

Any distribution shall be made pro rata to the respective shareholdings. In calculating the amount of any distribution, Shares held by the Company shall be disregarded, unless such Shares are encumbered with a right of pledge or a right of usufruct.

The Board, or the General Meeting, at the proposal of the Board, may resolve to make distributions from the share premium reserve or other distributable reserves maintained by the Company.

INDEPENDENT AUDITOR'S REPORT

To: the shareholders and non-executive directors of Universal Music Group N.V.

Report on the audit of the financial statements 2023 included in the annual report

Our opinion

We have audited the financial statements for the financial year ended December 31, 2023 of Universal Music Group N.V. based in Amsterdam, the Netherlands.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Universal Music Group N.V. as at December 31, 2023 and of its result and its cash flows for 2023 in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB), IFRSs as adopted in the European Union (EU-IFRSs) and with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

- The consolidated and company statement of financial position as at December 31, 2023
- The following statements for 2023: the consolidated and company the statements of profit or loss, comprehensive income, changes in equity and cash flows
- The notes comprising material accounting policy information and other explanatory information

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the Our responsibilities for the audit of the financial statements section of our report.

We are independent of Universal Music Group N.V. (the company) in accordance with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands.

Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information in support of our opinion

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The following information in support of our opinion and any findings were addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Our understanding of the business

Universal Music Group N.V. is a music company which operates worldwide in over more than 100 countries. The group is structured in components, and we tailored our group audit approach accordingly. We paid specific attention in our audit to a number of areas driven by the operations of the group and our risk assessment.

We determined materiality and identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error in order to design audit procedures responsive to those risks and to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

Materiality

Materiality	€90 million (2022: € 75 million)
Benchmark applied	5% of profit before income taxes normalized for the changes in fair value financial instruments
Explanation	We determined materiality based on our understanding of the Company's business and our perception of the financial information needs of users of the financial statements. We considered profit before income taxes normalized for the changes in fair value of financial instruments as an important metric for users of the financial statements. The benchmark applied and the percentage used are in line with our 2022 audit.

We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with non-executive directors that misstatements in excess of €4.5 million, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

Universal Music Group N.V. is at the head of a group of entities. The financial information of this group is included in the consolidated financial statements.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items. We have:

- Performed audit procedures ourselves at group level on areas like the group shared service center, the consolidation, disclosures, impairment testing for goodwill and other non-current assets, financial instruments, acquisitions and divestments, share-based compensation, loans and borrowings, equity investments and taxes.

- Used the work of other auditors when auditing the in-scope entities located in the United States, the United Kingdom, Japan, France and Germany. Our ISA 600 procedures included a combination of physical and remote working paper reviews for the entities above, including meetings with the component auditors and component management. We also reviewed component audit team deliverables for the entities listed above to gain a sufficient understanding of the work performed based on our instructions.
- Performed review procedures or specific audit procedures at other group entities.

In total these procedures represent 95% of the group's total assets, 100% of profit before income taxes and 94% of gross revenues.

By performing the procedures mentioned above at components of the group, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion on the consolidated financial statements.

Teaming and the use of specialists
We ensured that the audit teams both at group and at component levels included the appropriate skills and competences which are needed for the audit of a listed client in the Media and Entertainment industry. We included specialists in the areas of IT audit, forensics, sustainability, share based payments, income tax, valuations and employee benefits.

Our focus on climate-related risks and the energy transition
Climate change and the energy transition are high on the public agenda. Issues such as CO2 reduction impact financial reporting, as these issues entail risks for the business operation, the valuation of assets and provisions or the sustainability of the business model and access to financial markets of companies with a larger CO2 footprint.

The board of directors summarized the Universal Music Group N.V.'s commitments and obligations, and reported in the section Non-Financial Performance of the board report how the company is addressing climate-related and environmental risks. Furthermore, we refer to the section ESG commitments of the board report where the board of directors disclose its assessment and implementation plans in connection to climate-related risks and the effects of energy transition.

As part of our audit of the financial statements, we evaluated the extent to which climate-related risks and the effects of the energy transition and the company's commitments and (constructive) obligations, are taken into account in estimates and significant assumptions. Furthermore, we read the board report and considered whether there is any material inconsistency between the non-financial information as included in the sections Introduction, Strategy, Organizational and Reporting Structure, Financial Review, Corporate Governance, Shareholders Information, Risk and Risk Management, Non-Financial Information and the financial statements.

Based on the audit procedures performed, we do not deem climate-related risks to have a material impact on the financial reporting judgements, estimates or significant assumptions as at December 31, 2023.

Our focus on fraud and non-compliance with laws and regulations

Our responsibility

Although we are not responsible for preventing fraud or non-compliance and we cannot be expected to detect non-compliance with all laws and regulations, it is our responsibility to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether caused by fraud or error. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Our audit response related to fraud risks

We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the company and its environment and the components of the system of internal control, including the risk assessment process and management's process for responding to the risks of fraud and monitoring the system of internal control and how the non-executive directors exercise oversight, as well as the outcomes.

We refer to section Risk and Risk management of the board report for board's (fraud) risk assessment and the Audit Committee section of the non-executive directors' report in which non-executive directors reflect on this (fraud) risk assessment.

We evaluated the design and relevant aspects of the system of internal control and in particular the fraud risk assessment, as well as the code of conduct, whistle blower procedures and incident registration. We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness, of internal controls designed to mitigate fraud risks.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption in close co-operation with our forensic specialists. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present.

We incorporated elements of unpredictability in our audit. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance.

We addressed the risks related to management override of controls, as this risk is present in all companies. For these risks we have performed procedures among other things to evaluate key accounting estimates for management bias that may represent a risk of material misstatement due to fraud, in particular relating to important judgment areas and significant accounting estimates as disclosed in Note 2.2 to the financial statements. We have also used data analysis to identify and address high-risk journal entries and evaluated the business rationale (or the lack thereof) of significant extraordinary transactions, including those with related parties.

The following fraud risk identified required significant attention during our audit.

Presumed risk of fraud in revenue recognition	
Fraud risk	We presumed that there are risks of fraud in revenue recognition. We evaluated that the contractual agreements and conditions of streaming and subscription revenue in particular give rise to such risks.
Our audit approach	We describe the audit procedures responsive to the presumed risk of fraud in revenue recognition in the description of our audit approach for the key audit matter Revenue recognition for streaming and subscriptions.

We considered available information and made enquiries of relevant executives, directors, internal audit, legal, compliance, human resources and regional directors and the non-executive directors.

The fraud risks we identified, enquiries and other available information did not lead to specific indications for fraud or suspected fraud potentially materially impacting the view of the financial statements.

Our audit response related to risks of non-compliance with laws and regulations

We performed appropriate audit procedures regarding compliance with the provisions of those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. Furthermore, we assessed factors related to the risks of non-compliance with laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general industry experience, through discussions with the board of directors and key management personnel, reading minutes, inspection of internal audit and compliance reports, and performing substantive tests of details of classes of transactions, account balances or disclosures. We also involved our forensic specialists.

