



INTERIM FINANCIAL REVIEW

FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2023

EARNINGS ANALYSIS

UMG Results

(in millions of euros, number of shares in millions, data per share in euros)	Six Months Ended June 30,	
	2023	2022
	<i>(unaudited)</i>	<i>(unaudited)</i>
Revenue	5,148	4,734
EBITDA ¹	767	960
Adjusted EBITDA ¹	1,112	962
Operating profit ²	591	767
Net profit attributable to equity holders of the parent	625	241
Adjusted net profit ^{1,3}	754	664
Net cash provided by operating activities before income tax paid	703	605
Free cash flow ¹	(13)	104
Weighted average number of shares outstanding	1,817	1,813
Earnings per share		
Earnings attributable to UMG N.V. shareowners per share - basic & diluted	0.34	0.13
Adjusted net profit per share^{1,3}		
Adjusted net profit per share - basic & diluted	0.41	0.37

(in millions of euros)	As at	
	June 30, 2023	December 31, 2022
	<i>(unaudited)</i>	<i>(audited)</i>
Financial Net Debt ¹	(2,300)	(1,810)

1. *Non-IFRS measures*
2. *2022 Restated amounts are presented in Note 2.3 of the Unaudited Condensed Consolidated Interim Financial Statements*
3. *2022 Restated amounts are presented in the reconciliation of Adjusted net profit and Adjusted net profit per share in this 2023 Interim Financial Review and Appendix*

This Interim Financial Review and Unaudited Condensed Consolidated Interim Financial Statements includes certain alternative performance indicators which are not defined in the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board as endorsed by the EU. The descriptions of these alternative performance indicators and reconciliations of non-IFRS to IFRS measures are included in this report and its Appendix. Reference may also be made to the 2022 Annual Report.

Analysis of Operating Results

Revenues for the first half of 2023 were €5,148 million, up 8.7% compared to the first half of 2022 and up 9.1% at constant currency. This increase was driven by improvements across all divisions. Recorded Music grew 10.3% at constant currency compared to the first half of 2022, Music Publishing was up 4.8% and Merchandising and Other grew by 5.6%.

For a detailed analysis of revenues by business segment, please refer to the press release dated July 26, 2023 (the "press release") and to Note 3 to the Unaudited Condensed Consolidated Interim Financial Statements for the period ended June 30, 2023.

(in millions of euros)	Six Months Ended June 30,	
	2023	2022
	<i>(unaudited)</i>	<i>(unaudited)</i>
Artist costs	2,385	2,193
Product costs	426	415
Cost of Revenues	2,811	2,608

Cost of Revenues grew by €203 million to €2,811 million in the first half of 2023 from €2,608 million in the first half of 2022 reflecting the increase in revenues. Cost of revenues as a percentage of revenues decreased to 54.6% from 55.1% driven by lower relative Product costs.

Artist costs increased by €192 million from €2,193 million in the first half 2022 to €2,385 million in the first half 2023 driven by the increase in sales. As a percentage of revenues, artists costs was 46.3% in both first half 2023 and 2022.

Product costs increased by €11 million to €426 million in the first 6 months of 2023 from €415 million in the first 6 months of 2022 reflecting the growth in revenues. Product costs as a percentage of revenues decreased to 8.3% from 8.8% driven primarily by the change in mix of revenues and especially the lower proportion of merchandising sales.

Selling, general and administrative expenses increased by €381 million to €1,611 million in the first half 2023 from €1,230 million in the first half 2022 and increased as a percentage of revenues to 31.3% in 2023 from 26.0% in 2022. Selling, general and administrative expenses in the first half 2023 included €345 million in non-cash share-based compensation expense while in the first half 2022, selling, general and administrative expenses included €2 million in non-cash share-based compensation expenses.

Operating profit was €591 million in the first half of 2023, compared to €767 million for the first half of 2022, a decrease of €176 million (-22.9%) or a decrease of 22.3% at constant currency, due to the higher non-cash share-based compensation expense in 2023 partly compensated by the growth in revenues. As a percentage of revenues, operating profit declined to 11.5% in the first half 2023 from 16.2% in the first half 2022 due to the higher non-cash share-based compensation expense partially offset by lower relative cost of revenues.

Reconciliation of Operating Profit to EBITDA and Adjusted EBITDA

(in millions of euros)	Six Months Ended June 30,	
	2023	2022
	<i>(unaudited)</i>	<i>(unaudited)</i>
Operating profit ¹	591	767
Adjustments		
Amortisation and depreciation expense	187	182
Restructuring expenses	15	11
(Gain)/loss on sale of assets	(26)	-
Impairment on intangible assets	-	-
Other non-recurring items	-	-
EBITDA	767	960
Non-cash share-based compensation expense	345	2
Adjusted EBITDA	1,112	962

1 2022 Restated amounts are presented in Note 2.3 of the Unaudited Condensed Consolidated Interim Financial Statements

EBITDA decreased by €193 million to €767 million in the first half of 2023 compared to €960 million in the first half of 2022 due to the higher non-cash share-based compensation expense partially compensated by the increase in revenues. EBITDA margin decreased by 5.4pp to 14.9% in the first 6 months of 2023 compared to 20.3% in the first 6 months of 2022.

For a detailed analysis of EBITDA by business segment, please refer to the press release and to Note 3 to the Unaudited Condensed Consolidated Interim Financial Statements for the period ended June 30, 2023.

Adjusted EBITDA was €1,112 million in the first half of 2023 up €150 million compared to €962 million in the first half of 2022 due to the improved revenues. Adjusted EBITDA margin increased by 1.3pp to 21.6% in the first 6 months of 2023 from 20.3% in the first 6 months of 2022 driven by the revenue growth, operating leverage and cash compensation savings of €33 million associated with the equity plan rollout.

Financial results

Financial income and Financial expenses were a net income of €265 million in the first half 2023, compared to a net expense of €572 million in the first half 2022, an improvement of €837 million. For the first half 2023, the revaluation of the investments in listed and other companies including Spotify and Tencent Music Entertainment was a net income amount of €313 million, compared to a net expense of €567 million for the first half 2022, an improvement of €880 million.



Income taxes

For the first half of 2023, income taxes were a net expense of €227 million, compared to a net income of €49 million in the first half of 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 (€84 million expense, compared to €140 million income for first half of 2022) and the favourable settlement of tax litigations in the first half of 2022 (€89 million).

Non-controlling interests

For the first half of 2023, earnings attributable to non-controlling interests were €2 million, slightly higher than the €1 million with the first half of 2022.

