



UNIVERSAL MUSIC GROUP

Universal Music Group N.V. Reports Financial Results for the Third Quarter and Nine Months Ended September 30, 2024

Announces Promotion of Boyd Muir to Chief Operating Officer, Plans for Chief Financial Officer Transition

Summary Q3 2024 Results¹

- Revenue of €2,870 million increased 4.3% year-over-year, or 4.9% in constant currency, with growth in all segments. Excluding a prior-year item affecting comparability, detailed below, revenue grew 6.3% year-over-year, or 7.0% in constant currency.
- Recorded Music subscription revenue grew 7.6% year-over-year, or 8.2% in constant currency while streaming revenue declined 0.8% year-over-year, but grew 0.3% in constant currency.
- Adjusted EBITDA of €621 million increased 6.9% year-over-year, or 8.2% in constant currency, and Adjusted EBITDA margin expanded 0.5 percentage points to 21.6%. Excluding a prior-year item affecting comparability, detailed below, Adjusted EBITDA grew 8.9% year-over-year, or 10.3% in constant currency.
- Top sellers included Taylor Swift, Sabrina Carpenter, Billie Eilish, Chappell Roan and Post Malone.

Summary YTD Results¹

- Revenue of €8,396 million increased 6.3% year-over-year, or 7.4% in constant currency, driven by strong growth in all segments. Excluding a prior-year item affecting comparability, detailed below, revenue grew 7.0% year-over-year, or 8.2% in constant currency.
- Recorded Music subscription revenue grew 8.2% year-over-year, or 9.2% in constant currency and streaming revenue grew 0.9% year-over-year, or 1.8% in constant currency.
- Adjusted EBITDA of €1,862 million increased 10.0% year-over-year, or 11.7% in constant currency, and Adjusted EBITDA margin expanded 0.8 percentage points to 22.2%. Excluding a prior-year item affecting comparability, detailed below, Adjusted EBITDA grew 10.8% year-over-year, or 12.4% in constant currency.
- Top sellers included Taylor Swift, Billie Eilish, Morgan Wallen, Sabrina Carpenter and Noah Kahan.

Hilversum, The Netherlands, October 31, 2024 – Universal Music Group N.V. (“UMG” or “the Company”) today announced its financial results for the third quarter and nine months ended September 30, 2024.

“Even as we continue to grow revenue and Adjusted EBITDA, we are already making progress on the strategic initiatives we outlined at our recent Capital Markets Day,” said Sir Lucian Grainge, UMG’s Chairman and CEO. “We continue to advance our Artist-Centric strategy, a key pillar of our work to evolve streaming’s underlying business model, or what we call ‘Streaming 2.0’. Through these initiatives, we are setting the stage for a new wave of streaming growth and new opportunities to UMG, its artists, songwriters and shareholders.”

Boyd Muir, UMG’s EVP, CFO and President of Operations, said, “Our focus remains on maximizing the long-term value of the business. The diversity of our revenue is not only driving attractive results in revenue and Adjusted EBITDA growth for UMG this quarter, but also positioning the company for strong continued growth in the coming years.”

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.

UMG Results

(in millions of euros)	Three Months Ended September 30,				Nine Months Ended September 30,			
	2024	2023	% YoY	% const.	2024	2023	% YoY	% const.
	<i>(unaudited)</i>	<i>(unaudited)</i>			<i>(unaudited)</i>	<i>(unaudited)</i>		
Revenue	2,870	2,752	4.3%	4.9%	8,396	7,901	6.3%	7.4%
EBITDA	556	478	16.3%	17.8%	1,626	1,244	30.7%	33.6%
EBITDA margin	19.4%	17.4%	2.0pp		19.4%	15.7%	3.7pp	
Adjusted EBITDA	621	581	6.9%	8.2%	1,862	1,692	10.0%	11.7%
Adjusted EBITDA margin	21.6%	21.1%	0.5pp		22.2%	21.4%	0.8pp	

