



UNIVERSAL MUSIC GROUP

## Universal Music Group N.V. Reports Financial Results for the Third Quarter and Nine Months Ended September 30, 2023

### Summary Q3 2023 Results<sup>1</sup>

- Revenue of €2,752 million increased 3.3% year-over-year, or 9.9% in constant currency, driven by healthy constant currency growth in all segments. Excluding items affecting comparability detailed below, revenue grew 4.1% year-over-year, or 10.6% in constant currency.
- Recorded Music subscription revenue grew 6.7% year-over-year, or 13.0% in constant currency and streaming revenue declined 1.4% year-over-year, but grew 5.0% in constant currency.
- Adjusted EBITDA of €581 million increased 5.1% year-over-year, or 11.3% in constant currency, and Adjusted EBITDA margin expanded 0.3 percentage points to 21.1%. Excluding items affecting comparability detailed below, Adjusted EBITDA grew 13.8% year-over-year, or 20.0% in constant currency, and Adjusted EBITDA margin expanded 1.8 percentage points to 21.1%.
- Top sellers included Taylor Swift, SEVENTEEN, Morgan Wallen, Olivia Rodrigo and King & Prince.

### Summary YTD Results<sup>1</sup>

- Revenue of €7,901 million increased 6.8% year-over-year, or 9.4% in constant currency, driven by strong growth in all segments. Excluding items affecting comparability detailed below, revenue grew 8.6% year-over-year, or 11.1% in constant currency.
- Recorded Music subscription revenue grew 9.9% year-over-year, or 12.1% in constant currency and streaming revenue grew 1.0% year-over-year, or 2.9% in constant currency.
- Adjusted EBITDA of €1,692 million increased 11.7% year-over-year, or 14.4% in constant currency, and Adjusted EBITDA margin expanded 0.9 percentage points to 21.4%. Excluding items affecting comparability detailed below, Adjusted EBITDA grew 16.3% year-over-year, or 18.8% in constant currency, and Adjusted EBITDA margin expanded 1.4 percentage points to 21.4%.
- Top sellers included King & Prince, Taylor Swift, Morgan Wallen, Karol G and Metro Boomin.

**Hilversum, The Netherlands, October 26, 2023** – Universal Music Group N.V. (“UMG” or “the Company”) today announced its financial results for the third quarter and nine months ended September 30, 2023.

"Our performance this quarter was marked not only by continued growth across our businesses but also by strong progress on our long-term strategy," said UMG's Chairman and CEO Sir Lucian Grainge. "We remain laser-focused on driving sustainable value creation for the company and its stakeholders: identifying and capitalizing on new revenue streams for UMG and our artists, responsibly advancing new technology, and expanding our global footprint."

Boyd Muir, UMG's EVP, CFO and President of Operations said, "For the ninth consecutive quarter as a stand-alone public company, we once again reported strong growth in revenue and Adjusted EBITDA. Even as we deliver current results, we continue to execute on the growth prospects that lie ahead for UMG."

<sup>1</sup> 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.

## UMG Results

(in millions of euros)	Three Months Ended September 30,				Nine Months Ended September 30,			
	2023	2022	% YoY	% const.	2023	2022	% YoY	% const.
	<i>(unaudited)</i>	<i>(unaudited)</i>			<i>(unaudited)</i>	<i>(unaudited)</i>		
Revenue	2,752	2,664	3.3%	9.9%	7,901	7,398	6.8%	9.4%
EBITDA	478	539	(11.3%)	(5.9%)	1,244	1,499	(17.0%)	(15.0%)
EBITDA margin	17.4%	20.2%	(2.8pp)		15.7%	20.3%	(4.6pp)	
Adjusted EBITDA	581	553	5.1%	11.3%	1,692	1,515	11.7%	14.4%
Adjusted EBITDA margin	21.1%	20.8%	0.3pp		21.4%	20.5%	0.9pp	

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.

### Q3 2023 Results

Revenue for the third quarter of 2023 was €2,752 million, an increase of 3.3% year-over-year, or 9.9% in constant currency, driven by healthy constant currency growth in all segments. Revenue in the third quarter of 2023 included a €53 million benefit in Music Publishing from the accrual for a catch-up payment from certain DSPs related to the Copyright Royalty Board Phonorecords III ruling in 2023 (the “CRB Phonorecords III Accrual”). Revenue in the third quarter of 2022 included a previously disclosed €71 million benefit in Recorded Music from the settlement of a copyright infringement lawsuit with an internet service provider (the “Legal Settlement”). Excluding both of these items, revenue grew 4.1% year-over-year, or 10.6% in constant currency.

UMG’s Recorded Music, Music Publishing and Merchandising and Other segments all contributed to the revenue growth in the quarter, as discussed further below.