Net profit attributable to equity holders of the parent

For the first 6 months of 2023, net profit attributable to equity holders of the parent amounted to a profit of €625 million (or €0.34 per share - basic), compared to €241 million for the first 6 months of 2022 (or €0.13 per share - basic). Net profit attributable to equity holders of the parent increased by €384 million, reflecting:

- the improvement in Financial results (+€837 million) driven by the favourable variance in the revaluation of the investments in listed and other companies including Spotify and Tencent Music Entertainment (+€880 million);

partially offset by:

- the decline in Operating Profit (-€176 million) driven by the higher non-cash share-based compensation expense in the first half 2023; and
- the increase in Income tax charges (-€276 million) due to the increase in deferred tax charge relating to the revaluation of the investments in listed companies (-€224 million) and the favourable settlement of tax litigations in the first half of 2022 (-€89 million).

**Adjusted net profit**

Reconciliation of Net profit attributable to equity holders of the parent to Adjusted net profit

Six Months Ended June 30,

(in millions of euros)	2023	2022
	<i>(unaudited)</i>	<i>(unaudited)</i>
Net profit attributable to equity holders of the parent	625	241
Financial income and expenses, excluding interest and income from investments ¹	(300)	573
Non-cash share-based compensation expense	345	2
Certain one time items ¹	-	(11)
Impairment of intangible assets	-	-
Amortisation of catalogues	120	113
Income tax on adjustments	(36)	(165)
Non-recurring tax items ¹	-	(89)
Adjusted Net Profit¹	754	664

¹ Adjusted Net Profit per the 2022 Interim Financial Review was €763m. As presented in the 2022 year end Annual Report, Adjusted Net Profit in 2022 has been restated to exclude the beneficial impact of two litigations finalised before tax courts in the first half 2022 ('Non-recurring tax item') and the related interest income ('Certain one time items'). In addition, there is an immaterial impact from the change in interest income as presented in Note 4 of the 2023 Unaudited Condensed Consolidated Interim Financial Statements.

Adjusted net profit in the first half 2023 amounted to a profit of €754 million (or €0.41 per share - basic), compared to €664 million for the first half 2022 (or €0.37 per share - basic). Adjusted net profit increased by €90 million, including:

- The growth in Adjusted EBITDA (+€150 million); partially offset by
- The increase in income taxes reported to adjusted net profit (-€58 million).

LIQUIDITY AND CAPITAL RESOURCES

Financial Net Debt

(in millions of euros)	As at	
	June 30, 2023 <i>(unaudited)</i>	December 31, 2022 <i>(audited)</i>
Cash and cash equivalents	463	439
Derivative financial assets	-	1
Drawn revolving credit facilities	(100)	(125)
Bank overdrafts	(3)	(1)
Bonds	(1,731)	(1,004)
Commercial papers	(743)	(929)
Other	(186)	(191)
Borrowings at amortised cost	(2,763)	(2,250)
Financial Net Debt	(2,300)	(1,810)

Changes in the Financial Net Debt

As of June 30, 2023, UMG's Financial Net Debt amounted to -€2,300 million compared to Financial Net Debt of -€1,810 million as of December 31, 2022, i.e., an increase in net debt of €490 million. This change was mainly attributable to the following:

- UMG paid the final dividend with respect to fiscal year 2022 of which €453 million was paid in June 2023 and the associated withholding tax paid in July 2023;
- Net cash used for investing activities of €423 million, primarily due to the €89 million investment in Music Publishing and Recorded Music catalogues, €54 million net other intangible and capital expenditure and €283 million net purchase of consolidated companies, equity affiliates and financial assets relating to several strategic investments in the period; and
- repayment of €47 million in relation to lease liabilities and associated interest and €38 million in other interest payments.

This was partially offset by the following:

- Net cash provided by operating activities of €495 million.

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 June 30, 2023, UMG held a portfolio of listed non-controlling equity interests (including Spotify) with an aggregate market value of approximately €1,051 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.

Cash flow analysis

Net cash provided by operating activities before income tax

For the first half of 2023, changes in net cash provided by operating activities before income tax amounted to an inflow of €703 million compared to an inflow of €605 million for the first half of 2022, an improvement of €98 million. This increase was mainly attributable to the following items:

- the decrease in Royalty advances payments net of recoupments (-€128 million) due to the timing of major artist renewals and increased recoupment; and
- the favourable variance in Adjustments (+€200 million) on 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).

partially offset by:

- the decrease in Operating profit (-€176 million); and
- the unfavourable variance in Other working capital (-€54 million) on the timing of digital and other revenues received in advance.

Net cash provided by operating activities

Net cash provided by operating activities in the first 6 months of 2023 amounted to an inflow of €495 million compared to an inflow €474 million for the first 6 months of 2022, an improvement of €21 million due to the €98 million increase in Net cash provided by operating activities before income tax, partially offset by the increase in Income tax paid (-€77 million) that last year benefited from the favourable settlement of tax litigations.

Net cash used for investing activities

Net cash used for investing activities in the first half 2023 was a €423 million net outflow compared to a €320 million net outflow for the first half 2022, an increased outflow of €103 million. Catalogue investments in the first half of 2023 were lower than in the first half of 2022 (+€175 million) due to the timing of deals. Investment in consolidated companies (-€75 million), equity affiliates (-€61 million) and financial assets (-€130 million) were higher than in the first half of 2022 and represented various strategic investments entered into during the period.

Net cash used for financing activities

Net cash used for financing activities in the first 6 months of 2023 was a €23 million net outflow compared to a €794 million net inflow for the first 6 months of 2022, an increased outflow of €817 million. This was mainly attributable to the following items:

- an increase in debt in the first 6 months of 2023 of €516 million compared to an increase in debt in the first 6 months of 2022 of €1,179 million (-€663 million);
- higher dividend payments in the first 6 months of 2023 (-€119 million); and
- higher interest payments in the first half 2023 (-€38 million).

Reconciliation of cash provided by operating activities to Free Cash Flow

(in millions of euros)	Six Months Ended June 30,	
	2023	2022
	<i>(unaudited)</i>	<i>(unaudited)</i>
Net cash provided by/(used for) operating activities before income tax paid	703	605
Income tax paid	(208)	(131)
Net cash provided by/(used for) operating activities	495	474
Net cash provided by/(used for) investing activities	(423)	(320)
Repayment of lease liabilities and related interest expenses	(47)	(51)
Interest, net	(38)	-
Other cash items related to financing activities	-	1
Free Cash Flow	(13)	104

Free Cash Flow

Free Cash Flow in the first half of 2023 was a €13 million net outflow compared to a €104 million net inflow for the first half of 2022, a decrease of €117 million. This decrease was predominantly due to higher Net cash used for investing activities (-€103 million), higher Income tax paid (-€77 million) and higher Interest paid (-€38 million) partially offset by the improvement in Net cash provided by operating activities before income tax paid (+€98 million) in the first half 2023 period compared to the first half of 2022.