We also inspected lawyers' letters and correspondence with regulatory authorities and remained alert to any indication of (suspected) non-compliance throughout the audit. Finally, we obtained written representations that all known instances of non-compliance with laws and regulations have been disclosed to us.

Our audit response related to going concern

As disclosed in section Basis of preparation and consolidation in Note 2.2 to the financial statements, the financial statements have been prepared on a going concern basis. When preparing the financial statements, the board of directors made a specific assessment of the company's ability to continue as a going concern and to continue its operations for the foreseeable future.

We discussed and evaluated the specific assessment with the board of directors exercising professional judgment and maintaining professional skepticism.

We considered whether the board of director's going concern assessment, based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, contains all relevant events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.

Based on our procedures performed, we did not identify material uncertainties about going concern. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern.

Our key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the non-executive directors. The key audit matters are not a comprehensive reflection of all matters discussed.

In comparison with previous year, two new key audit matters, revenue recognition of streaming and subscription revenue and the valuation of the music catalogues, have been defined as included below.

Revenue recognition for streaming and subscriptions	
Risk	The streaming and subscription revenues of the Company are driven through global digital contracts. The total amount of streaming and subscription revenue recognized for the year ended December 31, 2023 amount to EUR 5.7 billion (2022: EUR 5.3 billion). As described in note 2.4.5 and note 3, revenues from contracts with customers are recognized when performance obligations included in the contract are satisfied, and for an amount for which it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. There is a risk of management influencing revenue recognition through override of streaming and subscription revenue controls for these contracts. As described in note 2.2, significant judgement is required to identify performance obligations under contracts with customers and to determine whether these performance obligations are satisfied, among other factors. We consider this to be a key audit matter due to the complexity of the contractual terms and conditions and the significant judgements applied by management in its revenue recognition.
Our audit approach	Our audit procedures included, among others, evaluating the appropriateness of the Company's revenue recognition policies for streaming and subscription revenue in accordance with IFRS 15 'Revenue from Contracts with Customers' and whether the policies have been applied consistently or whether changes, if any, are appropriate in the circumstances. We performed the following procedures, among others: • We gained insight in the process for identifying and accounting for specific revenue terms and conditions included in contracts with digital sales partners. • We evaluated the design and implementation of controls that address the identified risk. • We performed contract reviews on significant contracts with digital sales partners in order to verify if these are recognized in accordance with IFRS 15. • We evaluated management’s judgement on revenue recognition for specific contractual terms, based on the relevant digital revenue contracts and reconciled this to revenue recorded in the financial administration. • We also evaluated the adequacy of the disclosures provided by the Company in Notes 2.2, 2.4.5 and 3.
Key observations	We did not identify any material misstatements in the revenue recorded in the year, either due to fraud or error.

Valuation of royalty advances to artists and repertoire owners	
Risk	The Company provides royalty advances to artists in order to support the artist in future performances. As of December 31, 2023, the total amount of royalty advances amounted to EUR 2.6 billion (2022: EUR 2.6 billion). As described in note 2.4.8 and note 9 to the financial statements, these advances to artists, songwriters and co-publishers are capitalized as an asset when their current popularity and past performances provide a reasonable basis to conclude that a future recoupment of such royalty advances against future earnings otherwise payable to them is reasonably assured. Any portion of capitalized royalty advances not deemed to be recoverable against future royalties is expensed during the period in which the loss becomes evident. As described in note 2.2 to the financial statements, the significant judgements applied by management, in estimating whether capitalized royalty advances are recoverable against future royalties, mainly relate to the estimated future earnings performance of beneficiaries who received advances. We consider this to be a key audit matter based on the significant judgements applied by management in determining the estimated royalty advances.
Our audit approach	As part of our audit procedures, we obtained an understanding of the estimation process and management's application of the related accounting policies. Specifically, we evaluated the Company's accounting policy over recognition and measurement of royalty advances in accordance with IAS 38 'Intangible assets'. Furthermore we performed, among others, the following audit procedures: • We obtained an understanding of the process and estimation models for determining the future projections relating to artist advances. • We evaluated the contracts and payments relating to material royalty advances during the year. • We tested the recoupment of new and existing royalty advances capitalized with material net exposure as at December 31, 2023. • We evaluated the recoverability of exposed advances and related future contractual commitments by performing sensitivity analyses on historical recoupment run-rates to assess the assumptions made by management in its artists' advance recoverability analysis. • We assessed the classification of advances between Non-current royalty advances and Current royalty advances recorded on the Company’s statement of financial position. • We assessed the adequacy of the disclosures in notes 2.2, 2.4.8 and note 9.
Key observations	Applying the aforementioned materiality, we did not identify any reportable findings in the board of director’s assessment of the royalty advances.

Valuation of music catalogues	
Risk	The Company has presented music catalogues on the balance sheet as of December 31, 2023 amounting to EUR 3.0 billion (2022: EUR 3.1 billion). As described in note 2.4.8, music catalogues are recognized at cost, and music catalogues acquired in a business combination are recorded at their fair value at the acquisition date. Amortisation expense is charged on a straight-line basis over the estimated useful life. Annually, impairment tests are performed to compare the future cash flows of each music catalogue against the carrying amount. As described in note 2.2, the Company identifies a significant estimate relating to the assumptions in the impairment tests performed as well as the determination of the (remaining) useful life for the music catalogues. As the related amounts of the music catalogues presented are significant and the estimation involved includes significant judgement applied by management, we consider this a key audit matter.
Our audit approach	As part of our audit procedures, we obtained an understanding of the estimation process to determine the valuation of the music catalogues and the Company's application of the related accounting policies. We evaluated the Conmpany's accounting policies over recognition and measurement of music catalogues for compliance with IAS 36 'Impairment of assets' and IAS 38 ' Intangible assets'. Additionally, we performed, among others, the following audit procedures: • We obtained an understanding of management's process to determine the qualitative and quantitative factors supporting the catalogues' useful life, such as the asset's expected pattern of future earnings and the period of the contractual arrangements. • We assessed the historical revenues associated with those catalogues, along with forecasted revenues, in order to assess the appropriateness of the catalogues' (remaining) useful life • We evaluated management's impairment indicator assessment over catalogues, if any impairment indicators identified by management we evaluated the impairment assessment to determine whether any impairment should be recorded during the year ended December 31, 2023. • We assessed the adequacy of the disclosures in notes 2.2, 2.4.8 and note 9 to the financial statements.
Key observations	Applying the aforementioned materiality, we did not identify any reportable findings in the board of director's impairment assessment and valuation of music catalogues.

Report on other information included in the annual report

The annual report contains other information in addition to the financial statements and our auditor's report thereon.