EBITDA for the quarter declined 11.3% year-over-year, or 5.9% in constant currency, to €478 million. EBITDA margin was 17.4%, compared to 20.2% in the third quarter of 2022. EBITDA and EBITDA margin were impacted by non-cash share-based compensation expenses of €103 million during the third quarter of 2023, compared to €14 million during the third quarter of 2022. Excluding non-cash share-based compensation expenses, Adjusted EBITDA for the quarter was €581 million, up 5.1% year-over-year, or 11.3% in constant currency, driven by the revenue growth and cash compensation savings of €21 million associated with the equity plan rollout. Adjusted EBITDA margin was 21.1%, compared to 20.8% in the third quarter of 2022.

EBITDA and Adjusted EBITDA in the third quarter of 2023 included a €11 million benefit in Music Publishing from the CRB Phonorecords III Accrual. EBITDA and Adjusted EBITDA in the third quarter of 2022 included a €52 million benefit from the Legal Settlement. Excluding these items, Adjusted EBITDA was up 13.8% year-over-year, or 20.0% in constant currency, and Adjusted EBITDA margin improved 1.8 percentage points to 21.1%, compared to 19.3% in the third quarter of 2022.

EBITDA and Adjusted EBITDA were also impacted by revenue mix, as revenues in the third quarter of 2023 were more heavily weighted towards Merchandising and Other revenues, which carry a lower EBITDA margin than the Company’s Recorded Music and Music Publishing revenues, and towards physical sales, which carry a lower EBITDA margin than digital sales. This impact was partially offset by the timing of certain A&R expenses, which were elevated in the third quarter of 2022.

### YTD 2023 Results

In the nine months ended September 30, 2023, UMG’s revenues of €7,901 million increased by 6.8% year-over-year, or 9.4% in constant currency, compared to the nine months ended September 30, 2022. This increase was driven by strong improvements across all segments, as discussed further below.

Revenue for the nine months ended September 30, 2023 included the €53 million benefit in Music Publishing from the CRB Phonorecords III Accrual and revenue for the nine months ended September 30, 2022 included the €71 million benefit from the Legal Settlement discussed above. Revenue for the nine months ended September

30, 2022 also included a €98 million benefit from the Change in Society Accounting previously defined and detailed in UMG's earnings press release for the second quarter and half year ended June 30, 2023. Excluding these items, revenue increased 8.6% year-over-year, or 11.1% in constant currency.

For the nine months ended September 30, 2023, EBITDA of €1,244 million declined 17.0% year-over-year, or 15.0% in constant currency, and EBITDA margin was 15.7% compared to 20.3% in the prior year period. EBITDA and EBITDA margin were impacted by non-cash share-based compensation expenses of €448 million during the first nine months of 2023, compared to €16 million during the first nine months of 2022. Excluding these amounts, Adjusted EBITDA for the first nine months of 2023 was €1,692 million, up 11.7% compared to the first nine months of 2022, and up 14.4% in constant currency, driven by the revenue growth and cash compensation savings of €55 million associated with the equity plan rollout. Adjusted EBITDA margin increased 0.9 percentage points year-over-year to 21.4%.

EBITDA and Adjusted EBITDA for the nine months ended September 30, 2023 included the €11 million benefit from the CRB Phonorecords III Accrual in Music Publishing. EBITDA and Adjusted EBITDA for the nine months ended September 30, 2022 included the €52 million benefit from the Legal Settlement and a €17 million benefit from the Change in Society Accounting. Excluding these items, Adjusted EBITDA grew 16.3% year-over-year, or 18.8% in constant currency, and Adjusted EBITDA margin improved to 1.4 percentage points to 21.4%, compared to 20.0% for the nine months ended September 30, 2022.

## Recorded Music

(in millions of euros)	Three Months Ended September 30,				Nine Months Ended September 30,			
	2023	2022	% YoY	% const.	2023	2022	% YoY	% const.
	<i>(unaudited)</i>	<i>(unaudited)</i>			<i>(unaudited)</i>	<i>(unaudited)</i>		
Subscriptions and streaming	1,414	1,353	4.5%	10.9%	4,169	3,876	7.6%	9.7%
of which streaming	357	362	(1.4%)	5.0%	1,030	1,020	1.0%	2.9%
of which subscription	1,057	991	6.7%	13.0%	3,139	2,856	9.9%	12.1%
Downloads and other digital	59	137	(56.9%)	(53.2%)	174	275	(36.7%)	(33.8%)
Physical	294	264	11.4%	20.0%	933	803	16.2%	20.5%
License and other	270	306	(11.8%)	(6.9%)	764	749	2.0%	5.1%
<b>Recorded Music revenues</b>	<b>2,037</b>	<b>2,060</b>	<b>(1.1%)</b>	<b>5.2%</b>	<b>6,040</b>	<b>5,703</b>	<b>5.9%</b>	<b>8.5%</b>