CAUTIONARY STATEMENTS

Risk and uncertainties

The 2022 Annual Report on pages 115 to 134 outlines a number of risk factors which UMG still believes are the key risks and uncertainties concerning the business and industry in which UMG operates, 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.

External auditors' involvement

The Interim Financial Review and Unaudited Condensed Consolidated Interim Financial Statements have not been audited by UMG's external auditors.

Related party transactions

Please refer to Note 11 of the Unaudited Condensed Consolidated Interim Financial Statements for details on related party transactions.

Forward-looking statements

These Interim Financial Review and Unaudited Condensed Consolidated Interim Financial Statements 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 that have been described in UMG's 2022 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 these Interim Financial Review and Unaudited Condensed Consolidated Interim Financial Statements. 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.



Responsibility statement

In accordance with article 5:25d(2)(c) of the Dutch Financial Supervision Act (Wet op het financieel toezicht), we confirm that, to the best of our knowledge:

- the Unaudited Condensed Consolidated Interim Financial Statements for the six-month period ended June 30, 2023, which have been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and result of the Company and the undertakings included in the consolidation as a whole;
- the Interim Financial Review provides a true and fair view of the important events that have occurred during the first six months of the financial year, and their impact on the Unaudited Condensed Consolidated Interim Financial Statements, together with a description of the principal risks and uncertainties for the remaining six months of the financial year, as well as of the major related parties transactions.

On behalf of the Board,

Sir Lucian Grainge, Executive Director, Chairman and Chief Executive Officer

Vincent Vallejo, Executive Director, Deputy Chief Executive Officer



• **FINANCIAL REVIEW
APPENDIX**

NON-IFRS ALTERNATIVE PERFORMANCE INDICATORS AND RECONCILIATIONS

UMG results by segment

(in millions of euros)	Six months ended June 30,		%	%
	2023	2022	YoY	const.
	<i>(unaudited)</i>	<i>(unaudited)</i>		
Revenues				
Recorded Music	4,003	3,643	9.9%	10.3%
Music Publishing	889	851	4.5%	4.8%
Merchandising & Other	264	248	6.5%	5.6%
Corporate Centre	-	-	0.0%	0.0%
Elimination of inter-segment transactions	(8)	(8)		
Total UMG	5,148	4,734	8.7%	9.1%
Adjusted EBITDA				
Recorded Music	969	842	15.1%	15.6%
Music Publishing	216	200	8.0%	8.0%
Merchandising & Other	20	14	42.9%	42.9%
Corporate Centre	(93)	(94)	(1.1%)	(1.1%)
Total UMG	1,112	962	15.6%	16.2%

Note: % YoY indicates % change year-over-year; % const. indicates % change year-over-year adjusted for constant currency. Constant currency change is calculated by taking current year results and comparing against prior year results restated at current year rates.

Recorded Music

(in millions of euros)	Six months ended June 30,		%	%
	2023	2022	YoY	const.
	<i>(unaudited)</i>	<i>(unaudited)</i>		
Subscriptions and streaming revenue	2,755	2,524	9.2%	9.1%
<i>of which streaming</i>	673	658	2.3%	1.8%
<i>of which subscription</i>	2,082	1,866	11.6%	11.6%
Downloads and other digital revenue	116	137	(15.3%)	(14.7%)
Physical revenue	639	540	18.3%	20.8%
License and other revenue	493	442	11.5%	12.6%
Recorded Music revenues	4,003	3,643	9.9%	10.3%
Adjusted EBITDA	969	842	15.1%	15.6%
Adjusted EBITDA margin	24.2%	23.1%	1.1pp	

Note: % YoY indicates % change year-over-year; % const. indicates % change year-over-year adjusted for constant currency.

Recorded Music revenues by geographic area

(in millions of euros)	Six months ended June 30,		%	%
	2023	2022	YoY	const.
	<i>(unaudited)</i>	<i>(unaudited)</i>		
North America	2,024	1,821	11.1%	8.9%
EMEA ¹	1,094	1,052	4.0%	5.9%
Asia	579	476	21.6%	29.5%
Latin America	165	146	13.0%	13.0%
Rest of the world	141	148	(4.7%)	(2.1%)
Recorded Music revenues	4,003	3,643	9.9%	10.3%

¹ This was previously titled Europe. No change in the perimeter reported.

Note: % YoY indicates % change year-over-year; % const. indicates % change year-over-year adjusted for constant currency.

Music Publishing

(in millions of euros)	Six months ended June 30,		%	%
	2023	2022	YoY	const.
	<i>(unaudited)</i>	<i>(unaudited)</i>		
Performance revenue	187	127	47.2%	48.4%
Synchronisation revenue	129	120	7.5%	6.6%
Digital revenue	495	537	(7.8%)	(7.5%)
Mechanical revenue	52	46	13.0%	15.6%
Other revenue	26	21	23.8%	23.8%
Music Publishing revenues	889	851	4.5%	4.8%
Adjusted EBITDA	216	200	8.0%	8.0%
<i>Adjusted EBITDA margin</i>	<i>24.3%</i>	<i>23.5%</i>	<i>0.8pp</i>	

Note: % YoY indicates % change year-over-year; % const. indicates % change year-over-year adjusted for constant currency.

Merchandising and Other

(in millions of euros)	Six months ended June 30,		%	%
	2023	2022	YoY	const.
	<i>(unaudited)</i>	<i>(unaudited)</i>		
Merchandising and other revenues	264	248	6.5%	5.6%
Adjusted EBITDA	20	14	42.9%	42.9%
<i>Adjusted EBITDA margin</i>	<i>7.6%</i>	<i>5.6%</i>	<i>2.0pp</i>	

Note: % YoY indicates % change year-over-year; % const. indicates % change year-over-year adjusted for constant currency.

