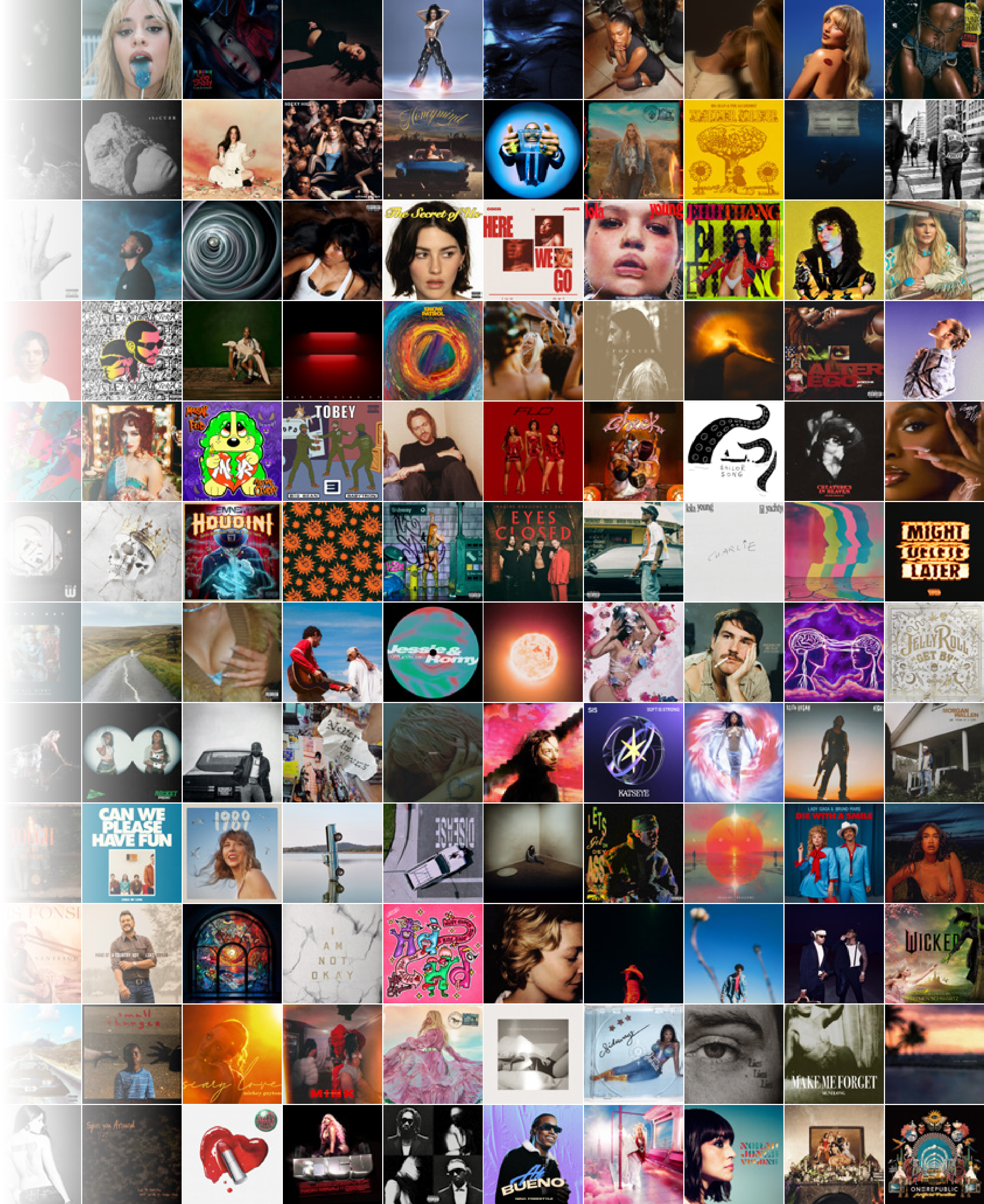
Universal Music Group
Annual Report 2024