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code for the management report and the other information as required by Part 9 of Book 2 of the Dutch Civil Code and as required by Sections 2:135b and 2:145 sub-section 2 of the Dutch Civil Code for the remuneration report.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 and Section 2:135b sub-Section 7 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

The board of directors is responsible for the preparation of the other information, including the management report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information required by Part 9 of Book 2 of the Dutch Civil Code. The board of directors and the non-executive directors are responsible for ensuring that the remuneration report is drawn up and published in accordance with Sections 2:135b and 2:145 sub-section 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements and ESEF

Engagement
We were engaged by the general meeting as auditors of Universal Music Group N.V. on 20 September 2021, as of the audit for the year 2021 and have operated as statutory auditor ever since that date.

No prohibited non-audit services
We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

European Single Electronic Reporting Format (ESEF)
Universal Music Group N.V. has prepared the annual report in ESEF. The requirements for this are set out in the Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (hereinafter: the RTS on ESEF).

In our opinion the annual report prepared in the XHTML format, including the (partially) marked-up consolidated financial statements as included in the reporting package by Universal Music Group N.V., complies in all material respects with the RTS on ESEF.

The board of directors is responsible for preparing the annual report, including the financial statements, in accordance with the RTS on ESEF, whereby the board of directors combines the various components into a single reporting package.

Our responsibility is to obtain reasonable assurance for our opinion whether the annual report in this reporting package complies with the RTS on ESEF.

We performed our examination in accordance with Dutch law, including Dutch Standard 3950N, ”Assurance-opdrachten inzake het voldoen aan de criteria voor het opstellen van een digitaal verantwoordingsdocument” (assurance engagements relating to compliance with criteria for digital reporting). Our examination included amongst others:

- Obtaining an understanding of the entity’s financial reporting process, including the preparation of the reporting package
- Identifying and assessing the risks that the annual report does not comply in all material respects with the RTS on ESEF and designing and performing further assurance procedures responsive to those risks to provide a basis for our opinion, including:
    - Obtaining the reporting package and performing validations to determine whether the reporting package containing the Inline XBRL instance document and the XBRL extension taxonomy files, has been prepared in accordance with the technical specifications as included in the RTS on ESEF
    - Examining the information related to the consolidated financial statements in the reporting package to determine whether all required mark-ups have been applied and whether these are in accordance with the RTS on ESEF.

Description of responsibilities regarding the financial statements

Responsibilities of the board of directors and the non-executive directors for the financial statements

The board of directors is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs as issued by the IASB, EU-IFRSs and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the board of directors is responsible for such internal control as the board of directors determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the board of directors is responsible for assessing the company’s ability to continue as a going concern. Based on the financial reporting framework mentioned, the board of directors should prepare the financial statements using the going concern basis of accounting unless the board of directors either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. The board of directors should disclose events and circumstances that may cast significant doubt on the company’s ability to continue as a going concern in the financial statements.

The non-executive directors are responsible for overseeing the company’s financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. The Information in support of our opinion section above includes an informative summary of our responsibilities and the work performed as the basis for our opinion. Our audit further included among others:

- Performing audit procedures responsive to the risks identified, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures •
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Communication

We communicate with the non-executive directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit. In this respect we also submit an additional report to the audit committee in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

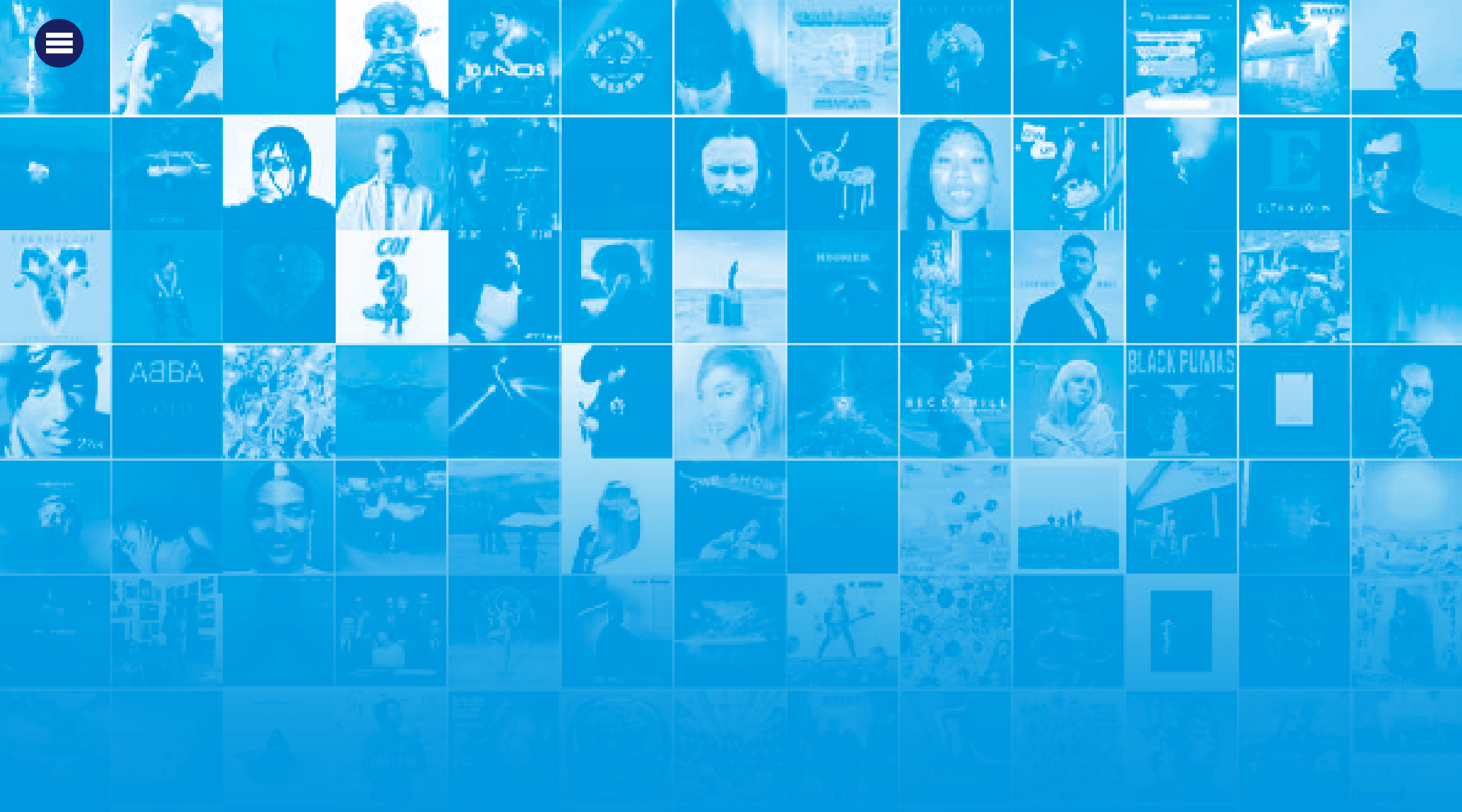
We provide the non-executive directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the non-executive directors, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