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

### Q3 2023

Recorded Music revenues for the third quarter of 2023 were €2,037 million, down 1.1% compared to the third quarter of 2022, but up 5.2% in constant currency. Excluding the Legal Settlement in 2022, revenues grew by 2.5% year-over-year, or 8.9% in constant currency. Subscription revenue grew 6.7% year-over-year, or 13.0% in constant currency, driven primarily by the growth in global subscribers. Streaming revenue declined 1.4% year-over-year, but grew 5.0% in constant currency, as the broader advertising industry continued to slowly recover. Physical revenue increased 11.4% year-over-year, or 20.0% in constant currency, driven by strong vinyl sales, particularly in the US and Europe, as well as multi-format physical growth in Japan. Downloads and other digital revenue declined 56.9% year-over-year, or 53.2% in constant currency, attributable to the benefit from the Legal Settlement in the third quarter of 2022 as well as the continued format shift away from downloads. License and other revenue declined 11.8% year-over-year, or 6.9% in constant currency, due to a difficult comparison, as the third quarter of 2022 benefitted from the strong recovery in live touring, where the Company participates with a limited number of artists in certain markets. Top sellers for the quarter included Taylor Swift, SEVENTEEN, Morgan Wallen, Olivia Rodrigo and King & Prince, while top sellers in the prior-year quarter included BTS, BLACKPINK, Ado, INI and Morgan Wallen.

## YTD 2023 Results

In the nine months ended September 30, 2023, Recorded Music revenues were €6,040 million, up 5.9% year-over-year, or 8.5% in constant currency. Excluding the Legal Settlement in 2022, revenues grew by 7.2% year-over-year, or 9.8% in constant currency.

Subscription revenue of €3,139 million grew 9.9% year-over-year, or 12.1% in constant currency driven primarily by the growth in global subscribers. Streaming revenue of €1,030 million grew 1.0% year-over-year, or 2.9% in constant currency as the broader advertising market has seen mixed performance this year. Physical revenue grew 16.2% year-over-year, or 20.5% in constant currency as vinyl and CD sales both grew. Downloads and other digital revenue decreased 36.7% year-over-year, or 33.8% in constant currency, attributable to the benefit from the Legal Settlement in the third quarter of 2022 as well as the continued format shift away from downloads. License and other revenue improved 2.0% year-over-year, or 5.1% in constant currency. Top sellers included King & Prince, Taylor Swift, Morgan Wallen, Karol G and Metro Boomin, while top sellers in the prior year included BTS, the Encanto soundtrack, Olivia Rodrigo, Morgan Wallen and The Weeknd.

## Music Publishing

(in millions of euros)	Three Months Ended				Nine Months Ended			
	September 30,		%	%	September 30,		%	%
	2023	2022	YoY	const.	2023	2022	YoY	const.
	<i>(unaudited)</i>	<i>(unaudited)</i>			<i>(unaudited)</i>	<i>(unaudited)</i>		
Performance	106	92	15.2%	21.8%	293	219	33.8%	37.6%
Synchronisation	55	57	(3.5%)	3.8%	183	177	3.4%	5.2%
Digital	294	234	25.6%	33.6%	789	771	2.3%	4.5%
Mechanical	25	25	0.0%	0.0%	77	71	8.5%	10.0%
Other	11	10	10.0%	22.2%	38	31	22.6%	26.7%
<b>Music Publishing revenues</b>	<b>491</b>	<b>418</b>	<b>17.5%</b>	<b>24.6%</b>	<b>1,380</b>	<b>1,269</b>	<b>8.7%</b>	<b>11.1%</b>

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

## Q3 2023

Music Publishing revenue amounted to €491 million in the third quarter of 2023, up 17.5% year-over-year, or 24.6% in constant currency. Music Publishing revenue in the third quarter of 2023 included the €53 million benefit from the CRB Phonorecords III Accrual. Excluding this item, Music Publishing revenue was up 4.8% year-over-year, or 11.2% in constant currency.

Within Music Publishing, digital revenue grew 25.6% year-over-year, or 33.6% in constant currency, reflecting the CRB Phonorecords III Accrual and continued growth of streaming and subscription. Performance revenue grew 15.2% year-over-year, or 21.8% in constant currency. Synchronisation revenue declined 3.5% year-over-year, but grew 3.8% in constant currency. Mechanical revenue was stable year-over-year.

## YTD 2023 Results

In the nine months ended September 30, 2023, Music Publishing revenue amounted to €1,380 million, up 8.7% year-over-year, or 11.1% in constant currency. Music Publishing revenue in the nine months ended September 30, 2023 included the €53 million benefit from the CRB Phonorecords III Accrual while revenue in the nine months ended September 30, 2022 included the €98 million benefit from the Change in Society Accounting. Excluding these items, Music Publishing revenue grew 13.3% year-over-year, or 16.0% in constant currency, as a result of continued growth in streaming and subscription revenue and improvements in mechanical, synchronization and performance revenue.

