



**UNIVERSAL MUSIC GROUP**

**Universal Music Group N.V.**

**Interim Financial Review and Unaudited Condensed Consolidated Interim  
Financial Statements**

**for the six-month period ended June 30, 2022**

# Interim Financial Review

	Six Months Ended	
	June 30,	
	2022	2021
(€ millions)	<i>(unaudited)</i>	<i>(unaudited)</i>
Revenue	€ 4,734	€ 3,831
EBITDA*	€ 960	€ 822
Adjusted EBITDA*	€ 962	€ 825
Operating Profit	€ 765	€ 684
Net profit attributable to equity holders of the parent	€ 241	€ 452
Adjusted Net Profit*	€ 763	€ 578
Net cash provided by operating activities before income tax paid	€ 605	€ 470
Free Cash Flow*	€ 104	€ 280
Weighted Average Number of Shares Outstanding	1,813	1,813
Earnings attributable to UMG N.V. shareowners per share*	0.13	0.25
Adjusted net profit per share*	0.42	0.32
	As at	
	June 30,	December 31,
	2022	2021
Net Cash Position/(Financial Net Debt)*	€ (2,283)	€ (2,010)

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

\*non-IFRS measures.

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 reference may also be made to the 2021 Annual Report.

## Revenues

For the first half 2022, UMG's revenues of €4,734 million were up 23.6% compared to the first half 2021 and up 16.9% at constant currency. This increase was driven by improvements across all divisions. Recorded Music grew 10.1% at constant currency compared to 2021, Music Publishing was up 42.1% at constant currency and Merchandising and Other grew by 67.6% at constant currency.

For a detailed analysis of revenues by business segment, please refer to the press release dated July 27, 2022 (the "press release") and to Note 3 to the Unaudited Condensed Consolidated Interim Financial Statements for the period ended June 30, 2022.

## Operating results

**Cost of Revenues** grew by €561 million to €2,608 million in the first 6 months of 2022 from €2,047 million in the first 6 months of 2021, reflecting the increase in revenues as discussed above. Cost of revenues as a percentage of revenues increased to 55.1% from 53.4% driven by higher artist costs as a result of revenue mix and especially a greater proportion of Music Publishing revenues. As disclosed in the UMG Annual Consolidated Financial

Statements for the year ended December 31, 2021, recognition of certain revenues that are collected through societies is now based on UMG's best available estimate of the amount of consideration which is probable to be collected (the "Change in Society Accounting"). As detailed in the press release, this has affected the timing of the recognition of certain Music Publishing revenues across financial reporting quarters and led to a catch-up for certain revenues earned in relation to 2020 and 2021.

	Six months ended, June 30	
	2022	2021
(€ millions)	<i>(unaudited)</i>	<i>(unaudited)</i>
Artist costs	2,193	1,697
Product costs	415	350
<b>Cost of Revenues</b>	<b>2,608</b>	<b>2,047</b>

**Artist costs** increased by €496 million from €1,697 million in the first half 2021 to €2,193 million in the first half of 2022 driven by the increase in revenues. As a percentage of revenues, artists' costs increased from 44.3% in 2021 to 46.3% in 2022 driven by the mix of revenues including the greater proportion of Music Publishing revenues this year as well as the impact of a catch-up payment from a digital service provider ("the "DSP Catch-Up Payment"), an exceptional recovery of an advance provision and release of historic royalties (the "Exceptional Recovery and Release") that all benefited artists' costs relative to revenues in the prior year period.

**Product costs** increased by €65 million to €415 million in the first 6 months of 2022 from €350 million in the first 6 months of 2021 reflecting the growth in revenues. Product costs as a percentage of revenues decreased to 8.8% from 9.1 % driven by the change in mix of revenues and especially the greater proportion of Music Publishing revenues.

**Selling, general and administrative expenses** increased by €260 million to €1,359 million in the first half 2022 from €1,099 million in the first half 2021 but remained constant as a percentage of revenues at 28.7% in both periods. Selling, general and administrative expenses in the first half 2022 included €2 million share-based compensation expenses. Selling, general and administrative expenses in the first half 2021 included €3 million expenses related to UMG's listing on Euronext Amsterdam.

**Operating profit** was €765 million in the first half 2022, compared to €684 million in the first half 2021, an increase of €81 million (+11.8%) driven by the growth in revenues. As a percentage of revenues, operating profit decreased to 16.2% in the first half 2022 from 17.9% in the first half 2021 driven largely by the increase in artist costs.

## Reconciliation of Operating Profit to EBITDA and Adjusted EBITDA

	Six months ended,	
	June 30	
	2022	2021
(€ millions)	(unaudited)	(unaudited)
<b>Operating Profit</b>	<b>765</b>	<b>684</b>
<i>Adjustments</i>		
Amortization and depreciation expense	182	135
Restructuring expenses	11	9
(Income)/loss from equity affiliates	2	1
(Gain)/loss on sale of assets	-	(3)
Other non-recurring items	-	(4)
<b>EBITDA</b>	<b>960</b>	<b>822</b>
Share-based compensation expense	2	-
One time direct-listing related expenses	-	3
<b>Adjusted EBITDA</b>	<b>962</b>	<b>825</b>

**EBITDA** increased by €138 million to €960 million in the first half 2022 compared to €822 million in the first half 2021 driven by the increase in revenues. EBITDA margin decreased by 1.2pp to 20.3% in the first half 2022 compared to 21.5% in the first half of 2021 due to changes in revenue mix, including the impact of the Change in Society Accounting in the first half of 2022, and the impact of the DSP Catch-Up Payment as well as the Exceptional Recovery and Release that both benefited EBITDA margins in the prior year.

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, 2022.

**Adjusted EBITDA** was €962 million in the first 6 months of 2022, up €137 million compared to €825 million in the first 6 months of 2021. Adjusted EBITDA margin decreased by 1.2pp to 20.3% in the first 6 months of 2022 compared to 21.5% in the first 6 months of 2021.