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 2024 Results

Revenue for the third quarter of 2024 was €2,870 million, an increase of 4.3% year-over-year, or 4.9% in constant currency. As previously disclosed, 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 digital service providers related to the Copyright Royalty Board Phonorecords III ruling in 2023 (the "CRB Phonorecords III Accrual"). Excluding this item, revenue grew 6.3% year-over-year, or 7.0% 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 increased 16.3% year-over-year, or 17.8% in constant currency, to €556 million and EBITDA margin was 19.4%, compared to 17.4% in the third quarter of 2023. EBITDA and EBITDA margin were impacted by non-cash share-based compensation expenses of €65 million during the third quarter of 2024, compared to €103 million during the third quarter of 2023. Excluding non-cash share-based compensation expenses, Adjusted EBITDA for the quarter was €621 million, up 6.9% year-over-year, or 8.2% in constant currency. Adjusted EBITDA margin increased 0.5 percentage points to 21.6%, compared to 21.1% in the third quarter of 2023, driven by operating leverage and cost savings.

EBITDA and Adjusted EBITDA in the third quarter of 2023 included an €11 million benefit in Music Publishing from the CRB Phonorecords III Accrual. Excluding this item, Adjusted EBITDA was up 8.9% year-over-year, or 10.3% in constant currency, as a result of revenue growth and cost savings. The CRB Phonorecords III Accrual did not impact Adjusted EBITDA margin or margin expansion.

YTD 2024 Results

In the nine months ended September 30, 2024, UMG's revenues of €8,396 million increased by 6.3% year-over-year, or 7.4% in constant currency, compared to the nine months ended September 30, 2023. 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 discussed above. Excluding this item, revenue increased 7.0% year-over-year, or 8.2% in constant currency.

For the nine months ended September 30, 2024, EBITDA of €1,626 million increased 30.7% year-over-year, or 33.6% in constant currency, and EBITDA margin was 19.4% compared to 15.7% in the prior year period. EBITDA and EBITDA margin were impacted by non-cash share-based compensation expenses of €236 million during the first nine months of 2024, compared to €448 million during the first nine months of 2023. Excluding these amounts, Adjusted EBITDA for the first nine months of 2024 was €1,862 million, up 10.0% year-over-year, or 11.7% in constant currency. Adjusted EBITDA margin increased 0.8 percentage points year-over-year to 22.2%, driven by operating leverage and cost savings.

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. Excluding this item, Adjusted EBITDA grew 10.8% year-over-year, or 12.4% in constant currency, driven by revenue growth and cost savings. The CRB Phonorecords III Accrual did not impact Adjusted EBITDA margin or margin expansion.

Recorded Music

(in millions of euros)	Three Months Ended				Nine Months Ended			
	September 30,		%	%	September 30,		%	%
	2024	2023	YoY	const.	2024	2023	YoY	const.
	<i>(unaudited)</i>	<i>(unaudited)</i>			<i>(unaudited)</i>	<i>(unaudited)</i>		
Subscriptions and streaming	1,491	1,414	5.4%	6.2%	4,436	4,169	6.4%	7.3%
<i>of which streaming</i>	354	357	(0.8%)	0.3%	1,039	1,030	0.9%	1.8%
<i>of which subscription</i>	1,137	1,057	7.6%	8.2%	3,397	3,139	8.2%	9.2%
Downloads and other digital	42	59	(28.8%)	(28.8%)	136	174	(21.8%)	(21.4%)
Physical	288	294	(2.0%)	(0.7%)	900	933	(3.5%)	0.0%
License and other	325	270	20.4%	21.7%	863	764	13.0%	14.2%
Recorded Music revenues	2,146	2,037	5.4%	6.2%	6,335	6,040	4.9%	6.3%

