



Universal Music Group N.V. Reports Financial Results for the First Quarter Ended March 31, 2023

Summary Q1 2023 Results¹

- Revenue of €2,451 million increased 11.5% year-over-year, or 9.3% in constant currency, driven by strong growth in Recorded Music and Music Publishing
- Recorded Music subscription revenue grew 12.7% year-over-year, or 10.3% in constant currency and streaming revenue grew 1.9% year-over-year, but declined 2.2% in constant currency
- Adjusted EBITDA of €522 million increased 14.7% year-over-year, or 13.0% in constant currency, and Adjusted EBITDA margin expanded 0.6 percentage points to 21.3%.
- Top sellers included King & Prince, Morgan Wallen, Taylor Swift, TOMORROW X TOGETHER and back number.

Hilversum, The Netherlands, April 26, 2023 -- Universal Music Group N.V. ("UMG" or "the Company") today announced its financial results for the first quarter ended March 31, 2023.

"Our strong start to the year demonstrates our consistency in developing great artists and introducing their music to fans around the world," said Sir Lucian Grainge, UMG's Chairman and CEO. "We look forward to building on this momentum and furthering our track record of transforming disruptive technologies into opportunities to accelerate our business for our artists, fans and shareholders."

"Our results reflect the continued evolution of our business towards consistent and predictable revenue from a growing array of sources," said Boyd Muir, EVP, CFO and President of Operations for UMG. "With revenue up 9% and Adjusted EBITDA up 13%, we're encouraged by our first quarter and remain on track to meet our plans for the year."

UMG Results

(in millions of euros)	Three Months Ended March 31,		%	%
	2023	2022	YoY	const.
	<i>(unaudited)</i>	<i>(unaudited)</i>		
Revenue	2,451	2,199	11.5%	9.3%
EBITDA	261	454	(42.5%)	(43.4%)
<i>EBITDA margin</i>	10.6%	20.6%	(10.0pp)	
Adjusted EBITDA	522	455	14.7%	13.0%
<i>Adjusted EBITDA margin</i>	21.3%	20.7%	0.6pp	

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

¹ This press release 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 the Appendix to this press release.

Q1 2023 Results

Revenue for the first quarter of 2023 was €2,451 million, an increase of 11.5% year-over-year, or 9.3% in constant currency. UMG's revenue growth was driven by strong growth in Recorded Music and Music Publishing, as discussed further below.

EBITDA for the quarter fell 42.5% year-over-year, or 43.4% in constant currency, to €261 million and EBITDA margin was 10.6%, compared to 20.6% in the first quarter of 2022. As expected, this decline was driven by non-cash share-based compensation expenses of €261 million during the first quarter of 2023, compared to €1 million of non-cash share-based compensation expenses during the first quarter of 2022, as the Company rolled out its first global equity compensation plan, which began in the fourth quarter of 2022. Excluding non-cash share-based compensation expenses, Adjusted EBITDA for the quarter was €522 million, up 14.7% year-over-year, or 13.0% in constant currency and Adjusted EBITDA margin expanded 0.6 percentage points to 21.3%, compared to 20.7% in the first quarter of 2022, as a result of revenue growth, operating leverage and cash compensation savings of €9 million associated with the equity plan rollout.

Recorded Music

(in millions of euros)	Three Months Ended March 31,		%	%
	2023	2022	YoY	const.
	<i>(unaudited)</i>	<i>(unaudited)</i>		
Subscriptions and streaming revenue	1,329	1,209	9.9%	7.1%
<i>of which streaming</i>	315	309	1.9%	(2.2%)
<i>of which subscription</i>	1,014	900	12.7%	10.3%
Downloads and other digital revenue	55	68	(19.1%)	(19.1%)
Physical revenue	313	237	32.1%	32.6%
License and other revenue	226	207	9.2%	8.1%
Recorded Music revenues	1,923	1,721	11.7%	9.6%

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

Q1 2023

Recorded Music revenue for the first quarter of 2023 was €1,923 million, up 11.7% compared to the first quarter of 2022, or 9.6% in constant currency. Subscription revenue grew 12.7% year-over-year, or 10.3% in constant currency, driven primarily by the growth in global subscribers. Streaming revenue grew 1.9% year-over-year, but declined by 2.2% in constant currency, as the advertising industry continued to be impacted by a difficult economic environment. Physical revenue increased by 32.1% year-over-year, or 32.6% in constant currency, driven by strong CD and DVD sales in Japan and improvements in vinyl sales. Downloads and other digital revenue declined 19.1% year-over-year on both a reported and constant currency basis, as download sales continued their industry-wide decline. License and other revenue improved 9.2% year-over-year, or 8.1% in constant currency, as a result of improvements in neighbouring rights income. Top sellers for the quarter included releases from King & Prince, Morgan Wallen, Taylor Swift, TOMORROW X TOGETHER and back number, while top sellers in the prior-year quarter included releases from Disney's 'Encanto' Soundtrack, King & Prince, The Weeknd, Fujii Kaze and Ado.