## Financial results

**Financial Income and Financial Expenses** were a net expense of €572 million in the first half 2022, compared to a net expense of €87 million in the first half 2021, an increase in expense of €485 million. For the first half 2022, the revaluation of the investments in listed companies including Spotify and Tencent Music Entertainment and other financial investments was a net expense amount of €567 million, compared to a net expense of €170 million for 2021, an increase in expense of €397 million. In the first half 2021, UMG benefited from a €100 million gain on disposal of Alamo Records.

## Income taxes

For the first half 2022, **income taxes** were a net income of €49 million, compared to a net expense of €144 million for the first half 2021. This improvement notably reflected the decrease in the deferred tax charge relating to the revaluation of the investments in listed companies including Spotify and Tencent Music Entertainment (€140 million for the first half 2022, compared to €36 million for the first half 2021) and the €89 million beneficial impact of two litigations finalised before tax courts in the first half 2022.

## Non-controlling interests

For the first half 2022, **earnings attributable to non-controlling interests** were €1 million, in line with the first half 2021.

## Net profit attributable to equity holders of the parent

For the first 6 months of 2022, **net profit attributable to equity holders of the parent** amounted to a profit of €241 million (or €0.13 per share - basic), compared to €452 million for the first 6 months of 2021 (or €0.25 per share - basic), a decrease of €211 million. Earnings attributable to equity holders of the parent decreased by €211 million, reflecting:

- the variance in revaluation of the investments in Spotify, Tencent Music Entertainment and other financial assets (-€397 million);
- the lower gain on disposal of consolidated companies (-€100 million) that in the first 6 months of 2021 included the gain on disposal of Alamo Records;

partially offset by:

- the growth in Operating Profit (+€81 million); and
- the decrease in income taxes reported to net income (+€193 million), due to the decrease in the deferred tax charge relating to the revaluation of the investments in Spotify and Tencent Music Entertainment and the beneficial impact of two litigations finalised before tax courts in the first half 2022.

## Adjusted net profit

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

<i>(€ millions)</i>	<b>Six months ended,</b>	
	<b>June 30</b>	
	<b>2022</b>	<b>2021</b>
	<i>(unaudited)</i>	<i>(unaudited)</i>
<b>Net profit attributable to equity holders of the parent</b>	<b>241</b>	<b>452</b>
Financial income and expenses, excluding interest and income from investment	572	78
Share-based compensation expense	2	-
One time direct-listing related expenses	-	3
Amortization of catalogues	113	69
Income tax on adjustments	(165)	(24)
<b>Adjusted Net Profit</b>	<b>763</b>	<b>578</b>

Adjusted net profit in the first half 2022 amounted to a profit of €763 million (or €0.42 per share - basic), compared to €578 million for the first half 2021 (or €0.32 per share - basic), an increase of €185 million. Adjusted net profit increased by €185 million, reflecting:

- the growth in Adjusted EBITDA (+€137 million); and
- the decrease in income taxes reported to adjusted net profit (+€52 million).

### Changes in the Financial Net Debt

	As at	
	June 30, 2022 <i>(unaudited)</i>	December 31, 2021 <i>(unaudited)</i>
<i>(€ millions)</i>		
Cash and cash equivalents	1,540	585
Derivative financial assets	3	-
<b>Cash position</b>	<b>1,543</b>	<b>585</b>
Term Loan	999	998
Drawn revolving credit facilities	1,650	1,447
Bank overdrafts	5	13
Bonds	987	-
Other	185	137
<b>Borrowings at amortized cost</b>	<b>3,826</b>	<b>2,595</b>
<b>Financial Net Debt</b>	<b>2,283</b>	<b>2,010</b>

As of June 30, 2022, UMG's Financial Net Debt amounted to €2,283 million, compared to a Financial Net Debt of €2,010 million as of December 31, 2021, i.e., an increase in net debt of €273 million. This change was mainly attributable to the following items:

- UMG paid the final dividend with respect to fiscal year 2021 of which €334 million was paid in June 2022 and the associated withholding tax paid in July 2022;
- net cash used for investing activities of €320 million, primarily due to the €264 million investment in Music Publishing and Recorded Music catalogues, €41 million net other intangible and capital expenditure and €20 million net purchase of consolidated companies, equity affiliates and financial assets; and
- repayment of €51 million in relation to lease liabilities and associated interest.

These items were offset by the following:

- net cash provided by operating activities of €474 million.

On June 30, 2022, UMG issued €500 million of senior unsecured notes due on June 30, 2027 with a coupon of 3.000% and €500 million of senior unsecured notes due on June 30, 2032 with a coupon of 3.750%. The net proceeds were used to fully repay the Term Loan on July 1, 2022.

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, 2022, UMG held a portfolio of listed non-controlling equity interests (including Spotify and Tencent Music Entertainment) with an aggregate market value of approximately €636 million (before taxes), compared to €1,413 million as of December 31, 2021.

### Net cash provided by operating activities before income tax

For the first half 2022, **Net cash provided by operating activities before income tax** amounted to an inflow of €605 million compared to an inflow of €470 million for the first half 2021, an improvement of €135 million. This increase was mainly attributable to the following items:

- the increase in operating profit (+€81 million);
- the favourable variance in adjustments (+€94 million) on higher depreciation and amortization in the first half 2022 and favourable movement in provisions (see breakdown of Adjustments in the Appendix); and
- the favourable variance in other working capital (+€53 million) on the increase in sales and timing of digital and other revenues received in advance;

partially offset by:

- the increase in royalty advances payments net of recoupments (-€93 million) due to the timing of major artist renewals and unfavourable foreign exchange impact partly offset by higher recoupment of advances.

### Net cash provided by operating activities

**Net cash provided by operating activities** in the first 6 months of 2022 amounted to an inflow of €474 million compared to an inflow of €352 million for the first 6 months of 2021, an improvement of €122 million due to the €135 million increase in Changes in net cash provided by operating activities before income tax discussed above, partially offset by the increase in taxes paid (€13 million).