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:

(in millions of euros)	Six months ended June 30,	
	2023	2022
	<i>(unaudited)</i>	<i>(unaudited)</i>
Amortisation and depreciation expense	187	182
Non-cash share-based compensation expense, net of employees tax withheld	220	2
Impairment of intangible assets	-	-
Changes in provisions, net	(1)	(4)
(Gain)/loss on sale of assets	(26)	-
Other non-recurring items	-	-
Adjustments	380	180

Adjusted net profit per share

(in millions of euros)	Six months ended June 30,	
	2023	2022
	<i>(unaudited)</i>	<i>(unaudited)</i>
Adjusted Net Profit ¹	754	664
<i>Number of shares (in millions)</i>		
Weighted average number of shares outstanding	1,817	1,813
Potential dilutive effects related to sharebased compensation	6	1
Adjusted weighted average number of shares	1,823	1,814
Adjusted net profit per share (in euros)		
Adjusted net profit per share - basic & diluted	0.41	0.37

¹ 2022 Restated amounts are presented in the reconciliation of Adjusted net profit in this 2023 Interim Financial Review

DEFINITIONS

In this Interim Financial Review, 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 measures) 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 Unaudited Condensed Consolidated Interim Financial Statements and the related Notes. In addition, it should be noted that other companies may use 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 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. EBITDA margin is EBITDA divided by revenue.

To calculate EBITDA, the accounting impact of the following items is excluded from Operating Profit:

- i. amortisation of intangible assets
- ii. impairment losses on goodwill and other intangibles
- iii. other income and expenses related to transactions with shareowners (except when directly recognized in equity)
- iv. depreciation of tangible assets including right of use assets
- v. (gains)/losses on the sale of tangible assets, including right of use assets and intangible assets
- vi. restructuring expenses
- vii. other non-recurring items

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 segments excluding items that may be incidental to normal business activity.

Adjusted Net Profit/Adjusted Net Profit per share

UMG considers the use of Adjusted net profit 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. amortisation of catalogues
- ii. impairment losses on goodwill and intangible assets
- iii. other charges and income related to transactions with shareowners
- iv. financial income and expenses, excluding interest and income from investments
- v. earnings from discontinued operations
- vi. non-cash share-based compensation expenses
- vii. certain one-time items that are deemed by management to be significant and incidental to normal business activity
- viii. income taxes and adjustments attributable to non-controlling interests
- ix. non-recurring tax items

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"

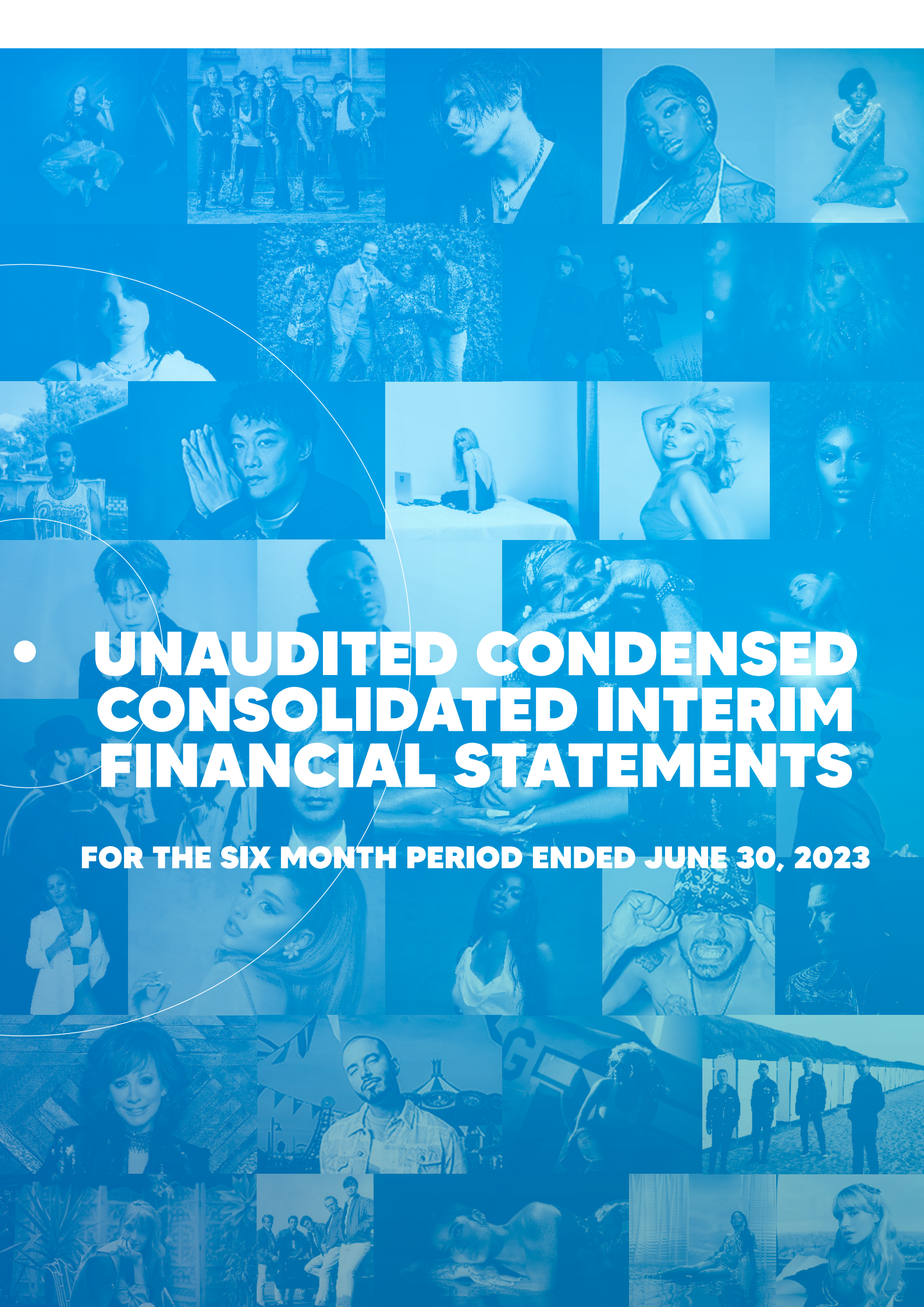
less:

- i. the value of borrowings at amortised 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, net and other cash items related to financing activities. UMG considers free cash flow, a non-IFRS measure, to be a relevant indicator of the Group's cashflow 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.