Music Publishing

(in millions of euros)	Three Months Ended March 31,		%	%
	2023	2022	YoY	const.
	<i>(unaudited)</i>	<i>(unaudited)</i>		
Performance revenue	90	91	(1.1%)	(2.2%)
Synchronisation revenue	69	62	11.3%	7.8%
Digital revenue	231	191	20.9%	19.1%
Mechanical revenue	23	23	0.0%	0.0%
Other revenue	12	8	50.0%	50.0%
Music Publishing revenues	425	375	13.3%	11.5%

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

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Music Publishing revenue for the first quarter of 2023 was €425 million, up 13.3% year-over-year, or 11.5% in constant currency. Digital revenue grew 20.9% year-over-year, or 19.1% in constant currency, driven by continued growth in streaming & subscription. Performance revenue declined 1.1% year-over-year, or 2.2% in constant currency, as the prior-year quarter benefited from a strong post-Covid recovery. Synchronization revenue increased 11.3% year-over-year, or 7.8% in constant currency, due to continued growth in synchronization opportunities for music. Mechanical revenue was in line with last year.

Merchandising and Other

(in millions of euros)	Three Months Ended March 31,		%	%
	2023	2022	YoY	const.
	<i>(unaudited)</i>	<i>(unaudited)</i>		
Merchandising and other revenues	107	107	0.0%	(3.6%)

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

Q1 2023

Merchandising and Other revenue in the first quarter of 2023 was €107 million, in line with last year, but down 3.6% in constant currency. This decrease was due to a difficult comparison on touring merchandise sales against last year's pent-up demand for touring following a post-Covid reopening, as well as a decline in retail sales, offset by an increase in direct-to-consumer sales.

Conference Call Details

The Company will host a conference call to discuss these results on Wednesday, April 26, 2023 at 6:15PM CEST. A link to the live audio webcast will be available on investors.universalmusic.com and a link to the replay will be available after the call.

While listeners may use the webcast, a dial-in telephone number is required for investors and analysts to ask questions. Investors and analysts interested in asking questions can pre-register for a dial-in line at investors.universalmusic.com under the "Financial Reports" tab.

Cautionary Notice

This press release is published by Universal Music Group N.V. and contains inside information within the meaning of article 7(1) of Regulation (EU) No 596/2014 (Market Abuse Regulation).

Forward-looking statements

This press release 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 are described in our 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 this press release. 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.

Alternative Performance Indicators

This press release includes certain alternative performance indicators which are not defined in 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 the Appendix to this press release.

About Universal Music Group

At Universal Music Group (EURONEXT: UMG), we exist to shape culture through the power of artistry. UMG is the world leader in music-based entertainment, with a broad array of businesses engaged in recorded music, music publishing, merchandising and audiovisual content. Featuring the most comprehensive catalogue of recordings and songs across every musical genre, UMG identifies and develops artists and produces and distributes the most critically acclaimed and commercially successful music in the world. Committed to artistry, innovation and entrepreneurship, UMG fosters the development of services, platforms and business models in order to broaden artistic and commercial opportunities for our artists and create new experiences for fans. For more information on Universal Music Group N.V. visit www.universalmusic.com.

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Upcoming Calendar

Annual General Meeting of Shareholders: May 11, 2023

Appendix

Non-IFRS Alternative Performance Indicators and Reconciliations

Reconciliation of Adjusted EBITDA

(in millions of euros)	Three Months Ended March 31,		%
	2023	2022	YoY
	<i>(unaudited)</i>	<i>(unaudited)</i>	
EBITDA	261	454	(42.5%)
Non-cash share-based compensation expenses	261	1	
Adjusted EBITDA	522	455	14.7%

Definitions

In this press 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 described in this press release. 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 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 the Operating Profit:

- i. amortization 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, included right of use assets and intangible assets;
- vi. restructuring expenses; and
- 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 activities excluding items that may be incidental to normal business activity.