### Net cash used for investing activities

**Net cash used for investing activities** in the first half 2022 was a €320 million net outflow compared to a €14 million net outflow for the first half 2021, an increase of €306 million. Catalogue investments in the first half 2022 were higher than in the first half 2021 (-€221 million) due to the timing of deals, whilst 2021 benefited from higher proceeds from sales of investments and capex (-€119 million) that included the sale of Alamo Records for €102 million. This was partially offset by the lower outflow from the purchase of consolidated companies, equity affiliates and other financial assets (+€52 million) that included various strategic investments in the prior year period.

## Net cash provided by/(used for) financing activities

**Net cash provided by financing activities** in the first 6 months of 2022 was a €786 million net inflow compared to a €584 million net outflow for the first 6 months of 2021, an increase of €1,370 million. This was mainly attributable to the following items:

- An increase in debt in the first 6 months of 2022 of €1,171 million compared to a decrease in debt in the first 6 months of 2021 of €103 million (+€1,274 million); and
- lower dividend payments in the first 6 months of 2022 (+€88 million).

## Reconciliation of cash provided by operating activities to Free Cash Flow

	Six months ended, June 30	
	2022	2021
(€ millions)	(unaudited)	(unaudited)
<b>Net cash provided by/(used for) operating activities before income tax paid</b>	<b>605</b>	<b>470</b>
Income tax paid	(131)	(118)
<b>Net cash provided by/(used for) operating activities</b>	<b>474</b>	<b>352</b>
<b>Net cash provided by/(used for) investing activities</b>	<b>(320)</b>	<b>(14)</b>
Repayment of lease liabilities and related interest expenses	(51)	(40)
Interest paid, net	-	(9)
Other cash items relating to financing activities	1	(9)
<b>Free Cash Flow</b>	<b>104</b>	<b>280</b>

## Free Cash Flow

**Free Cash Flow** in the first half 2022 was a €104 million net inflow compared to a €280 million net inflow for the first half 2021, a reduction of €176 million. This reduction was predominantly due to higher net cash used for investing activities (-€306 million) in the first half 2022 period compared to the first half 2021 due to the timing of catalogue acquisitions (-€221 million), whilst the prior benefited from the disposal of Alamo Records (-€102 million). This was partly offset by the improvement in net cash provided by operating activities (+€122 million).



### ***Risks and uncertainties***

The 2021 Annual Report on pages 98 to 113 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 or reviewed by UMG's external auditors.

### ***Related party transactions***

Please refer to Note 10 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 2021 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 Condensed Consolidated Interim Financial Statements for the six-month period ended June 30, 2022, 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 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

## Appendix

### UMG results by segment

( <i>€ millions</i> )	Six months ended		%	%
	June 30,			
	2022	2021	YoY	const.
	( <i>unaudited</i> )	( <i>unaudited</i> )		
<b>Revenues</b>				
Recorded Music	3,643	3,137	16.1%	10.1%
Music Publishing	851	564	50.9%	42.1%
Merchandising and Other	248	138	79.7%	67.6%
Corporate Centers	-	-	n/m	n/m
Eliminations of intersegment transactions	(8)	(8)		
<b>Total UMG</b>	<b>4,734</b>	<b>3,831</b>	23.6%	16.9%
<b>EBITDA</b>				
Recorded Music	842	749	12.4%	6.9%
Music Publishing	200	134	49.3%	39.9%
Merchandising and Other	14	-	n/m	n/m
Corporate Centers	(96)	(61)		
<b>Total UMG</b>	<b>960</b>	<b>822</b>	16.8%	11.1%

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

( <i>€ millions</i> )	Six months ended		%	%
	June 30,			
	2022	2021	YoY	const.
	( <i>unaudited</i> )	( <i>unaudited</i> )		
Subscription Revenue	€ 1,866	€ 1,604	16.3%	10.0%
Streaming Revenue	€ 658	€ 526	25.1%	17.1%
Downloads and Other Digital Revenue	€ 137	€ 153	(10.5%)	(16.0%)
Physical Revenue	€ 540	€ 463	16.6%	13.4%
License and Other Revenue	€ 442	€ 391	13.0%	7.8%
Recorded Music Revenue	€ 3,643	€ 3,137	16.1%	10.1%
Recorded Music EBITDA	€ 842	€ 749	12.4%	6.9%
Recorded Music EBITDA margin	23.1%	23.9%	(0.8pp)	

## Music Publishing

	Six months ended		%	%
	June 30,			
	2022	2021	YoY	const.
(€ millions)	(unaudited)	(unaudited)		
Performance	€ 127	€ 130	(2.3%)	(8.0%)
Synchronisation	€ 120	€ 91	31.9%	23.7%
Digital	€ 537	€ 282	90.4%	78.4%
Mechanical	€ 46	€ 38	21.1%	15.0%
Other	€ 21	€ 23	(8.7%)	(8.7%)
Music Publishing Revenue	€ 851	€ 564	50.9%	42.1%
Music Publishing EBITDA	€ 200	€ 134	49.3%	39.9%
Music Publishing EBITDA margin	23.5%	23.8%	(0.3pp)	

## Merchandising and Other

	Six months ended		%	%
	June 30,			
	2022	2021	YoY	const.
(€ millions)	(unaudited)	(unaudited)		
Merchandising and Other Revenue	€ 248	€ 138	79.7%	67.6%
Merchandising and Other EBITDA	€ 14	€ 0	n/m	n/m
Merchandising and Other EBITDA margin	5.6%	0.0%	5.6pp	

## Recorded Music revenues by geographic area

	Six months ended		%	%
	June 30,			
	2022	2021	YoY	const.
(€ millions)	(unaudited)	(unaudited)		
North America	1,821	1,554	17.2%	7.1%
Europe	1,052	920	14.3%	12.8%
Asia	476	428	11.2%	10.2%
Latin America	146	107	36.4%	27.0%
Rest of the world	148	128	15.6%	14.7%
<b>Recorded Music Revenues</b>	<b>3,643</b>	<b>3,137</b>	<b>16.1%</b>	<b>10.1%</b>