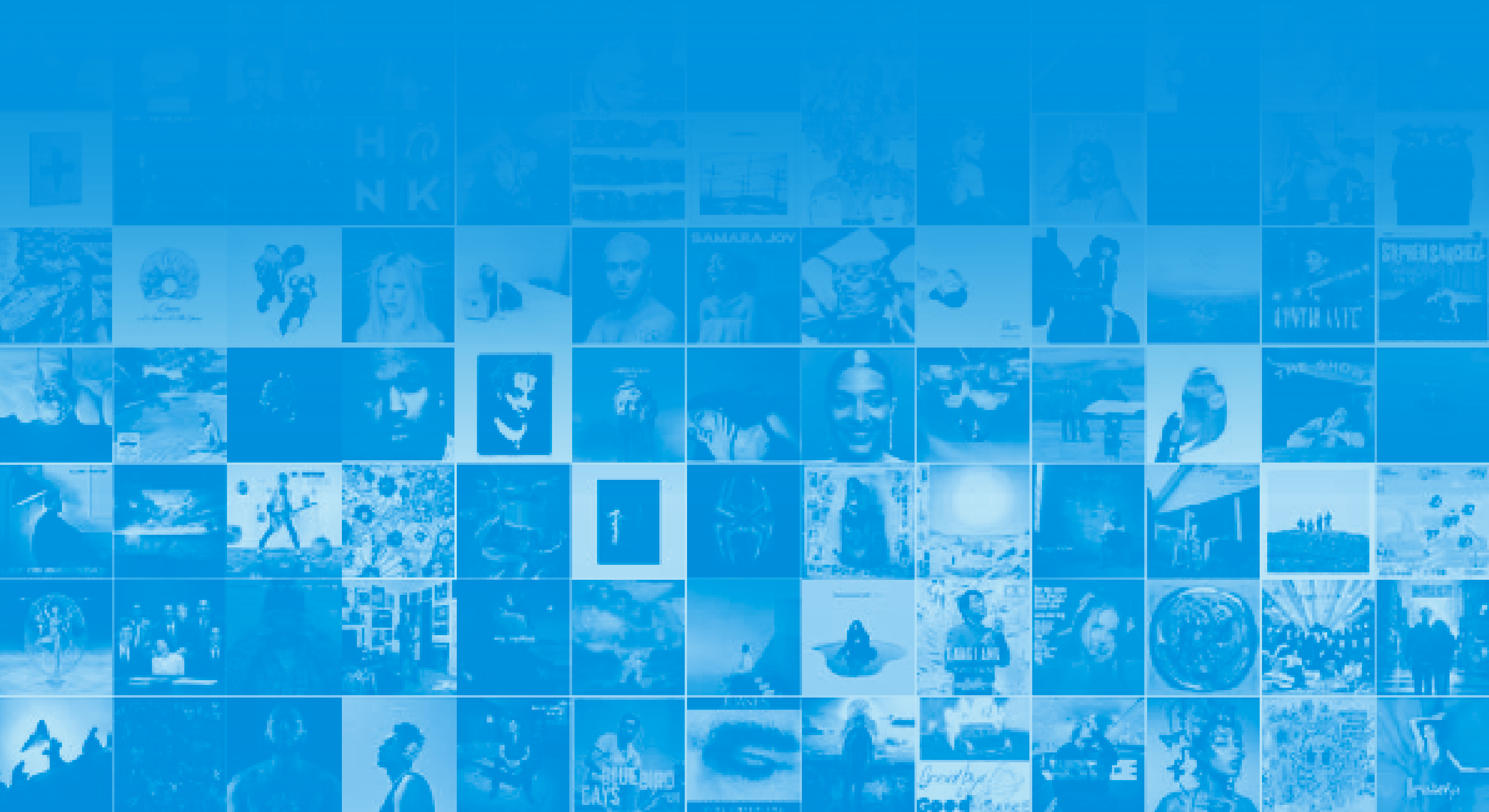
Amsterdam, March 28, 2024

Ernst & Young Accountants LLP

Signed by F.J. Blenderman



APPENDIX



BIOS CORPORATE EXECUTIVES

Sir Lucian Grainge
CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Sir Lucian Grainge has spent his entire career in the music industry and has signed and worked with many worldwide stars, including ABBA, Jay Z, Elton John, Katy Perry, Queen, Rihanna, The Rolling Stones, Sam Smith, U2 and Amy Winehouse, among many others. During the span of four decades, he not only pioneered new approaches to the signing and development of the world's most successful recording artists and songwriters, he also consistently championed the development of innovative business models and partnerships with a wide range of technology and media partners around the world. He has transformed Universal Music Group (UMG) into the most successful company in the history of the music industry, both competitively and financially, and his vision and leadership is widely recognized as having returned the entire industry to growth after years of decline. In 2011, he led UMG's successful acquisition of the recorded music assets of the legendary British music company EMI, revitalizing its iconic Capitol Records, and, in the process, further strengthening UMG's position as the global leader in music. A native of London, Sir Lucian was bestowed with a knighthood in 2016 by Her Majesty Queen Elizabeth II in the Queen's 90th Birthday Honours list for accomplishments in the music industry and leadership through its challenging times, contributions to British business and inward investment, as well as his development of innovative business models, technology and media partnerships that have expanded UMG's global presence.

Philippe Flageul
EXECUTIVE VICE PRESIDENT, CONTROLLER

Philippe Flageul is responsible for overseeing many aspects of UMG's finance operations, including accounting, tax, treasury, risk management and IT and supply chain finance. He also oversees UMG's global procurement. Flageul joined UMG in 2015 from Bolloré Group, where he worked for more than two decades as CFO of the industrial division and Chairman of IER. Philippe holds an MBA from EDHEC.

Jody Gerson
CHAIRMAN AND CEO, UNIVERSAL MUSIC PUBLISHING GROUP

Jody Gerson is one of music's most respected, accomplished executives and creative authorities. She is the first female chairman of a global music company and the first woman to be named CEO of a major music publisher. Since joining UMPG in 2015, Gerson has transformed the company into the industry's best global home to songwriters and a billion-dollar business – more than doubling revenue and substantially increasing profit. Gerson led UMPG's historic catalog acquisitions of Bob Dylan, Sting, Neil Diamond and others. She has signed and works with the world's biggest superstars including Elton John, Taylor Swift, Harry Styles, Kendrick Lamar, Bad Bunny, Adele, The Weeknd, Billie Eilish, SZA, Rosalia, Drake, Steve Lacy, Alicia Keys,Lana Del Rey. Coldplay, Justin Bieber, Post Malone, Ariana Grande, H.E.R., Maren Morris, the Bee Gees, Prince, and more. Additionally, Gerson jointly oversees Polygram Entertainment, a film and television development and production division of UMG which has produced award-winning projects including The Bee Gees: How to Mend a Broken Heart (HBO), Dear Mama (FX) and HBO's Music Box series. Gerson cofounded nonprofit She Is The Music and serves on Boards for the USC Annenberg Inclusion Initiative, The Rock & Roll Hall of Fame, the National Music Publishers Association, The Archer School for Girls and New Roads School. Gerson executive produced numerous acclaimed film/TV projects, including HBO's 'The Bee Gees: How Can You Mend a Broken Heart' and HBO's 'Music Box' series, and produced feature films 'Drumline' and 'ATL.'