- **UNAUDITED CONDENSED
CONSOLIDATED INTERIM
FINANCIAL STATEMENTS**

FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2023

Condensed Consolidated Interim Financial Statements

Contents of Condensed Consolidated Interim Financial Statements

Condensed Consolidated Interim Statement of Profit or Loss	22
Condensed Consolidated Interim Statement of Comprehensive Income	23
Condensed Consolidated Interim Statement of Financial Position	24
Condensed Consolidated Interim Statement of Cash Flows	25
Condensed Consolidated Interim Statement of Changes in Equity	26
Notes to the Condensed Consolidated Interim Financial Statements	27
Note 1. General information	27
Note 2. Basis of preparation	27
Note 3. Segment data	29
Note 4. Financial income and expenses	33
Note 5. Income taxes	34
Note 6. Content assets (catalogues and royalty advances) and other intangibles	34
Note 7. Cash position and borrowings	35
Note 8. Financial assets and liabilities	36
Note 9. Equity	38
Note 10. Share-based compensation plans	38
Note 11. Related parties	39
Note 12. Subsequent events	40



CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTHS ENDED 30 JUNE, 2023

Condensed Consolidated Interim Statement of Profit or Loss

(in millions of euros)	Note	Six months ended June 30,	
		2023	2022 Restated ¹
		<i>(unaudited)</i>	<i>(unaudited)</i>
Revenues	3	5,148	4,734
Cost of revenues		(2,811)	(2,608)
Selling, general and administrative expenses		(1,611)	(1,230)
Amortisation and impairment losses on intangible assets		(135)	(129)
Operating profit		591	767
Financial income	4	339	21
Financial expenses	4	(74)	(593)
		265	(572)
Income/(loss) from equity affiliates		(2)	(2)
Profit before income taxes		854	193
Income taxes	5	(227)	49
Net profit		627	242
Of which:			
Net profit attributable to equity holders of the parent		625	241
Net profit attributable to non-controlling interests		2	1
<i>Earnings per share (in euros)</i>			
Earnings for the period attributable to equity holders of the parent - basic & diluted		0.34	0.13

1 Restated amounts are presented in Note 2.3.



Condensed Consolidated Interim Statement of Comprehensive Income

(in millions of euros)	Six months ended June 30,	
	2023	2022
	<i>(unaudited)</i>	<i>(unaudited)</i>
Net profit	627	242
Actuarial gains/(losses) related to employee defined benefit plans, net of tax	-	35
Financial assets at fair value through other comprehensive income, net of tax	(1)	5
Items not subsequently reclassified to profit or loss, net of tax	(1)	40
Foreign currency translation adjustments	(134)	257
Comprehensive income/(loss) from equity affiliates, net of tax	(3)	-
Net gain/(loss) on hedge of net investment	7	-
Items to be subsequently reclassified to profit or loss, net of tax	(130)	257
Income and expenses directly recognised in equity, net of tax	(131)	297
Total comprehensive income, net of tax	496	539
<i>Of which</i>		
<i>Total comprehensive income attributable to equity holders of the parent</i>	494	538
<i>Total comprehensive income attributable to non-controlling interests</i>	2	1

Condensed Consolidated Interim Statement of Financial Position

(in millions of euros)	Note	June 30, 2023	December 31, 2022
		<i>(unaudited)</i>	<i>(audited)</i>
Goodwill		1,622	1,578
Non-current royalty advances	6	1,505	1,593
Catalogues	6	2,992	3,058
Other intangible assets	6	162	119
Property, plant and equipment		171	167
Right of use assets		303	318
Investments in equity affiliates		209	156
Non-current financial assets	8	1,228	690
Deferred tax assets		390	348
Other non-current assets		8	8
Non-current assets		8,590	8,035
Inventories		204	163
Current tax receivables		79	4
Current royalty advances	6	967	984
Other current financial assets	8	79	-
Trade and other receivables		2,069	2,014
Cash and cash equivalents	7	463	439
Current assets		3,861	3,604
TOTAL ASSETS		12,451	11,639
Shareowners equity		2,557	2,351
Non-controlling interests		2	1
Total equity		2,559	2,352
Non-current provisions		290	291
Long-term borrowings and other financial liabilities	7	1,830	1,113
Deferred tax liabilities		691	580
Long-term lease liabilities		319	346
Other non-current liabilities	8	546	437
Non-current liabilities		3,676	2,767
Current provisions		101	103
Short-term borrowings and other financial liabilities	7	933	1,137
Trade and other payables		5,021	5,150
Short-term lease liabilities		83	77
Current tax payables		78	53
Current liabilities		6,216	6,520
Total liabilities		9,892	9,287
TOTAL EQUITY AND LIABILITIES		12,451	11,639

Condensed Consolidated Interim Statement of Cash Flows

(in millions of euros)	Six months ended June 30,	
	2023	2022 Restated ¹
	<i>(unaudited)</i>	<i>(unaudited)</i>
Operating activities		
Operating profit	591	767
Adjustments	380	180
Royalty advances payments, net of recoupments	(95)	(223)
Gross cash provided by operating activities before income tax paid	876	724
Other changes in net working capital	(173)	(119)
Net cash provided by operating activities before income tax paid	703	605
Income tax paid	(208)	(131)
Net cash provided by operating activities	495	474
Investing activities		
Catalogue investments	(89)	(264)
Other intangible assets investments	(32)	(31)
Capital expenditures	(22)	(10)
Purchases of consolidated companies, after acquired cash	(78)	(2)
Investments in equity affiliates	(61)	-
Purchase of financial assets	(145)	(18)
Investments	(427)	(325)
Proceeds from sales of consolidated companies, after divested cash	1	-
Proceeds from sale of financial assets	-	3
Divestitures	1	3
Dividends received from equity affiliates	3	1
Dividends received from investments	-	1
Net cash used for investing activities	(423)	(320)
Financing activities		
Distributions to shareowners	(453)	(334)
Dividends paid by consolidated companies to their non-controlling interests	(1)	(1)
Transactions with shareowners	(454)	(335)
Proceeds from borrowings	4,776	2,576
Repayments of borrowings	(4,260)	(1,397)
Interest, net	(38)	-
Other cash items related to financing activities	-	1
Transactions on borrowings and other financial liabilities	478	1,180
Repayment of lease liabilities	(40)	(44)
Payment of interest of lease liabilities	(7)	(7)
Net cash provided by/(used for) financing activities	(23)	794
Net change in cash and cash equivalents	49	948
Foreign currency translation adjustments	(27)	15
Change in cash and cash equivalents	22	963
Cash and cash equivalents		
At beginning of the period	438	572
At end of the period	460	1,535

¹ Restated amounts are presented in Note 2.3.