## Net cash provided by/(used for) operating activities – Adjustments

	Six months ended, June 30	
	2022	2021
<i>(€ millions)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Amortization and depreciation expense	182	135
Changes in provisions, net	(2)	(41)
(Income)/loss from equity affiliates	2	1
(Gain)/loss on sale of assets	-	(3)
Other non-recurring items	-	(4)
<b>Adjustments</b>	<b>182</b>	<b>88</b>

## Adjusted net profit per share

	Six months ended, June 30	
	2022	2021
<i>(€ millions)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Adjusted net profit	763	578
<b>Numbers of shares (in millions)</b>		
Weighted average number of shares outstanding	1,813	1,813
Potential dilutive effects related to share-based compensation	1	0
Adjusted weighted average number of shares	1,814	1,813
<b>Adjusted net profit per share (in euros)</b>		
Basic adjusted net profit per share	0.42	0.32

## Definitions

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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 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 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 the income from 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. (income)/losses from equity affiliates;
- vii. restructuring expenses; and
- viii. other non-recurring items.

### Adjusted EBITDA and Adjusted EBITDA margin

The difference between EBITDA and Adjusted EBITDA consists of share-based compensation expenses and certain one-time items that are deemed by management to be significant and incidental to normal business activity, including but not limited to professional fees and listing fees related to UMG's listing on the Euronext Amsterdam. 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.

### 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. amortization 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. 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; and
- 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; and
- iii. derivative financial instruments, net (assets and liabilities) where the underlying instruments are Financial Net Debt items, as well as cash deposits securing borrowings included in the Consolidated Statement of Financial Position under "financial assets";

less:

- i. the value of borrowings at amortized cost as reported in the Consolidated Statement of Financial Position

#### **Free Cash Flow**

UMG defines Free Cash Flow as net cash provided by/(used for) operating activities plus net cash provided by/(used for) investing activities, less repayment of lease liabilities, interest paid, net and other cash items related to financing activities. UMG considers free cash flow, a non-IFRS measure, to be a relevant indicator of 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.





**UNIVERSAL MUSIC GROUP**

**Unaudited Condensed Consolidated Interim Financial Statements**

**for the six-month period ended June 30, 2022**

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# Unaudited Condensed Consolidated Interim Financial Statements for the six-months ended June 30, 2022

## Condensed Consolidated Interim Statement of Profit or Loss

		Six months ended June 30, (unaudited)	
	Note	2022	2021
<i>(in millions of euros)</i>			
<b>Revenues</b>	<b>3</b>	<b>4,734</b>	<b>3,831</b>
Cost of revenues		(2,608)	(2,047)
Selling, general and administrative expenses		(1,359)	(1,099)
Income/(loss) from equity affiliates		(2)	(1)
<b>Operating profit</b>		<b>765</b>	<b>684</b>
Financial income	<b>4</b>	20	110
Financial expenses	<b>4</b>	(592)	(197)
		<b>(572)</b>	<b>(87)</b>
<b>Profit before income taxes</b>		<b>193</b>	<b>597</b>
Income taxes	<b>5</b>	49	(144)
<b>Net profit</b>		<b>242</b>	<b>453</b>
Of which			
<b>Net profit attributable to equity holders of the parent</b>		<b>241</b>	<b>452</b>
Net profit attributable to non-controlling interests		1	1
<b>Earnings per share (in euros)</b>			
Basic, earnings for the period attributable to equity holders of the parent		0.13	0.25
Diluted earnings for the period attributable to equity holders of the parent		0.13	0.25

# Condensed Consolidated Interim Statement of Comprehensive Income

	Six months ended June 30, (unaudited)	
	2022	2021
<i>(in millions of euros)</i>		
<b>Net profit</b>	<b>242</b>	<b>453</b>
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	5	-
<b>Items not subsequently reclassified to profit or loss, net of tax</b>	<b>40</b>	<b>-</b>
Foreign currency translation adjustments	257	24
Comprehensive income/(loss) from equity affiliates, net of tax	-	1
<b>Items to be subsequently reclassified to profit or loss, net of tax</b>	<b>257</b>	<b>25</b>
<b>Income and expenses directly recognized in equity, net of tax</b>	<b>297</b>	<b>25</b>
<b>Total comprehensive income, net of tax</b>	<b>539</b>	<b>478</b>
<i>Of which</i>		
Total comprehensive income attributable to equity holders of the parent	538	477
Total comprehensive income attributable to non-controlling interests	1	1

# Condensed Consolidated Interim Statement of Financial Position

<i>(in millions of euros)</i>	Note	June 30, 2022 <i>(unaudited)</i>	December 31, 2021
<b>ASSETS</b>			
Goodwill		1,579	1,480
Non-current royalty advances	6	1,685	1,536
Catalogues	6	3,117	2,982
Other intangible assets	6	111	96
Property, plant and equipment		166	167
Rights-of-use relating to leases		351	388
Investments in equity affiliates		113	109
Non-current financial assets	8	795	1,592
Deferred tax assets		353	404
Other non-current assets		7	6
<b>Non-current assets</b>		<b>8,277</b>	<b>8,760</b>
Inventories		128	99
Current tax receivables		3	3
Current royalty advances	6	986	844
Trade and other receivables		2,127	1,803
Current financial assets	8	15	-
Cash and cash equivalents	7	1,540	585
<b>Current assets</b>		<b>4,799</b>	<b>3,334</b>
<b>TOTAL ASSETS</b>		<b>13,076</b>	<b>12,094</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital		18,134	18,134
Additional paid-in capital		14,942	14,941
Treasury shares		(12)	(12)
Retained earnings		(30,858)	(31,033)
Non-controlling interests		-	-
<b>Total equity</b>		<b>2,206</b>	<b>2,030</b>
Non-current provisions		298	355
Long-term borrowings and other financial liabilities	7	3,003	2,277
Deferred tax liabilities		657	850
Long-term lease liabilities		385	421
Other non-current liabilities	8	481	769
<b>Non-current liabilities</b>		<b>4,824</b>	<b>4,672</b>
Current provisions		102	80
Short-term borrowings and other financial liabilities	7	823	318
Trade and other payables		5,019	4,875
Short-term lease liabilities		79	80
Current tax payables		23	39
<b>Current liabilities</b>		<b>6,046</b>	<b>5,392</b>
<b>Total liabilities</b>		<b>10,870</b>	<b>10,064</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>13,076</b>	<b>12,094</b>