Within Music Publishing, digital revenue grew 2.3% year-over-year, or 4.5% in constant currency, driven by growth in streaming and subscription revenue. Digital revenue benefitted from the CRB Phonorecords III Accrual in the first nine months of 2023 and from a portion of the Change in Society Accounting in the first nine months of 2022. Performance revenue grew 33.8% year-over-year, or 37.6% in constant currency, reflecting better than expected receipts following the COVID recovery and due to the Change in Society Accounting which had a

negative impact on the prior year performance revenue. Synchronisation revenue grew 3.4% year-over-year, or 5.2% in constant currency. Mechanical revenue grew 8.5% year-over-year, or 10.0% in constant currency, as a result of improvements in physical sales.

## Merchandising and Other

(in millions of euros)	Three Months Ended September 30,				Nine Months Ended September 30,			
	2023	2022	% YoY	% const.	2023	2022	% YoY	% const.
	<i>(unaudited)</i>	<i>(unaudited)</i>			<i>(unaudited)</i>	<i>(unaudited)</i>		
Merchandising and other revenues	227	189	20.1%	27.5%	491	437	12.4%	14.7%

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

### Q3 2023

Merchandising and other revenue in the third quarter of 2023 was €227 million, an increase of 20.1% year-over-year, or 27.5% in constant currency, driven by growth in direct-to-consumer sales and higher touring merchandise sales.

### YTD 2023 Results

Merchandising and other revenue of €491 million was up 12.4% year-over-year, or 14.7% in constant currency, driven by the growth in direct-to-consumer sales, partially offset by lower retail sales.

## Items Impacting Comparability of Results

### TOTAL UMG

(in millions of euros)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
<b>Revenue</b>				
Legal Settlement	-	71	-	71
Change in Society Accounting	-	-	-	98
CRB Phonorecords III Accrual	53	-	53	-
<b>Adjusted EBITDA</b>				
Legal Settlement	-	52	-	52
Change in Society Accounting	-	-	-	17
CRB Phonorecords III Accrual	11	-	11	-

### RECORDED MUSIC

(in millions of euros)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
<b>Revenue</b>				
Legal Settlement	-	71	-	71
<b>Adjusted EBITDA</b>				
Legal Settlement	-	52	-	52

## MUSIC PUBLISHING

(in millions of euros)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
<b>Revenue</b>				
Change in Society Accounting	-	-	-	98
CRB Phonorecords III Accrual	53	-	53	-
<b>Adjusted EBITDA</b>				
Change in Society Accounting	-	-	-	17
CRB Phonorecords III Accrual	11	-	11	-

### Change in Society Accounting

As disclosed in UMG's Annual Consolidated Financial Statements for the year ended December 31, 2021, UMG adjusted its accounting policy in relation to certain revenues that are collected through societies. In prior years, these revenues were recognized when the relevant collection society notified UMG of the usage by the end customer and collectability was assured. Recognition of that revenue, in both 2022 and 2023, was based on an accrual for the best available estimate of when the usage occurs and the amount of consideration which is probable to be collected. This has affected the timing of the recognition of certain revenues across financial reporting quarters compared to periods before 2022 and also, notably in the second quarter of 2022, reflected the receipt of higher income than was accrued at the end of 2021.

### Legal Settlement

Revenue, EBITDA and Adjusted EBITDA in 2022 included a benefit from the settlement of a copyright infringement lawsuit with an internet service provider previously disclosed and booked in Q3 2022.

### CRB Phonorecords III Accrual

Revenue, EBITDA and Adjusted EBITDA in 2023 included the accrual for a catch-up payment from certain DSPs related to the Copyright Royalty Board Phonorecords III ruling in 2023 disclosed and booked in Q3 2023.

## Conference Call Details

The Company will host a conference call to discuss these results on Thursday, October 26, 2023, at 6:15pm CEST . A link to the live audio webcast will be available on [investors.universalmusic.com](https://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](https://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](https://www.universalmusic.com).

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## Appendix

# Non-IFRS Alternative Performance Indicators and Reconciliations

## Reconciliation of Adjusted EBITDA

(in millions of euros)	Three Months Ended September 30,			Nine Months Ended September 30,		
	2023	2022	%	2023	2022	%
	<i>(unaudited)</i>	<i>(unaudited)</i>		<i>(unaudited)</i>	<i>(unaudited)</i>	
EBITDA	478	539	(11.3%)	1,244	1,499	(17.0%)
Non-cash share-based compensation expenses	103	14	635.7%	448	16	2700.0%
Adjusted EBITDA	581	553	5.1%	1,692	1,515	11.7%

## 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. 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 the Operating Profit:

- i. amortization of intangible assets;
- ii. impairment losses 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, if applicable, 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.