Jeffrey Harleston
GENERAL COUNSEL AND EXECUTIVE VICE PRESIDENT OF BUSINESS AND LEGAL AFFAIRS

Jeffrey Harleston is responsible for the global oversight of all business transactions, contracts and litigation. He is additionally responsible for the development of corporate policies, including the coordination of UMG's government relations, trade and anti-piracy activities, to ensure a unified strategy across the Company's divisions. Harleston joined the Company in 1993 at MCA Records, after serving as Associate Independent Counsel for the Iran-Contra Investigation and prior to that as an Associate at Covington & Burling LLP. Harleston serves as co-chair of UMG's Task Force for Meaningful Change, where he leads a group of influential executives from across the Company to focus on issues regarding inclusion and social justice. Harleston also serves on the boards of the Recording Industry Association of America (RIAA), MusiCares, Williams College and the Harvard-Westlake School. He received a B.A. in Political Science from Williams College and a J.D. from the University of California, Berkeley School of Law.

Eric Hutcherson

EXECUTIVE VICE PRESIDENT, CHIEF PEOPLE AND INCLUSION OFFICER

With a focus on people, culture and inclusion, Eric Hutcherson leads a global team across UMG's record labels, publishing division and operating companies to align talent functions, amplify the Company's entrepreneurial-based culture, accelerate diversity and inclusion across all levels and territories, attract, retain and develop talent, accelerate the Company's social justice initiatives and build on UMG's successful track-record of driving innovation by recruiting employees who bring new ideas, perspectives and skillsets. Prior to joining UMG, he was EVP, Chief Human Resources Officer of the National Basketball Association (NBA) where he managed a team that drove the NBA's global workforce strategy. Hutcherson earned a bachelor's degree in Political Science from New York University and a master's degree in Sports Management and Administration from the University of Massachusetts-Amherst.

Boyd Muir

EXECUTIVE VICE PRESIDENT, CHIEF FINANCIAL OFFICER AND PRESIDENT OF OPERATIONS

Working seamlessly across the corporate and creative aspects of UMG's operations, Boyd Muir is responsible for overseeing many of UMG's corporate operations including global finance. Muir led the strategic physical-to-digital reshaping of the Company's businesses, and he has played a key role in several of UMG's most prominent acquisitions, including Sanctuary Group and V2 Music Group, as well as the Company's successful acquisition of EMI, Ingrooves Music Group and Epic Rights, among others. Muir joined UMG in 1994 and previously served as Chief Financial Officer for Universal Music Group International, a division that managed UMG's businesses in more than 50 countries.

Michael Nash

EXECUTIVE VICE PRESIDENT, CHIEF DIGITAL OFFICER

Michael Nash supervises UMG's digital business development activities around the world, manages strategic relationships with the Company's largest partners, and oversees global digital licensing, as well as numerous innovation initiatives. Nash has worked at the forefront of media and technology convergence for his entire career as an executive, entrepreneur and producer. Before joining UMG in 2015, he served as a strategic advisor to Warner Music Group, as well as several digital media startups; prior to that, he served as WMG's Executive Vice President of Digital Strategy and Business Development, responsible for WMG's global digital business. Prior to WMG, Nash was the Executive Director of the Madison Project, the music industry's first digital distribution trial, and he was the founding CEO of Inscape, an interactive entertainment and games publishing joint venture backed by Time Warner.

Will Tanous

EXECUTIVE VICE PRESIDENT, CHIEF ADMINISTRATIVE OFFICER

Will Tanous plays a key role in the development of the Company's business strategy, overseeing several major strategic and corporate endeavors, as well as managing worldwide external and internal communications, global public policy, investor and government relations, event functions and social responsibility. Prior to joining UMG in 2013, Tanous served as Executive Vice President of Communications & Marketing for Warner Music Group where he was central in all of the Company's major corporate initiatives, including: the sale of WMG to Access Industries, Inc.; WMG's initial public offering on the New York Stock Exchange in 2005; and the sale of WMG by Time Warner Inc. to a private equity consortium. He serves on the board of the Recording Industry Association of America and is a graduate of Georgetown University in Washington D.C.

Vincent Vallejo

DEPUTY CHIEF EXECUTIVE OFFICER, CORPORATE

Vincent Vallejo is Deputy Chief Executive Officer, Corporate for Universal Music Group. Based at the Company's corporate headquarters in Hilversum, the Netherlands and reporting to UMG's Chairman and Chief Executive Officer, Sir Lucian Grainge CBE, Vallejo is leading a number of corporate initiatives related to the Company's listing on Euronext Amsterdam. Vallejo has worked closely across UMG matters since joining Vivendi in 1998, most recently as SVP, Audit & Special Projects. Prior to joining Vivendi, Vallejo held positions at AGF-ALLIANZ France (Deputy CFO) and Ernst & Young Paris and Madrid. Vallejo received an MBA from Montpellier University and a Master of Science from Cornell-Essec, Cergy-Pontoise, France.

BIOS BOARD OF DIRECTORS

Sir Lucian Grainge

Male, Age: 64, Nationality: British

CHAIRMAN AND CHIEF EXECUTIVE OFFICER AND EXECUTIVE DIRECTOR

Sir Lucian Grainge has spent his entire career in the music industry and has signed and worked with many worldwide stars, including ABBA, Jay Z, Elton John, Katy Perry, Queen, Rihanna, The Rolling Stones, Sam Smith, U2 and Amy Winehouse, among many others. During the span of four decades, he not only pioneered new approaches to the signing and development of the world's most successful recording artists and songwriters, he also consistently championed the development of innovative business models and partnerships with a wide range of technology and media partners around the world. He has transformed Universal Music Group (UMG) into the most successful company in the history of the music industry, both competitively and financially, and his vision and leadership is widely recognized as having returned the entire industry to growth after years of decline. In 2011, he led UMG's successful acquisition of the recorded music assets of the legendary British music company EMI, revitalizing its iconic Capitol Records, and, in the process, further strengthening UMG's position as the global leader in music. A native of London, Sir Lucian was bestowed with a knighthood in 2016 by Her Majesty Queen Elizabeth II in the Queen's 90th Birthday Honours list for accomplishments in the music industry and leadership through its challenging times, contributions to British business and inward investment, as well as his development of innovative business models, technology and media partnerships that have expanded UMG's global presence.