# Condensed Consolidated Interim Statement of Cash Flows

<i>(in millions of euros)</i>	Six months ended June 30, <i>(unaudited)</i>	
	2022	2021 <i>Restated</i>
<b>Operating activities</b>		
Operating profit	765	684
Adjustments	182	88
Royalty advances payments, net of recoupments	(223)	(130)
<b>Gross cash provided by/(used for) operating activities before income tax paid</b>	<b>724</b>	<b>642</b>
Other changes in net working capital	(119)	(172)
<b>Net cash provided by/(used for) operating activities before income tax paid</b>	<b>605</b>	<b>470</b>
Income tax paid	(131)	(118)
<b>Net cash provided by/(used for) operating activities</b>	<b>474</b>	<b>352</b>
<b>Investing activities</b>		
Catalogue investments	(264)	(43)
Other intangible assets investments	(31)	(19)
Capital expenditures	(10)	(4)
Purchases of consolidated companies, after acquired cash	(2)	(2)
Investments in equity affiliates	-	(23)
Purchase of financial assets	(18)	(47)
<b>Investments</b>	<b>(325)</b>	<b>(138)</b>
Proceeds from sales of property, plant, equipment and intangible assets	-	5
Proceeds from sales of consolidated companies, after divested cash	-	117
Disposal of equity affiliates	-	-
Proceeds from sale of financial assets	3	-
<b>Divestitures</b>	<b>3</b>	<b>122</b>
Dividends received from equity affiliates	1	1
Dividends received from unconsolidated companies	1	1
<b>Net cash provided by/(used for) investing activities</b>	<b>(320)</b>	<b>(14)</b>
<b>Financing activities</b>		
Distributions to shareowners	(334)	(422)
Other transactions with shareowners	-	-
Dividends paid by consolidated companies to their non-controlling interests	(1)	(1)
<b>Transactions with shareowners</b>	<b>(335)</b>	<b>(423)</b>
Proceeds from borrowings	2,576	59
Repayments of borrowings	(1,405)	(162)
Interest paid, net	-	(9)
Other cash items related to financing activities	1	(9)
<b>Transactions on borrowings and other financial liabilities</b>	<b>1,172</b>	<b>(121)</b>
Repayment of principal on lease liabilities	(44)	(32)
Payment of interest of lease liabilities	(7)	(8)
<b>Net cash provided by/(used for) financing activities</b>	<b>786</b>	<b>(584)</b>
<b>Net change in cash and cash equivalents</b>	<b>940</b>	<b>(246)</b>
Foreign currency translation adjustments	15	6
<b>Change in cash and cash equivalents</b>	<b>955</b>	<b>(240)</b>
<b>Cash and cash equivalents</b>		
At beginning of the period	585	1,141
At end of the period	1,540	901

# Condensed Consolidated Interim Statement of Changes in Equity

Six months ended June 30, 2022 (unaudited)

	Number of shares (in thousands)	Share Capital	Additional paid-in capital	Treasury shares	Retained earnings	Total Shareholders Equity	Non-Controlling Interests	Total Equity
<i>(in millions of euros, except number of shares)</i>								
<b>BALANCE AS OF DECEMBER 31, 2021</b>	<b>1,813,376</b>	<b>18,134</b>	<b>14,941</b>	<b>(12)</b>	<b>(31,033)</b>	<b>2,030</b>	<b>-</b>	<b>2,030</b>
Net profit	-	-	-	-	241	241	1	242
Income and expenses directly recognized in equity, net of tax	-	-	-	-	297	297	-	297
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>538</b>	<b>538</b>	<b>1</b>	<b>539</b>
<i>Dividends paid and payable by UMG N.V</i>	-	-	-	-	(363)	(363)	-	(363)
<i>Dividends paid by subsidiaries to non-controlling interests</i>	-	-	-	-	-	-	(1)	(1)
<i>Share-based compensation plans</i>	-	-	1	-	-	1	-	1
<b>TOTAL CHANGES OVER THE PERIOD</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>175</b>	<b>176</b>	<b>-</b>	<b>176</b>
<b>BALANCE AS OF JUNE 30, 2022</b>	<b>1,813,376</b>	<b>18,134</b>	<b>14,942</b>	<b>(12)</b>	<b>(30,858)</b>	<b>2,206</b>	<b>-</b>	<b>2,206</b>

Six months ended June 30, 2021 (unaudited)

	Number of shares (in thousands)
<i>(in millions of euros, except number of shares)</i>	
<b>BALANCE AS OF DECEMBER 31, 2020</b>	-
Net profit	-
Income and expenses directly recognized in equity, net of tax	-
<b>TOTAL COMPREHENSIVE INCOME</b>	-
<i>Dividends paid and payable by UMG N.V</i>	-
<i>Dividends paid by subsidiaries to non-controlling interests</i>	-
<i>Contributions by shareowners of their UIM B.V and UMG Inc. shares to UMG B.V.</i>	1,847,874
<i>Reduction in number of shares and effective capital contribution</i>	(34,633)
<b>TOTAL CHANGES OVER THE PERIOD</b>	<b>1,813,241</b>
<b>BALANCE AS OF JUNE 30, 2021</b>	<b>1,813,241</b>

Share Capital	Additional paid-in capital	Treasury shares	Retained earnings	Total Shareholders Equity	Non-Controlling Interests	Total Equity
-	-	-	1,634	1,634	-	1,634
-	-	-	452	452	1	453
-	-	-	25	25	-	25
-	-	-	477	477	1	478
-	-	-	(422)	(422)	-	(422)
-	-	-	-	-	(1)	(1)
18,478	14,522	-	(33,000)	-	-	-
(346)	346	-	-	-	-	-
<b>18,132</b>	<b>14,868</b>	-	<b>(32,945)</b>	<b>55</b>	-	<b>55</b>
18,132	14,868	-	(31,311)	1,689	-	1,689



# 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 used herein, the term UMG 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.