Condensed Consolidated Interim Statement of Changes in Equity

Six months ended June 30, 2023 *(unaudited)*

(in millions of euros)	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	-	-	-	-	625	625	2	627
Income and expenses directly recognized in equity, net of tax	-	-	-	-	(131)	(131)	-	(131)
TOTAL COMPREHENSIVE INCOME	-	-	-	-	494	494	2	496
<i>Dividends paid and payable by UMG N.V.</i>	-	-	-	-	(492)	(492)	(1)	(493)
<i>Share-based compensation plans</i>	7,225	72	59	-	88	219	-	219
<i>Acquired put option on NCI</i>	-	-	-	-	(15)	(15)	-	(15)
TOTAL CHANGES OVER THE PERIOD	7,225	72	59	-	(419)	(288)	(1)	(289)
BALANCE AS OF JUNE 30, 2023	1,820,738	18,207	14,994	(5)	(30,639)	2,557	2	2,559

Six months ended June 30, 2022 *(unaudited)*

(in millions of euros)	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	-	-	-	-	241	241	1	242
Income and expenses directly recognized in equity, net of tax	-	-	-	-	297	297	-	297
TOTAL COMPREHENSIVE INCOME	-	-	-	-	538	538	1	539
<i>Dividends paid and payable by UMG N.V.</i>	-	-	-	-	(363)	(363)	(1)	(364)
<i>Share-based compensation plans</i>	-	-	1	-	-	1	-	1
TOTAL CHANGES OVER THE PERIOD	-	-	1	-	(363)	(362)	(1)	(363)
BALANCE AS OF JUNE 30, 2022	1,813,376	18,134	14,942	(12)	(30,858)	2,206	-	2,206

Notes to the Condensed Consolidated Interim 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

Note 2. Basis of preparation

The Unaudited condensed consolidated interim financial statements ("Condensed consolidated interim financial statements") are presented in millions of euros, unless stated otherwise. The presentation currency of UMG is the euro.

2.1. Statement of compliance

These Condensed consolidated interim financial statements are in compliance with IAS 34 'Interim Financial Reporting' and do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with UMG's annual consolidated financial statements for the year ended December 31, 2022. These Condensed consolidated interim financial statements were prepared by the UMG Board of Management and authorized for issue on July 25, 2023.

The accounting policies adopted in the preparation of the Condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of new or amended standards and interpretations effective for annual periods beginning on or after January 1, 2023. None of these new or amended standards or interpretations had a material impact on adoption.

On May 23, 2023, the IASB issued *International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12*. These amendments introduce a mandatory temporary exception to IAS 12 recognition and disclosure requirements resulting from tax laws enacted or substantively enacted to implement the Organisation for Economic Co-operation and Development (OECD) Pillar Two tax reform. These amendments also introduce targeted disclosure requirements first applicable to UMG's annual consolidated financial statements for the year ended December 31, 2023. These amendments are not yet endorsed by the EU. No material recognition and measurement impact is expected from the amendments because UMG does not recognise deferred tax assets and liabilities with respect to Pillar Two income taxes. UMG is evaluating the disclosure impact on the 2023 annual consolidated financial statements.

2.2. Critical accounting judgements and key sources of estimation uncertainty

The preparation of the Condensed consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from the estimates. The significant judgments and estimates

are consistent with those disclosed in UMG's annual consolidated financial statements for the year ended December 31, 2022.

The income tax expense is recognised based on management's estimate of the weighted average effective annual income tax rate expected for the full year. The accounting policies applied in the Condensed consolidated interim financial statements are consistent with those applied in UMG's annual consolidated financial statements for the year ended December 31, 2022.

2.3. Financial statement presentation changes and prior years restatements

During the period, UMG made prior year restatements and updated, compared to the 2022 Condensed consolidated interim financial statements, the presentation of the Condensed Consolidated Interim Statement of Profit or Loss and the Condensed Consolidated Statement of Cash Flows for the six months ended June 30, 2022, to further improve transparency and readability of these statements in line with market practice.

Updates in the Condensed Consolidated Statement of Profit or Loss relate to a restatement of amortisation expense from selling, general and administrative expenses into its own line item and the reclassification of income and losses from equity affiliates from within Operating profit to be reported outside of Operating profit to reflect that they do not constitute operating activities of UMG. Details on the impact on 2022 comparatives for the six months ended June 30, 2022 is presented in the table below.

June 30, 2022			
	Before Changes	Presentation Changes	After Changes
Revenues	4,734	-	4,734
Cost of revenues	(2,608)	-	(2,608)
Selling, general and administrative expenses	(1,359)	129	(1,230)
Amortisation and impairment losses on intangible assets	-	(129)	(129)
Income/(loss) from equity affiliates	(2)	2	-
Operating profit	765	2	767
Financial income	20	1	21
Financial expenses	(592)	(1)	(593)
	(572)	-	(572)
Income/(loss) from equity affiliates	-	(2)	(2)
Profit before income taxes	193	-	193
Income taxes	49	-	49
Net profit	242	-	242
Of which:			
Net profit attributable to equity holders of the parent	241	-	241
Net profit attributable to non-controlling interests	1	-	1

The Condensed Consolidated Statement of Cash Flows includes the same reclassification of income and losses from equity affiliates from Operating profit and adjustments as well as a retrospective adjustment to the comparative period in relation to the cash flows resulting from bank overdrafts which are repayable on demand. In prior years, cash flows related to bank overdrafts repayable on demand were reported together with borrowings movements as cash flows from financing activities. Bank overdrafts are now presented in cash and cash equivalents at the beginning and end of the period.

June 30, 2022

	Before Changes	Restatement	After Changes
Operating activities			
Operating profit	765	2	767
Adjustments	182	(2)	180
Royalty advances payments, net of recoupments	(223)	-	(223)
Gross cash provided by operating activities before income tax paid	724	-	724
Other changes in net working capital	(119)	-	(119)
Net cash provided by operating activities before income tax paid	605	-	605
Income tax paid	(131)	-	(131)
Net cash provided by operating activities	474	-	474
Net cash used for investing activities	(320)	-	(320)
Financing activities			
Transactions with shareowners	(335)	-	(335)
Proceeds from borrowings	2,576	-	2,576
Repayments of borrowings	(1,405)	8	(1,397)
Interest, net	-	-	-
Other cash items related to financing activities	1	-	1
Transactions on borrowings and other financial liabilities	1,172	8	1,180
Repayment of lease liabilities	(44)	-	(44)
Payment of interest of lease liabilities	(7)	-	(7)
Net cash provided by financing activities	786	8	794
Net change in cash and cash equivalents	940	8	948
Foreign currency translation adjustments	15	-	15
Change in cash and cash equivalents	955	8	963
Cash and cash equivalents			
At beginning of the period	585	(13)	572
At end of the period	1,540	(5)	1,535

Note 3. Segment data

Operating segment data

The operating segment reporting follows the internal reporting used by Management of UMG, to manage the business, assess the performance based on the available financial information and to allocate the resources. The most important performance measures are EBITDA and Adjusted EBITDA, non-IFRS measures as management believes these measures are key in evaluating the results of the segments relative to other companies that operate within the same industry. EBITDA and Adjusted EBITDA are defined in the Appendix of the 2023 Interim Financial Review.