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

Q3 2024

Recorded Music revenues for the third quarter of 2024 were €2,146 million, up 5.4% compared to the third quarter of 2023, and up 6.2% in constant currency. Subscription revenue grew 7.6% year-over-year, or 8.2% in constant currency, driven primarily by the growth in global subscribers, as well as price increases at certain platforms. Streaming revenue declined 0.8% year-over-year, but grew 0.3% in constant currency due to mixed performance at advertising-based platform partners as the digital advertising market remains volatile. Physical revenue decreased 2.0% year-over-year, or 0.7% in constant currency, as growth in vinyl sales largely offset a difficult comparison against last year's strong CD sales in Japan. Downloads and other digital revenue declined 28.8% year-over-year, both as reported and in constant currency, attributable to the continued format shift towards streaming. License and other revenue increased 20.4% year-over-year, or 21.7% in constant currency, due to improvements in synchronization income, greater live and brands income and increased direct-to-consumer related activities. Top sellers for the quarter included Taylor Swift, Sabrina Carpenter, Billie Eilish, Chappell Roan and Post Malone, while top sellers in the prior-year quarter included Taylor Swift, SEVENTEEN, Morgan Wallen, Olivia Rodrigo and King & Prince.

YTD 2024 Results

In the nine months ended September 30, 2024, Recorded Music revenues were €6,335 million, up 4.9% year-over-year, or 6.3% in constant currency. Subscription revenue of €3,397 million grew 8.2% year-over-year, or 9.2% in constant currency, driven primarily by the growth in global subscribers as well as the continued benefit of price increases at certain platforms. Streaming revenue of €1,039 million grew 0.9% year-over-year, or 1.8% in constant currency as the digital advertising market remains volatile. Physical revenue declined 3.5% year-over-year, but was in line with last year in constant currency, as growth in vinyl sales in the U.S. and Europe offset a difficult comparison against last year's strong CD sales in Japan. Downloads and other digital revenue decreased 21.8% year-over-year, or 21.4% in constant currency, attributable to the continued format shift towards streaming. License and other revenue improved 13.0% year-over-year, or 14.2% in constant currency driven by improvements in synchronization income, greater live and brands income and increased direct-to-consumer related activities. Top sellers included Taylor Swift, Billie Eilish, Morgan Wallen, Sabrina Carpenter and Noah Kahan, while top sellers in the prior year included King & Prince, Taylor Swift, Morgan Wallen, Karol G and Metro Boomin.

Music Publishing

(in millions of euros)	Three Months Ended September 30,				Nine Months Ended September 30,			
	2024	2023	% YoY	% const.	2024	2023	% YoY	% const.
	<i>(unaudited)</i>	<i>(unaudited)</i>			<i>(unaudited)</i>	<i>(unaudited)</i>		
Performance	101	106	<i>(4.7%)</i>	<i>(3.8%)</i>	315	293	<i>7.5%</i>	<i>8.6%</i>
Synchronisation	64	55	<i>16.4%</i>	<i>18.5%</i>	187	183	<i>2.2%</i>	<i>2.7%</i>
Digital	295	294	<i>0.3%</i>	<i>0.7%</i>	890	789	<i>12.8%</i>	<i>13.4%</i>
Mechanical	28	25	<i>12.0%</i>	<i>12.0%</i>	79	77	<i>2.6%</i>	<i>2.6%</i>
Other	12	11	<i>9.1%</i>	<i>0.0%</i>	37	38	<i>(2.6%)</i>	<i>0.0%</i>
Music Publishing revenues	500	491	1.8%	2.2%	1,508	1,380	9.3%	10.0%

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

Q3 2024

Music Publishing revenue amounted to €500 million in the third quarter of 2024, up 1.8% year-over-year, or 2.2% 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 14.2% year-over-year, or 14.7% in constant currency.

Within Music Publishing, digital revenue grew 0.3% year-over-year, or 0.7% in constant currency. Excluding the CRB Phonorecords III Accrual, digital revenue grew 22.4% year-over-year, or 22.9% in constant currency, reflecting continued growth of streaming and subscription revenue. Performance revenue declined 4.7% year-over-year, or 3.8% in constant currency as a result of lower collections in parts of Europe. Synchronisation revenue increased 16.4% year-over-year, or 18.5% in constant currency driven by growth in advertising campaigns in the U.S. and Europe. Mechanical revenue increased 12.0% year-over-year both as reported and in constant currency as a result of improved physical sales.