UNIVERSAL MUSIC GROUP

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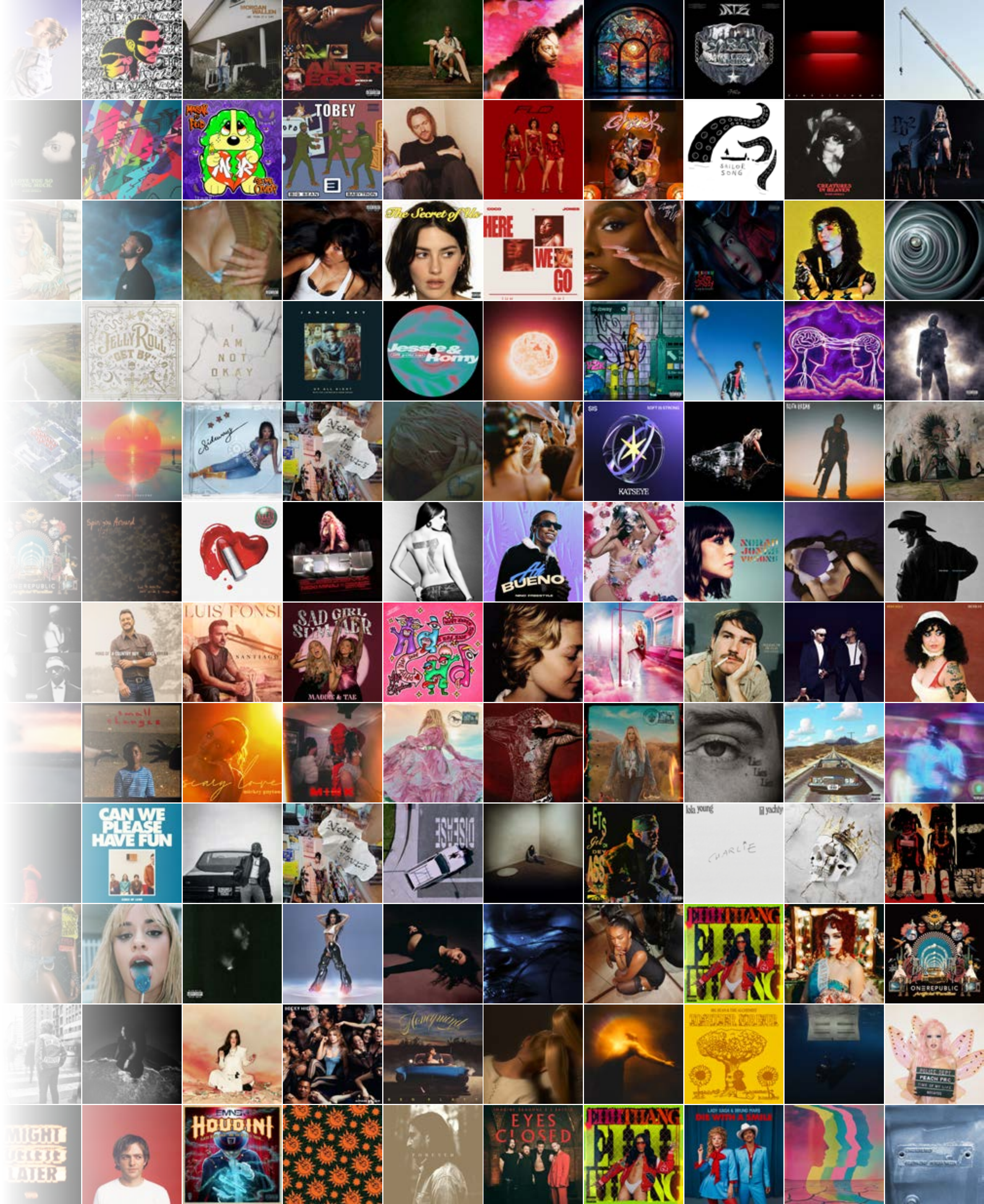
This annual report for Universal Music Group N.V. ("UMG", the "Company", "we", or "us") for the year 2024 (the "Annual Report") is not in the European Single Electronic Format (ESEF) as specified by the European Commission in Regulatory Technical Standard on ESEF (Regulation (EU) 2019/815).

About UMG



UNIVERSAL

UNIVERSAL MUSIC GROUP

FOREWORD

WE ARE UNIVERSAL

Dear Fellow Shareholders:

It is with great pleasure that I write to you about your company's accomplishments for the year past. In fact, we not only accomplished so much in 2024 but we have also positioned ourselves for another great year of success in 2025 and beyond.

Our company's fundamental building block is artist development and in 2024, our work with, and investment in, new talent continued to produce spectacular results around the world. Consider the following facts: UMG broke the two biggest artists in the world last year in Sabrina Carpenter and Chappell Roan—artists each with a unique creative vision and career journey who were supported and developed by UMG's teams globally; Taylor Swift was the most streamed artist globally on Spotify, Amazon and Deezer; and Apple Music named Billie Eilish its Artist of the Year. And that a UMG recording artist who is also signed to UMPG as a songwriter had the No. 1 song globally on the year-end lists for both Apple Music (Kendrick Lamar) and Spotify (Sabrina Carpenter). As you'll see throughout this report, our achievements were not only from a few superstars, but from hundreds of artists around the world—both developing and established—performing in multiple genres, styles and languages.