Main aggregates of the Statement of profit or loss

(in millions of euros)	Recorded Music	Music Publishing	Merchandising and other	Corporate centre	Elimination of intersegment transactions	Total
Six months ended June 30, 2023						
External revenue	4,003	882	263	-	-	5,148
Intercompany revenue	-	7	1	-	(8)	-
Revenues	4,003	889	264	-	(8)	5,148
Adjusted EBITDA	969	216	20	(93)	-	1,112
Non-cash share-based compensation expense	(271)	(30)	(3)	(41)	-	(345)
EBITDA	698	186	17	(134)	-	767
Amortisation and depreciation expense	(105)	(78)	(1)	(3)	-	(187)
Restructuring expenses	(14)	(1)	-	-	-	(15)
Gain/(loss) on sale of assets	-	-	-	26	-	26
Operating profit/(loss)	579	107	16	(111)	-	591
Financial income						339
Financial expenses						(74)
Income/(loss) from equity affiliates						(2)
Profit before income taxes						854

(in millions of euros)	Recorded Music	Music Publishing	Merchandising and other	Corporate centre	Elimination of intersegment transactions	Total
Six months ended June 30, 2022						
External revenue	3,643	845	246	-	-	4,734
Intercompany revenue	-	6	2	-	(8)	-
Revenues	3,643	851	248	-	(8)	4,734
Adjusted EBITDA	842	200	14	(94)	-	962
Non-cash share-based compensation expense	-	-	-	(2)	-	(2)
EBITDA	842	200	14	(96)	-	960
Amortisation and depreciation expense	(89)	(80)	-	(13)	-	(182)
Restructuring expenses	(11)	-	-	-	-	(11)
Gain/(loss) on sale of assets	-	-	-	-	-	-
Operating profit/(loss)¹	742	120	14	(108)	-	767
Financial income						21
Financial expenses						(593)
Income/(loss) from equity affiliates						(2)
Profit before income taxes						193

¹ Restated amounts are presented in Note 2.3.

Disaggregated revenue information

Recorded Music

(in millions of euros)	Six months ended June 30,	
	2023	2022
Streaming revenue	673	658
Subscription revenue	2,082	1,866
Downloads and other digital revenue	116	137
Physical revenue	639	540
License and other revenue	493	442
Recorded Music revenue	4,003	3,643

Music Publishing

(in millions of euros)	Six months ended June 30,	
	2023	2022
Performance revenue	187	127
Synchronisation revenue	129	120
Digital revenue	495	537
Mechanical revenue	52	46
Other revenue	26	21
Music Publishing revenue	889	851

Subscriptions and streaming represents the largest type of recorded music revenue and is recognised over time and is 54% (53% in HY 2022) of total UMG revenues. Physical recorded music revenues are recognised at a point in time and represent 12% (11% in HY 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.

Segment assets

Segment assets by Segment

Segment assets that are reported to the Management of UMG 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.

(in millions of euros)	Recorded Music	Music Publishing	Merchandising and other	Corporate centre	Total
As of June 30, 2023					
Goodwill	775	747	100	-	1,622
Royalty advances, non-current	832	441	232	-	1,505
Catalogues	1,272	1,720	-	-	2,992
Property, plant & equipment	156	4	-	11	171
Other intangible assets	50	26	-	86	162
Right of use relating to leases	296	5	-	2	303
Royalty advances, current	499	431	37	-	967
Other assets	2,848	677	54	218	3,797
Total segment assets	6,728	4,051	423	317	11,519
Unallocated assets					932
Total assets					12,451
As of December 31, 2022					
Goodwill	709	769	100	-	1,578
Royalty advances, non-current	938	441	214	-	1,593
Catalogues	1,247	1,811	-	-	3,058
Property, plant & equipment	152	5	-	10	167
Other intangible assets	23	23	-	73	119
Right of use relating to leases	311	4	1	2	318
Royalty advances, current	464	476	44	-	984
Other assets	2,140	616	48	227	3,031
Total segment assets	5,984	4,145	407	312	10,848
Unallocated assets					791
Total assets					11,639

Content assets by segment

June 30, 2023

(in millions of euros)	Note	Recorded Music	Music Publishing	Merchandising and other	Total
Catalogues (of music and publishing rights)		1,272	1,720	-	2,992
Royalty advances (to artists and repertoire owners)		1,331	872	269	2,472
<i>Of which:</i>					
<i>Non-current</i>		832	441	232	1,505
<i>Current</i>		499	431	37	967
Content assets, net	6	2,603	2,592	269	5,464
Current content assets		499	431	37	967
Non-current content assets		2,104	2,161	232	4,497

December 31, 2022					
(in millions of euros)	Note	Recorded Music	Music Publishing	Merchandising and other	Total
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
<i>Of which:</i>					
<i>Non-current</i>		938	441	214	1,593
<i>Current</i>		464	476	44	984
Content assets, net	6	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. Financial income and expenses

Six months ended June 30,			
(in millions of euros)	Note	2023	2022
Interest income from cash, cash equivalents and other		7	14
Change in fair value of financial instruments through profit or loss	8	327	-
Expected return on plan assets related to employee benefit plans		-	2
Gain on derivative instruments at fair value through profit or loss		2	4
Foreign exchange gain		3	-
Other		-	1
Financial income		339	21
Interest expense on borrowings		(41)	(13)
Change in fair value of financial instruments through profit or loss	8	(14)	(567)
Unwinding of interest component		(1)	-
Interest cost related to employee benefit plans		(3)	(3)
Interest expenses on lease liabilities		(7)	(7)
Foreign exchange loss		-	(1)
Cost of finance		(8)	(1)
Other		-	(1)
Financial expenses		(74)	(593)
Net total financial income and (expenses)		265	(572)

Note 5. Income taxes

The income tax expense in the first six months of 2023 increased by €276 million to an income tax expense of €227 million from an income tax benefit of €49 million in the corresponding period of the previous year. The increase was mainly caused by benefits in the previous half year related to the revaluation through profit or loss of the interests in Spotify and other equity holdings and the beneficial impact of two tax litigations finalised before tax courts.