The Company is registered in the Commercial Register of the Chamber of Commerce under number 81106661 .

## Note 2 Basis of preparation

The 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

The Condensed consolidated interim financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union. The new or amended IFRS standards and interpretations effective for annual periods beginning on or after January 1, 2022, have been applied by UMG for the first time in these Condensed consolidated interim financial statements, but have not had a material effect on them. These Condensed consolidated interim financial statements 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, 2021.

### 2.2 Critical accounting judgments 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, 2021.

The income tax expense is recognized 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, 2021.

### 2.3 Financial statement presentation changes and prior years restatements

During the period, the presentation of the Condensed consolidated statement of cash flows for and as at June 30, 2021 was updated compared to the 2021 Condensed consolidated interim financial statements.

The Condensed consolidated interim statement of cash flows and the 2021 Consolidated statement of cash flows previously presented repayments of the principal and interest of lease liabilities together under repayment of lease liabilities. These cash flows are now presented separately as part of cash flows from financing activities.

## Note 3 Segment data

### Operating segment data

The operating segment reporting follows the internal reporting used by management of the Company, to manage the business, assess the performance based on the available financial information and to allocate the resources. The most important performance measure is EBITDA, a non-IFRS measure as management believes this is key in evaluating the results of the segments relative to other companies that operate within the same industry. EBITDA is defined in the appendix of the 2022 Interim Financial Review.

### Main aggregates of the Statement of profit or loss

	Recorded Music	Music Publishing	Merchandising and other	Corporate centre	Elimination of intersegment transactions	Total
<i>(in millions of euros)</i>						
<b>Six months ended June 30, 2022</b>						
External Revenue	3,643	845	246	-	-	4,734
Intercompany Revenue	-	6	2	-	(8)	-
<b>Revenues</b>	<b>3,643</b>	<b>851</b>	<b>248</b>	<b>-</b>	<b>(8)</b>	<b>4,734</b>
<b>EBITDA</b>	<b>842</b>	<b>200</b>	<b>14</b>	<b>(96)</b>	<b>-</b>	<b>960</b>
Amortisation and depreciation expense	(89)	(80)	-	(13)	-	(182)
Income/(loss) from equity affiliates	(1)	(1)	-	-	-	(2)
Restructuring expenses	(11)	-	-	-	-	(11)
Gain on sale of assets	-	-	-	-	-	-
Other non-recurring items	-	-	-	-	-	-
<b>Operating profit</b>	<b>741</b>	<b>119</b>	<b>14</b>	<b>(109)</b>	<b>-</b>	<b>765</b>
Financial income						20
Financial expenses						(592)
<b>Profit before income taxes</b>						<b>193</b>
<i>(in millions of euros)</i>						
<b>Six months ended June 30, 2021</b>						
External Revenue	3,136	558	137	-	-	3,831
Intercompany Revenue	1	6	1	-	(8)	-
<b>Revenues</b>	<b>3,137</b>	<b>564</b>	<b>138</b>	<b>-</b>	<b>(8)</b>	<b>3,831</b>
<b>EBITDA</b>	<b>749</b>	<b>134</b>	<b>-</b>	<b>(61)</b>	<b>-</b>	<b>822</b>
Amortisation and depreciation expense	(73)	(45)	(1)	(16)	-	(135)
Income/(loss) from equity affiliates	-	-	-	(1)	-	(1)
Restructuring expenses	(9)	-	-	-	-	(9)
Gain on sale of assets	3	-	-	-	-	3
Other non-recurring items	4	-	-	-	-	4
<b>Operating profit</b>	<b>674</b>	<b>89</b>	<b>(1)</b>	<b>(78)</b>	<b>-</b>	<b>684</b>
Financial income						110
Financial expenses						(197)
<b>Profit before income taxes</b>						<b>597</b>

## Disaggregated revenue information

### Recorded Music

	Six months ended June 30,	
	2022	2021
<i>(in millions of euros)</i>		
Streaming Revenue	658	526
Subscription Revenue	1,866	1,604
Downloads and Other Digital Revenue	137	153
Physical Revenue	540	463
License and Other Revenue	442	391
<b>Recorded Music Revenue</b>	<b>3,643</b>	<b>3,137</b>

### Music Publishing

	Six months ended June 30,	
	2022	2021
<i>(in millions of euros)</i>		
Performance	127	130
Synchronisation	120	91
Digital	537	282
Mechanical	46	38
Other	21	23
<b>Music Publishing Revenue</b>	<b>851</b>	<b>564</b>

Subscriptions and streaming represent the largest type of Recorded Music revenue and is recognised over time and is 53% (56% in HY 2021) of total UMG revenues. Physical Recorded Music revenues are recognised at a point in time and represent 11% (12% in HY 2021) of total UMG revenues. Other Recorded Music revenues mostly include neighbouring rights income which are recognised 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 Corporate Executives 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.

	Recorded Music	Music Publishing	Merchandising and Other	Corporate Centre	Total
<b>As of June 30, 2022</b>					
Goodwill	695	783	101	-	1,579
Royalty advances, non-current	952	513	220	-	1,685
Catalogues	1,231	1,886	-	-	3,117
Property, plant & equipment	149	5	-	12	166
Other intangible assets	24	22	-	65	111
Right of use relating to leases	344	4	-	3	351
Royalty advances, current	513	413	60	-	986
Other assets	2,337	622	55	174	3,188
<b>Total segment assets</b>	<b>6,245</b>	<b>4,248</b>	<b>436</b>	<b>254</b>	<b>11,183</b>
Unallocated assets					1,893
<b>Total assets</b>					<b>13,076</b>