Vincent Vallejo

Male, Age: 63, Nationality: French

DEPUTY CHIEF EXECUTIVE OFFICER, CORPORATE AND EXECUTIVE DIRECTOR

Vincent Vallejo is Deputy Chief Executive Officer, Corporate for Universal Music Group. Based at the Company's corporate headquarters in Hilversum, the Netherlands and reporting to UMG's Chairman and Chief Executive Officer, Sir Lucian Grainge CBE, Vallejo is leading a number of corporate initiatives related to the Company's listing on Euronext Amsterdam. Vallejo has worked closely across UMG matters since joining Vivendi in 1998, most recently as SVP, Audit & Special Projects. Prior to joining Vivendi, Vallejo held positions at AGF-ALLIANZ France (Deputy CFO) and Ernst & Young Paris and Madrid. Vallejo received an MBA from Montpellier University and a Master of Science from Cornell-Essec, Cergy-Pontoise, France.

Sherry Lansing

Female, Age: 79, Nationality: American

CHAIRMAN OF THE BOARD AND INDEPENDENT NON-EXECUTIVE DIRECTOR

Sherry Lansing is the founder and CEO of The Sherry Lansing Foundation, an organization dedicated to funding and raising awareness for cancer research, health, public education, and encore career opportunities. Lansing has extensive knowledge regarding the creative industries, including but not limited to audio/visual content. During a nearly 30-year career in the motion picture business, Lansing was involved in the production, marketing, and distribution of more than 200 films, including Academy Award winners Forrest Gump, Braveheart, and Titanic. In 1980, she became the first woman to head a major film studio when she was appointed President of 20th Century Fox. Later, as an independent producer, she was responsible for such successful films as Fatal Attraction, The Accused, School Ties, Indecent Proposal, and Black Rain. Returning to the executive ranks in 1992, Lansing was named Chairman and CEO of Paramount Pictures and began an unprecedented tenure that lasted more than 12 years. Lansing graduated cum laude with a Bachelor of Science Degree from Northwestern University in 1966.

Antoine Fiévet

Male, Age 60, Nationality: French

INDEPENDENT NON-EXECUTIVE DIRECTOR

Antoine Fiévet is the Chairman and CEO of the Bel Group, a world leader in branded cheese and a major player in the healthy snack market with 33 production sites and a distribution network spanning nearly 120 countries. His three decades of professional experience include 20 years as Bel Group's CEO, and as Chairman since 2009. Under Fiévet's leadership, Bel Group adopted concrete actions to address sustainable agriculture, healthy food, responsible packaging, the fight against climate change and product accessibility. Fiévet received a graduate degree from Université Paris II Panthéon Assas and an undergraduate degree from Institut Supérieur de Gestion.

Bill Ackman

Male, Age: 57, Nationality: American

NON-EXECUTIVE DIRECTOR

Bill Ackman is the CEO of Pershing Square Capital Management, L.P., an investment firm he founded in 2003. Ackman is Chairman of Howard Hughes Holdings Inc. (NYSE:HHH), and Chairman and CEO of Pershing Square SPARC Holdings, Ltd., a special purpose acquisition rights company. He serves as a member of the Investor Advisory Committee on Financial Markets for the Federal Reserve Bank of New York, and as a member of the Board of Dean's Advisors of the Harvard Business School. He served as Chairman and CEO of Pershing Square Tontine Holdings, Ltd. (NYSE:PSTH), a special purpose acquisition company, from July 2020 to July 2022. Ackman is co-trustee of the Pershing Square Foundation, a family foundation. Ackman received an MBA from the Harvard Business School and a Bachelor of Arts magna cum laude from Harvard College.

Cathia Lawson-Hall

Female, Age: 52, Nationality: French and Togolese

NON-EXECUTIVE DIRECTOR

Cathia Lawson-Hall has over 25 years' experience in the financial sector. She was Head of Coverage and Investment Banking for Africa at Société Générale, in charge of the overall relationship and strategic advisory with governments, large corporates and financial institutions in Africa. Previously, she served as Managing Director, Co-Head of Debt Capital Markets for corporates in France, Belgium and Luxembourg. Lawson-Hall is also a member of the Board of Directors of two listed companies, Vivendi SE and Endeavour Mining Plc. She is also an independent director of Agence Française de Développement (AFD) and sits on the board of directors of 'Amis du Centre Pompidou', the first patrons of the museum who contribute to the enrichment of the collections of the institution. Lawson-Hall was one of six recipients, alongside the Mayor of London, Sadiq Khan, of a Diversity Award in 2017 awarded by the think tank "Club XXIe-Siècle" in the "Career path" category. In 2015, Lawson-Hall was voted Manager of the Year at the sixth edition of La Tribune Women's Awards. Lawson-Hall holds a Master's degree and a postgraduate degree in Finance from Paris Dauphine University.

Cyrille Bolloré

Male, Age: 38, Nationality: French
NON-EXECUTIVE DIRECTOR

Cyrille Bolloré serves as the Chairman and Chief Executive Officer of Bolloré Group, a family-controlled holding company which is among UMG's largest investors and among the 500 largest companies in the world with focused investments in transportation and logistics, communication, electricity storage and solutions. At Bolloré Group, he additionally serves as Chairman of the Board of Directors of Bolloré Energy, Chairman of the Supervisory Board of Sofibol, Chairman of the Management Board of Compagnie du Cambodge, and Vice-Chairman of Compagnie de l'Odet, as a Director of Bolloré Participations SE, Financière V, Omnium Bolloré, Société Industrielle et Financière de l'Artois, Financière du Champ de Mars, SFA SA, Nord Sumatra Investissements, and Plantations des Terres Rouges, as a permanent representative on the Boards of Financière Moncey, and as a member of the Supervisory Board of JCDecaux Bolloré Holding. In addition, Bolloré serves as a director on the boards of several prominent companies, including on the Supervisory Board of Vivendi SE, and also serves on the Board of Socfinasia and Socfin, and as a permanent representative on the Board of Socfinaf. Bolloré is a graduate of Paris Dauphine University, and holds a Master's degree in Economics and Management, with a major in Finance.