Note 6. Content assets (catalogues and royalty advances) and other intangibles

Net book value

June 30, 2023			
(in millions of euros)	Asset value, gross	Accumulated amortisation and impairment losses	Net book value
Catalogues (of music and publishing rights)	5,714	(2,722)	2,992
Royalty advances (to artists and repertoire owners)	2,472	-	2,472
Content assets	8,186	(2,722)	5,464
Other intangible assets	546	(384)	162

December 31, 2022			
(in 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

Note 7. Cash position and borrowings

Cash position

(in millions of euros)	June 30, 2023	December 31, 2022
Cash and cash equivalents	463	439
Bank overdrafts	(3)	(1)
Cash and cash equivalents in the statement of cash flows	460	438

Borrowings and other financial liabilities

(in millions of euros)	June 30, 2023			December 31, 2022		
	Total	Long-term	Short-term	Total	Long-term	Short-term
Bonds	1,731	1,729	2	1,004	987	17
Drawn revolving credit facilities	100	100	-	125	125	-
Commercial papers	743	-	743	929	-	929
Bank overdrafts	3	-	3	1	-	1
Other	186	1	185	191	1	190
Borrowings at amortised cost	2,763	1,830	933	2,250	1,113	1,137
Cash and cash equivalents	(463)	-	(463)	(439)	-	(439)
Derivative financial assets	-	-	-	(1)	-	(1)
Net debt	2,300			1,810		

New borrowings

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.

Note 8. 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.

June 30, 2023

(in millions of euros)	Carrying amount	Fair value		
		Level 1	Level 2	Level 3
Financial assets at fair value through profit and loss				
Listed equity securities	1,051	1,051	-	-
Other financial assets	75	-	60	15
Trade and other receivables	-	-	-	-
Financial assets at fair value through other comprehensive income				
Listed equity securities through OCI	-	-	-	-
Unlisted equity securities	17	-	-	17
Financial assets at amortised cost				
Trade and other receivables	2,069	-	-	-
Other financial assets	164	-	-	-
Total financial assets	3,376	1,051	60	32
Financial liabilities at fair value through profit and loss				
Other non-current liabilities	(15)	-	-	(15)
Financial liabilities at amortised cost				
Trade and other payables	(5,021)	-	-	-
Bonds	(1,731)	(1,716)	-	-
Borrowings, excluding bank overdrafts and bonds	(1,029)	-	-	-
Other non-current liabilities	(531)	-	-	-
Total financial liabilities	(8,327)	(1,716)	-	(15)

December 31, 2022				
(in millions of euros)	Carrying amount	Fair value		
		Level 1 ¹	Level 2	Level 3
Financial assets at fair value through profit and loss				
Listed equity securities	597	597	-	-
Other financial assets	51	-	36	15
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	37	34
Financial liabilities at fair value through profit and loss				
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

June 30, 2023								
	Number of shares held	Ownership interest	Average purchase price ^{1,2}	Stock market price	Carrying value	Change in value over the period	Cumulative unrealized capital gain/(loss) ³	Sensitivity at +/- 10 pts
	(in thousands)		(€/share)		(in millions of euros)			
Spotify	6,487	3.29%	6.58	146.85	953	470	910	+95/-95
Tencent Music Entertainment	12,246	0.78%	na	6.75	83	(13)	83	+8/-8
Other					15	(3)	(12)	
Total					1,051	454	981	

1 Includes acquisition fees and taxes.

2 na: not applicable.

3 Includes revaluation gains, net of liabilities, of €313 million in HY 2023 (revaluation losses, net of liabilities, of €547 million in HY 2022) as recognised in Note 4.

December 31, 2022

	Number of shares held (in thousands)	Ownership interest	Average purchase price ^{1,2} (€/share)	Stock market price	Carrying value (in millions of euros)	Change in value over the period	Cumulative unrealized capital gain/(loss)	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.

Note 9. Equity

Dividend Distribution

In May 2023 the proposal submitted to the 2023 Annual General Meeting of Shareholders to pay a cash dividend of €0.27 per ordinary share was approved. This corresponded to a total distribution of €492 million which is included within the Condensed Consolidated Interim Statement of Changes in Equity. The dividend was paid in June 2023 to shareholders, except for withholding tax which was settled in July 2023.

Note 10. Share-based compensation plans

As detailed in the UMG's 2022 Annual Report, in 2022 UMG granted to senior executives certain Restricted Stock Units (RSUs) and Performance Stock Units (PSUs) under the UMG Global Equity Plan. During the first half of 2023, further RSUs and PSUs were granted to further executives and a number of senior management. The total expense reflected in the period for all granted RSUs was €305 million and for all granted PSUs was €16 million.

In addition, during the first half of 2023, 8,625 stock options were granted to a senior executive with expected vesting periods between 3 and 5 years and a grant date fair value of €5.3 per option. The total expense reflected in the period for these options was €3 million.

The total equity reserve at 30 June 2023 for all granted awards was €196 million.

Note 11. Related parties

Related-party transactions

UMG's related parties include:

- companies fully consolidated by UMG. The transactions between these companies have been eliminated for the preparation of UMG's Condensed consolidated interim 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 June 30, 2023, transactions with Vivendi are still qualified as transactions with related parties under IAS 24. Commercial relationships among UMG and Vivendi subsidiaries prior and upon the separation, are conducted on an arm's length basis on terms and conditions similar to those which would be offered by third parties.

UMG distributes its cash surpluses to shareowners through dividends (please refer to Note 9 *Equity*). 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 transition 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:

June 30, 2023				
(in millions of euros)	Associates	Shareholders	Other	Total
Statement of Financial Position				
Assets				
Trade accounts receivable	44	1	-	45
Loans and other receivables	105	-	-	105
Royalty advances	-	-	23	23
Liabilities				
Trade accounts payable	-	-	-	-

Six months ended June 30, 2023				
(in millions of euros)	Associates	Shareholders	Other	Total
Statement of Profit or Loss				
Revenue	123	2	-	125
Cost of revenues	-	-	-	-
Selling, general and administrative expenses	(2)	(1)	-	(3)
Services billed by Shareholders included in profit and loss				
Share-based compensation plans	-	-	-	-



December 31, 2022				
(in millions of euros)	Associates	Shareholders	Other	Total
Statement of Financial Position				
Assets				
Trade accounts receivable	49	6	-	55
Loans receivable	17	-	-	17
Royalty advances	-	-	25	25
Liabilities				
Trade accounts payable	-	1	-	1

Six months ended June 30, 2022				
(in millions of euros)	Associates	Shareholders	Other	Total
Statement of Profit or Loss				
Revenue	130	5	-	135
Cost of revenues	-	(4)	-	(4)
Selling, general and administrative expenses	(1)	(2)	(41)	(44)
Services billed by Shareholders included in profit and loss				
Share-based compensation plans	-	1	-	1

Note 12. Subsequent events

There have been no material subsequent events.