	Recorded Music	Music Publishing	Merchandising and Other	Corporate Centre	Total
<b>As of December 31, 2021</b>					
Goodwill	653	727	100	-	1,480
Royalty advances, non-current	877	559	100	-	1,536
Catalogues	1,165	1,817	-	-	2,982
Property, plant & equipment	111	6	-	50	167
Other intangible assets	24	21	-	51	96
Right of use relating to leases	235	27	-	126	388
Royalty advances, current	421	362	61	-	844
Other assets	2,913	469	36	191	3,609
<b>Total segment assets</b>	<b>6,399</b>	<b>3,988</b>	<b>297</b>	<b>418</b>	<b>11,102</b>
Unallocated assets					992
<b>Total assets</b>					<b>12,094</b>

## Content assets by segment

June 30, 2022					
(in millions of euros)	Note	Recorded Music	Music Publishing	Merchandising and Other	Total
Catalogues (of music and publishing rights)		1,231	1,886	-	3,117
Royalty advances (to artists and repertoire)		1,465	926	280	2,671
<i>Of which: non – current</i>		952	513	220	1,685
<i>current</i>		513	413	60	986
<b>Content assets, net</b>	<b>6</b>	<b>2,696</b>	<b>2,812</b>	<b>280</b>	<b>5,788</b>
Current content assets		513	413	60	986
Non-current content assets		2,183	2,399	220	4,802

December 31, 2021					
<i>(in millions of euros)</i>	Note	Recorded Music	Music Publishing	Merchandising and Other	Total
Catalogues (of music and publishing rights)		1,165	1,817	-	2,982
Royalty advances (to artists and repertoire)		1,298	921	161	2,380
<i>Of which: non – current</i>		877	559	100	1,536
<i>current</i>		421	362	61	844
<b>Content assets, net</b>	<b>6</b>	<b>2,463</b>	<b>2,738</b>	<b>161</b>	<b>5,362</b>
Current content assets		421	362	61	844
Non-current content assets		2,042	2,376	100	4,518

## Note 4 Financial income and expenses

<i>(in millions of euros)</i>	Note	Six months ended June 30,	
		2022	2021
Interest income from cash, cash equivalents and other		13	4
Change in fair value of financial instruments through profit or loss		-	2
Gain on disposal of consolidated companies		-	100
Expected return on plan assets related to employee benefit plans		2	1
Foreign exchange gain		3	1
Other		2	2
<b>Financial income</b>		<b>20</b>	<b>110</b>
Interest expense on borrowings		(13)	(13)
Change in fair value of financial instruments through profit or loss	8	(567)	(170)
Unwinding of interest component		-	-
Interest cost related to employee benefit plans		(3)	(2)
Interest expenses on lease liabilities		(7)	(8)
Cost of finance		(1)	(3)
Other		(1)	(1)
<b>Financial expenses</b>		<b>(592)</b>	<b>(197)</b>
<b>Net total financial income and (expenses)</b>		<b>(572)</b>	<b>(87)</b>

## Note 5 Income taxes

The income tax expense in the first six months of 2022 decreased by €193 million compared to the corresponding period of the previous year. The decrease was mainly caused by the benefit 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

<i>(in millions of euros)</i>	June 30, 2022		
	Asset value, gross	Accumulated amortization and impairment losses	Net book value
Catalogues (of music and publishing rights)	5,685	(2,568)	3,117
Royalty advances (to artists and repertoire owners)	2,671	-	2,671
<b>Content assets</b>	<b>8,356</b>	<b>(2,568)</b>	<b>5,788</b>
Other intangible assets	472	(361)	111

	December 31, 2021		
	Asset value, gross	Accumulated amortization and impairment losses	Net book value
<i>(in millions of euros)</i>			
Catalogues (of music and publishing rights)	5,284	(2,302)	2,982
Royalty advances (to artists and repertoire owners)	2,380	-	2,380
<b>Content assets</b>	<b>7,664</b>	<b>(2,302)</b>	<b>5,362</b>
Other intangible assets	437	(341)	96

## Note 7 Cash position and borrowings

### Cash position

<i>(in millions of euros)</i>	June 30, 2022	December 31, 2021
Cash equivalents	235	297
Cash	1,305	288
<b>Cash and cash equivalents</b>	<b>1,540</b>	<b>585</b>

### Borrowings and other financial liabilities

	June 30, 2022			December 31, 2021		
	Total	Long-term	Short-term	Total	Long-term	Short-term
Term loan	999	799	200	998	798	200
Drawn revolving credit facilities	1,650	1,175	475	1,447	1,447	-
Bank overdrafts	5	-	5	13	-	13
Bonds	987	987	-	-	-	-
Other	185	42	143	137	32	105
<b>Borrowings at amortized cost</b>	<b>3,826</b>	<b>3,003</b>	<b>823</b>	<b>2,595</b>	<b>2,277</b>	<b>318</b>

### New financing

In February 2022, UMG entered into a short-term floating rate US\$500 million revolving credit facility.

On June 30, 2022, UMG issued €500 million of senior unsecured notes due on June 30, 2027 with a coupon of 3.000% and €500 million of senior unsecured notes due on June 30, 2032 with a coupon of 3.750%. The net proceeds were used to fully repay the Term loan on July 1, 2022. For more details refer to Note 11 *Subsequent Events*.

## Note 8 Financial assets and liabilities

The table below shows the carrying amounts and fair values of financial assets and liabilities according to their fair value hierarchy. The following hierarchy is applied to classify the financial assets and liabilities:

- 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.

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 amount.