YTD 2024 Results

In the nine months ended September 30, 2024, Music Publishing revenue amounted to €1,508 million, up 9.3% year-over-year, or 10.0% 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. Excluding this item, Music Publishing revenue grew 13.6% year-over-year, or 14.4% in constant currency.

Within Music Publishing, digital revenue grew 12.8% year-over-year, or 13.4% in constant currency. Excluding the CRB Phonorecords III Accrual, digital revenue grew 20.9% year-over-year, or 21.6% in constant currency, driven by growth in streaming and subscription revenue. Performance revenue grew 7.5% year-over-year, or 8.6% in constant currency, synchronisation revenue grew 2.2% year-over-year, or 2.7% in constant currency and mechanical revenue grew 2.6% year-over-year both as-reported and in constant currency.

Merchandising and Other

(in millions of euros)	Three Months Ended September 30,				Nine Months Ended September 30,			
	2024	2023	% YoY	% const.	2024	2023	% YoY	% const.
	<i>(unaudited)</i>	<i>(unaudited)</i>			<i>(unaudited)</i>	<i>(unaudited)</i>		
Merchandising and other revenues	237	227	4.4%	3.5%	578	491	17.7%	17.5%

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

Q3 2024

Merchandising and other revenue in the third quarter of 2024 was €237 million, an increase of 4.4% year-over-year, or 3.5% in constant currency, driven by growth in direct-to-consumer sales and higher touring merchandise sales, partially offset by lower retail sales.

YTD 2024 Results

Merchandising and other revenue of €578 million was up 17.7% year-over-year, or 17.5% in constant currency, driven by the growth in touring merchandise sales and direct-to-consumer sales, partially offset by lower retail sales.

Chief Financial Officer Transition

Universal Music Group EVP, CFO and President of Operations Boyd Muir has been promoted to the newly created role of Chief Operating Officer (COO) of UMG, continuing to report directly to Sir Lucian Grainge, UMG’s Chairman and CEO. The Company is immediately initiating an executive search process to identify a new CFO. Until such time as a new CFO is appointed, Mr. Muir will serve as both COO and CFO. Mr. Muir has served as CFO of UMG since 2010 and was previously CFO for Universal Music Group International for 11 years.

“Boyd has done an outstanding job leading UMG’s global financial functions through a period of unprecedented growth and change, including our successful listing on the Euronext in 2021, and our last three years as a stand-alone public company,” said Sir Lucian Grainge, UMG’s Chairman and CEO. “Now, as we turn to executing on the vision we outlined at our recent Capital Markets Day, as Chief Operating Officer, Boyd will focus on helping us drive the transformation of several of our key worldwide operations to ensure we deliver on our strategic plan.”

Items Impacting Comparability of Results

TOTAL UMG

(in millions of euros)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Revenue				
CRB Phonorecords III Accrual	-	53	-	53
Adjusted EBITDA				
CRB Phonorecords III Accrual	-	11	-	11

MUSIC PUBLISHING

(in millions of euros)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Revenue				
CRB Phonorecords III Accrual	-	53	-	53
Adjusted EBITDA				
CRB Phonorecords III Accrual	-	11	-	11

CRB Phonorecords III Accrual

Revenue, EBITDA and Adjusted EBITDA in 2023 included the accrual for a catch-up payment from certain digital service providers 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 31, 2024, at 6:15pm CET. 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, changes in global economic and financial conditions, 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 UMG's compliance therewith) and the other risks that are described in our 2023 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 Accounting Standards 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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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,		
	2024	2023	% YoY	2024	2023	% YoY
	<i>(unaudited)</i>	<i>(unaudited)</i>		<i>(unaudited)</i>	<i>(unaudited)</i>	
EBITDA	556	478	16.3%	1,626	1,244	30.7%
Non-cash share-based compensation expenses	65	103	(36.9%)	236	448	(47.3%)
Adjusted EBITDA	621	581	6.9%	1,862	1,692	10.0%

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 Accounting Standards ("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, including 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 segments excluding items that may be incidental to normal business activity and excluding non-cash share based compensation which may impact period-to-period comparability.