Haim Saban

Male, Age 79, Nationality: American and Israeli
INDEPENDENT NON-EXECUTIVE DIRECTOR

Haim Saban is an entrepreneur with more than four decades of experience building successful media and telecommunication businesses. He is the Chairman and CEO of Saban Capital LLC, a private Los Angeles-based investment firm that spans operations in real estate, venture capital, film and music.
In partnership with News Corp. and Rupert Murdoch, Saban co-founded Fox Family Worldwide in 1996, creating a global television, broadcasting, production, distribution and merchandising company. In 2001, Walt Disney Co. acquired Fox Family for an enterprise value of USD 5.3 billion. Saban founded Saban Capital Group (SCG) and led an investor group in 2003 to buy a controlling stake in ProSiebenSat.1 Media, Germany's largest broadcaster. He served as Chairman of its Supervisory Board and in 2007 oversaw the sale of the controlling stake to KKR and Permira at a USD 7.5 billion valuation, representing five times the initial investment. In 2005, SCG and Apax Partners acquired a controlling stake in Bezeq, Israel's largest telecom company, which they sold to Eurocom Group at a valuation of more than four-and-a-half times the initial investment five years later. SCG led the acquisition in 2007 of Univision Communications, the leading Spanish-language media company in the U.S. for which Saban served as Chairman. SCG continues to make minority and controlling investments in early stage private and public companies, including Epic Games, Keshet, Kite Pharma and Roblox, among others; feature film projects through Saban Films; and private equity investments in companies, including Celestial Tiger. In 2019, SCG launched Saban Music Group, a global independent recorded music and publishing company, which partnered in 2020 with UMG for distribution.

James Mitchell

Male, Age: 50, Nationality: British

NON-EXECUTIVE DIRECTOR

James Mitchell is a Senior Executive Vice President and Chief Strategy Officer of Tencent Holdings Limited (HKEX:0700), where he has worked since July 2011. Mitchell has also served as Chairman and Non-Executive Director of the Board of China Literature Limited (HKEX:0772) since June 2017. He is also a director of certain other listed companies including Frontier Developments Plc (AIM:FDEV) and Tencent Music Entertainment Group (NYSE:TME, HKEX:1698), and of various unlisted companies. Prior to joining Tencent, Mitchell was a Managing Director at Goldman Sachs. Mitchell received a Bachelor of Arts degree from Oxford University and holds a Chartered Financial Analyst certification.

Luc Van Os

Male, Age: 57, Nationality: Dutch

NON-EXECUTIVE DIRECTOR

Luc van Os is co-owner of Misset Uitgeverij, a B2B publisher of multi-media brands for the agricultural sector, and of Rendement Uitgeverij, a B2B multi-media publisher specialized in HR, fiscal and salary information. Previously, he served for 12 years as CEO of Hearst Netherlands and its predecessors, home to titles including Harper's Bazaar, Elle, Quote and Cosmopolitan. Prior to serving as CEO, he held different leadership roles at Hearst and its predecessors, Hachette Filipacchi Media and Quote Media. Under his leadership, Hearst became the largest upscale magazine publisher in the Netherlands. Van Os is also a member of the Supervisory Board of VNO-NCW, the national employers association in the Netherlands.

Manning Doherty

Male, Age: 51, Nationality: Canadian

NON-EXECUTIVE DIRECTOR

Manning Doherty is a Managing Director of GIC Pte Ltd., a Singaporean sovereign wealth fund. He is the Head of the Infrastructure Group (North America), investing across the capital structure in infrastructure and related industries. Doherty's career spans senior roles in equity research, private equity and special situation investing in Asia and the U.S. Prior to GIC, he served as Managing Director of Mount Kellett Capital and as Managing Director of Oaktree Capital Management. As an active investor, Doherty assists companies with strategic reviews to develop adjacent business lines, improve KPI monitoring and decision making, and supplement the evaluation of strategic M&A and corporate finance actions. He holds an MBA from The Wharton School and a Master's degree in International Studies from the Lauder Institute at the University of Pennsylvania. He also holds a Bachelor of Arts degree from Queen's University in Kingston, Ontario.

Margaret Frerejean-Taittinger
Female, Age: 38, Nationality: American
INDEPENDENT NON-EXECUTIVE DIRECTOR

Margaret Frerejean-Taittinger is the co-founder of French Bloom, a company that specializes in organic alcohol-free sparkling wines. Serving as Chief Marketing Officer, Frerejean-Taittinger has successfully positioned French Bloom as the market leader of the super-premium 0.0% category with presence in more than 30 markets. Previously, she served as International Development Manager for the Michelin Guide, the renowned restaurant rating system that publishes its yearly selections in over 35 countries. In this role, Frerejean-Taittinger led the expansion of the Michelin Guide working towards doubling its international footprint over a period of five years. Prior to Michelin, she served as the Director of Communications and Marketing for Laboratories Surface-Paris, a beauty company that specializes in cosmeceutical skincare. Frerejean-Taittinger also spent eight years in the international development field, addressing cross-sector challenges to sustainable development with a focus on education and micro-finance in East Africa. Frerejean-Taittinger holds a Master of Development Practice from l'Institut d'Etudes Politiques de Paris (Sciences Po), where she graduated summa cum laude.

Nicole Avant
Female, Age: 56, Nationality: American
INDEPENDENT NON-EXECUTIVE DIRECTOR

Nicole Avant is the best selling author of "Think You'll Be Happy - Moving Through Grief with Grit, Grace and Gratitude". She served as the 13th U.S. Ambassador to The Bahamas after being nominated by President Barack Obama and unanimously confirmed by the U.S. Senate, becoming the youngest as well as the first African American woman to hold the position. In addition to her international diplomatic work, Ambassador Avant brings deep commercial insight and knowledge of the media and entertainment industries having worked in the music business for over 25 years and serving as Vice President of Interior Music Publishing, founded by her father, entertainment mogul, Clarence Avant. Ambassador Avant currently focuses her efforts in film and television production and has produced the critically acclaimed and award winning films "The Black Godfather" and "Trees of Peace". Ambassador Avant also serves on the Board of Soho House & Co, Inc. Throughout her career, Ambassador Avant has also pursued an array of business and philanthropic ventures. Ambassador Avant graduated with a Bachelor of Arts degree in Communications from California State University, Northridge.

DEFINITIONS

In this Annual Report release, UMG presents certain financial measures when discussing UMG's performance that are not measures of financial performance or liquidity under IFRS ("non-IFRS"). These non-IFRS measures (also known as alternative performance indicators) are presented because management considers them important supplemental measures of UMG's performance and believes that they are widely used in the industry in which UMG operates as a means of evaluating a company's operating performance and liquidity. UMG believes that an understanding of its sales performance, profitability, financial strength and funding requirements is enhanced by reporting the following non-IFRS measures. All non-IFRS measures should be considered in addition to, and not as a substitute for, other IFRS measures of operating and financial performance as presented in UMG's Consolidated Financial Statements and the related Notes. In addition, it should be noted that other companies may have definitions and calculations for these non-IFRS measures that differ from those used by UMG, thereby affecting comparability.

EBITDA and EBITDA margin

UMG considers EBITDA and EBITDA margin, non-IFRS measures, to be relevant measures to assess its operating performance and the performance of its operating segments as reported in the segment data. It enables UMG to compare the operating performance of operating segments regardless of whether their performance is driven by the operating segment's organic growth or by acquisitions. It excludes restructuring expenses, which may impact period-to-period comparability. EBITDA margin is EBITDA divided by revenue.