<i>(in millions of euros)</i>	June 30, 2022			
	Carrying Amount	Fair Value		
		Level 1	Level 2	Level 3
<b>Financial Assets at fair value through profit and loss</b>				
Listed equity securities	636	636	-	-
Unlisted equity securities	31	-	31	-
Warrants	11	-	11	-
Derivative financial assets	3	-	3	-
Other financial assets	114	-	-	114
<b>Financial assets at fair value through other comprehensive income</b>				
Unlisted equity securities	15	-	-	15
<b>Financial Assets at amortised cost</b>				
Trade and other receivables	2,127	-	-	-
<b>Total Financial Assets</b>	<b>2,937</b>	<b>636</b>	<b>45</b>	<b>129</b>
<b>Financial liabilities at amortised cost</b>				
Trade and other payables	(5,019)	-	-	-
Bonds	(987)	(1,000)	-	-
Borrowings, excluding bank overdrafts and Bonds	(2,834)	-	-	-
Other non-current liabilities	(481)	-	-	-
<b>Total financial liabilities</b>	<b>(9,321)</b>	<b>(1,000)</b>	<b>-</b>	<b>-</b>

<i>(in millions of euros)</i>	December 31, 2021			
	Carrying Amount	Fair Value		
		Level 1	Level 2	Level 3
<b>Financial Assets at fair value through profit and loss</b>				
Listed equity securities	1,413	1,413	-	-
Unlisted equity securities	44	-	44	-
Warrants	19	-	19	-
Other financial assets	100	-	-	100
<b>Financial assets at fair value through other comprehensive income</b>				
Unlisted equity securities	16	-	-	16
<b>Financial Assets at amortised cost</b>				
Trade and other receivables	1,803	-	-	-
<b>Total Financial Assets</b>	<b>3,395</b>	<b>1,413</b>	<b>63</b>	<b>116</b>
<b>Financial liabilities at amortised cost</b>				
Trade and other payables	(4,875)	-	-	-
Borrowings, excluding bank overdrafts	(2,582)	-	-	-
Other non-current liabilities	(769)	-	-	-
<b>Total financial liabilities</b>	<b>(8,253)</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Listed equity portfolio

	June 30, 2022							
	Number of shares held	Ownership interest	Average purchase price <sup>2</sup>	Stock market price	Carrying value	Change in value over the period <sup>1</sup>	Cumulative unrealized capital gain/(loss)	Sensitivity at +/-10 pts
	<i>(in thousands)</i>		<i>(€/share)</i>		<i>(in millions of euros)</i>			
Spotify	6,487	3.30%	6.58	89	578	(761)	535	+58/-58
Tencent Music Entertainment	12,246	0.75%	na	5	58	(16)	58	+6/-6
<b>Total</b>					<b>636</b>	<b>(777)</b>	<b>593</b>	

<sup>1</sup>net revaluation losses of €547 million in HY 2022 (€170 million in HY2021) were recognized in the Statement of Profit and Loss as disclosed in Note 4.

	December 30, 2021							
	Number of shares held	Ownership interest	Average purchase price <sup>2</sup>	Stock market price	Carrying value	Change in value over the period	Cumulative unrealized capital gain/(loss)	Sensitivity at +/-10 pts
	<i>(in thousands)</i>		<i>(€/share)</i>		<i>(in millions of euros)</i>			
Spotify	6,487	3.37%	6.58	206	1,339	(330)	1,296	+134/-134
Tencent Music Entertainment	12,246	0.74%	na	6	74	(119)	74	+7/-7
<b>Total</b>					<b>1,413</b>	<b>(449)</b>	<b>1,370</b>	

<sup>2</sup> Includes acquisition fees and taxes

## Note 9 Equity

### Dividend distribution

The proposal submitted to the 2022 Annual General Meeting of Shareholders to pay a dividend of €0.20 per ordinary share corresponding to a total distribution of €363 million, in cash, from the 2021 retained earnings reserve of the Company, was approved and was paid in June 2022 and included within the condensed consolidated interim statement of changes in equity.

## Note 10 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 (e.g. Vevo);
- 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;
- all companies that have a significant influence over UMG, (e.g., Vivendi SE and the Bolloré Group) and
- corporate executives and non-executive board members



UMG distributes its cash surpluses to shareholders through dividends and share capital reductions (please refer to Note 9 *Equity*). Vivendi and UMG entered into a transition and services agreement in connection with the separation, the terms of which Vivendi and its subsidiaries provide to UMG, and UMG provides to Vivendi and its subsidiaries, on an interim, transitional basis various 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.

The balances and transactions with the parties described above are summarised in the table below:

(in millions of euros)

	June 30, 2022			
	Associates	Shareholders	Other	Total
<b>Statement of Financial Position</b>				
<b>Assets</b>				
Cash and Cash equivalents	-	-	-	-
Trade accounts receivable	31	2	-	33
Royalty advances	-	-	-	-
<b>Liabilities</b>				
Long-term borrowings and other financial liabilities	-	-	-	-
Trade accounts payable	-	(1)	-	(1)
<b>Statement of Profit or Loss</b>				
Six months ended June 30, 2022				
	Associates	Shareholders	Other	Total
Revenue	130	5	-	135
Cost of revenues	-	(4)	-	(4)
Selling, general and administrative expenses	(1)	(2)	(41)	(44)
Financial income	-	-	-	-
Financial expenses	-	-	-	-
<b>Services billed by Shareholders included in profit and loss</b>				
Management fees	-	-	-	-
Share-based compensation plans	-	1	-	1

(in millions of euros)

December 31, 2021

**Statement of Financial Position**

**Assets**

	Associates	Shareholders	Other	Total
Cash and Cash equivalents	-	-	-	-
Trade accounts receivable	31	4	-	35
Royalty advances	-	-	21	21
<b>Liabilities</b>				
Long-term borrowings and other financial liabilities	-	-	-	-
Trade accounts payable	-	(2)	(12)	(14)

Six months ended June 30, 2021

**Statement of Profit or Loss**

	Associates	Shareholders	Other	Total
Revenue	108	4	-	112
Cost of revenues	-	(4)	-	(4)
Selling, general and administrative expenses	(1)	(2)	(33)	(36)
Financial income	-	2	-	2
Financial expenses	-	(10)	-	(10)
<b>Services billed by Shareholders included in profit and loss</b>				
Management fees	-	-	-	-
Share-based compensation plans	-	(3)	-	(3)

## Note 11 Subsequent events

On July 1, 2022, the net proceeds from the issuance of the unsecured senior notes of €1 billion were used to fully repay the term loan.

On July 8, 2022, UMG established a EUR commercial paper program. Under the Program, UMG may issue, from time to time, commercial paper notes up to a maximum aggregate amount of €1 billion. The proceeds from the issuance will be used firstly to pay down UMG's revolving credit facility and manage short-term liquidity needs from the Group.