To calculate EBITDA, the accounting impact of the following items is excluded from Operating Profit:

i. amortization of intangible assets;
ii. impairment on goodwill and other intangibles;
iii. depreciation of tangible assets including right of use assets;
iv. (gains)/losses on the sale of tangible assets, included right of use assets and intangible assets; and
v. restructuring expenses.

Adjusted EBITDA and Adjusted EBITDA margin

The difference between EBITDA and Adjusted EBITDA consists of non-cash share-based compensation expenses and certain one-time items that are deemed by management to be significant and incidental to normal business activity. Adjusted EBITDA margin is Adjusted EBITDA divided by revenue.

UMG considers Adjusted EBITDA and Adjusted EBITDA margin, non-IFRS measures, to be relevant measures to assess performance of its operating activities excluding items that may be incidental to normal business activity and excluding non-cash share based compensation which may impact period-to-period comparability.

Adjusted Net Profit/Adjusted Net Profit per share

UMG's use of Adjusted net profit is appropriate as UMG uses it as the basis for the Adjusted net profit per share (in EUR) – diluted, both of which are non-IFRS measures. Adjusted net profit may be subject to limitations as an analytical tool for investors, as it excludes certain items and therefore does not reflect the expense associated with such items, which may be significant and have a significant effect on UMG's net profit.

The accounting impact of the following items is excluded from Net profit attributable to equity holders of the parent:

i. amortization of catalogues;
ii. impairment of goodwill and intangible assets;
iii. financial income and expenses, excluding interest and income from investments;
iv. earnings from discontinued operations;
v. non-cash share-based compensation expense;
vi. certain one-time items that are deemed by management to be significant and incidental to normal business activity;
vii. income tax impact on the above adjustments;
viii. non-recurring tax items; and
ix. adjustments attributable to non-controlling interests.

Financial Net Debt

UMG considers financial net debt, a non-IFRS measure, to be a relevant indicator of the group's liquidity and capital resources. UMG management uses this indicator for reporting, management and planning purposes. Financial Net Debt is calculated as the sum of:

i. cash and cash equivalents, as reported in the Consolidated Statement of Financial Position, including (i) cash in banks and deposits, whether or not compensated, corresponding to cash, and (ii) money market funds;
ii. cash management financial assets, included in the Consolidated Statement of Financial Position under "financial assets", relating to financial investments, which do not satisfy the criteria for classification as cash equivalents set forth in IAS 7;
iii. derivative financial instruments, net (assets and liabilities) where the underlying instruments are Financial Net Debt items, as well as cash deposits securing borrowings included in the Consolidated Statement of Financial Position under "financial assets";

less:

i. the value of borrowings at amortized cost as reported in the Consolidated Statement of Financial Position.

Free Cash Flow

UMG defines Free Cash Flow as net cash provided by/(used for) operating activities plus net cash provided by/(used for) investing activities, less repayment of lease liabilities, interest paid, net and other cash items related to financing activities. UMG considers Free Cash Flow, a non-IFRS measure, to be a relevant indicator of its cash flow generated to fund dividend payments and repayment of debt. Free Cash Flow is not a measure of performance calculated in accordance with IFRS and therefore it should not be considered in isolation of, or as a substitute for cash flow provided by operating activities as a measure of liquidity. Free Cash Flow, as we calculate it, may not be comparable to similarly titled measures employed by other companies. In addition, Free Cash Flow does not necessarily represent funds available for discretionary use and is not necessarily a measure of our ability to fund our cash needs.

Reconciliation of net profit attributable to equity holders of the parent to adjusted net profit

	Year ended, December 31	
(millions of euros)	2023	2022
Net profit attributable to equity holders of the parent[1]	**1,259**	**782**
Financial income and expenses, excluding interest and income from investments	(377)	671
Non-cash share-based compensation expense	561	107
Certain one time items[2]	–	(11)
Impairment (reversal)/charge of intangible assets	(7)	17
Amortization of catalogues	236	233
Income tax on adjustments	(77)	(255)
Non-recurring tax items	–	(90)
Adjusted Net Profit	**1,595**	**1,454**

1 As reported in the Consolidated Statement of Profit or Loss

2 Certain one time items in 2022 includes interest income in relation to the one-time non-recurring tax item.

Adjusted net profit per share

	Year ended December 31,			
(millions of euros)	2023		2022	
	basic	*diluted*	*basic*	*diluted*
Adjusted net profit	**1,595**	**1,595**	**1,454**	**1,454**
Number of shares[1]				
Weighted average number of shares outstanding	1,819	1,819	1,813	1,813
Potential dilutive effects related to sharebased compensation	–	23	–	3
Adjusted weighted average number of shares	1,819	1,842	1,813	1,816
Adjusted net profit per share (in euros)	**0.88**	**0.87**	**0.80**	**0.80**

1 As reported in Note 7 of the Consolidated Financial Statements.

Net cash provided by operating activities - Adjustments

Operating profit includes certain non-cash items that are adjusted to get to the Net cash provided by operating activities as follows:

	Year ended, December 31	
(millions of euros)	2023	2022
Amortization and depreciation expense	382	377
Non-cash share-based compensation expense, net of employees tax withheld	429	107
Impairment (reversal)/charge of intangible assets	(7)	17
Changes in provisions, net	18	65
(Gain)/loss on sale of assets	(26)	2
Adjustments	**796**	**568**

CAUTIONARY NOTICE

Forward-looking statements

The annual report may contain statements that constitute forward-looking statements with respect to UMG's financial condition, results of operations, business, strategy and plans. Such forward-looking statements may be identified by the use of words such as 'profit forecast', 'expect', 'estimate', 'project', 'anticipate', 'should', 'intend', 'plan', 'probability', 'risk', 'target', 'goal', 'objective', 'will', 'endeavour', 'optimistic', 'prospects' and similar expressions or variations on such expressions. Although UMG believes that such forward-looking statements are based on reasonable assumptions, they are not guarantees of future performance. Actual results may differ materially from such forward-looking statements as a result of a number of risks and uncertainties, many of which are related to factors that are outside UMG's control, including, but not limited to, UMG's inability to compete successfully and to identify, attract, sign and retain successful recording artists and songwriters, failure of streaming and subscription adoption or revenue to grow or to grow less rapidly than anticipated, UMG's reliance on digital service providers, UMG's inability to execute its business strategy, the global nature of UMG's operations, UMG's inability to protect its intellectual property and against piracy, UMG's inability to attract and retain key personnel, changes in laws and regulations and the other risks described in the annual report. Accordingly, UMG cautions readers against placing undue reliance on such forward-looking statements. Such forward-looking statements are made as of the date of the annual report. UMG disclaims any intention or obligation to provide, update or revise any such forward-looking statements, whether as a result of new information, future events or otherwise.


ABBA
BLACK PUMAS
BECKY HILL
THE SHOW
LANG LANG
10 ANOS
ELTON JOHN