Achievements like these don't just happen. They are the culmination of maintaining a *clear vision* of who we are, what we do and where we're going, then *executing on that vision*, *maintaining momentum* and, of course, at the heart of it all, having some *absolutely incredible music* to work with. And last year those achievements were greatly assisted by our continuing self-reinvention, reshaping our organizational structure, rebuilding our teams and refining our strategy. A vision which boldly and, when necessary, quickly adapts to an ever-changing world. For example, in early 2024 we executed on our vision to realign our U.S. label structure, and within months we were operating with greater agility and efficiency. We then saw something exceptional take place: UMG had its best U.S. performance in six years, according to Luminate.

In 2024, we continued to lead the media industry in our embrace and advancement of "Responsible AI". Three recent examples of that initiative include our agreements with SoundLabs, ProRata and KLAY—companies that are taking unique approaches to the rapidly evolving AI space through new technologies that provide accurate attribution and tools to empower and compensate artists.

Our leadership also includes our commitment to the enactment of Responsible AI public policies, fighting back against so-called Text and Data Mining copyright exceptions and other misguided proposals that would enable the unauthorized exploitation of creators' work. Instead, we will work towards legislative "guardrails" to ensure the healthy evolution and growth of AI that mutually serves creators, consumers and responsibly innovative technology players.

In my note last year, I said that 2024 would see us once again attracting the brightest entrepreneurs, expanding our existing relationships with other such talents and investing more resources into providing a full suite of artist services businesses to independent labels around the world. And we did exactly that. We acquired the remaining share of [PIAS] two years after taking an initial stake in the company, and we grew our geographic footprint, for example by partnering with and investing in Mavin Global in Nigeria. The reason so many independent music entrepreneurs actively seek to partner with UMG when they have more alternatives than ever before is that we provide what they're seeking: the most innovative creatives and finest resources that will advance the careers of their artists and achieve their financial goals within a culture that respects artists and their music. After all, we're not a financial institution that views music as an "asset". And we're not an aggregator that views music as "content". We are a *music* company built by visionary music entrepreneurs. For us, music is a vital—perhaps *the* vital—art form.

And finally, one of 2024's announcements of which I am proudest is the formation of our Global Impact Team, whose mission is to enact positive change in our industry and in the communities in which we serve. This cross-functional group of executives brings a deep understanding of our global organization and will develop and execute strategies to tackle a variety of critical issues, including: equality; mental health and wellness; food insecurity and the unhoused; the environment; and education.

Now to 2025 ... starting with our artist-centric strategy:

FOREWORD

When we introduced that strategy two years ago, we immediately went to work with our partners to make it a reality. In a matter of months, we reached agreements in principle on a number of issues: increasing the monetization of artists' music; limiting the gaming of the system by protecting against fraud and content saturation; and focusing on the value of authentic artist-fan relationships, inspiring the development of more engaging consumer experiences, including specially designed new products and premium tiers for superfans. Platforms as diverse as Deezer, Spotify, TikTok, Meta and most recently Amazon, have adopted artist-centric principles in a wide variety of ways—principles that benefit the *entire* music industry from DIY to independent to major label artists and songwriters.

Our work in driving these artist-centric principles will continue in 2025. Not only do we want to ensure that artists are protected and rewarded, but we're also going after bad actors who are actively engaged in nefarious behavior such as large-scale copyright infringement. To that end, we're setting forth the best practices that every responsible platform, distributor and aggregator should adopt: content filtering; checks for infringement across streaming and social platforms; penalty systems for repeat infringers; chain-of-custody certification and name-and-likeness verification.

In September, during our Capital Markets Day presentation, I described what would constitute the next era of streaming—Streaming 2.0. Built on a foundation of artist-centric principles, Streaming 2.0 will represent a new age of innovation, consumer segmentation, geographic expansion, greater consumer value and ARPU growth.

I'm pleased to report that the Streaming 2.0 era has arrived. We recently announced a new agreement with Amazon that includes many of these elements, and in early 2025, we announced a multi-year agreement with Spotify.

In 2025, we'll also be reaching out in new ways to engage fans. In addition to listening to their favorite artists' music, fans want to build deeper connections to artists they love. Some of this will be done through our current partners and some through our own direct-to-consumer (D2C) channels, which we will continue scaling to meet the massive appetite of fans.

The work that lies ahead of us will bring challenges, no doubt about that. But we will meet those challenges with pride and a sense of privilege, because no other form of creative expression is more fundamental to human existence than music. Our vision and our ability to consistently execute gives us the momentum to continue to succeed and grow.

I can't wait to see and *hear* what this year brings.

Lucian

SIR LUCIAN GRAINGE, CHAIRMAN AND CEO,
UNIVERSAL MUSIC GROUP

PROFILE

WE HAVE A RICH HISTORY AND HAVE BUILT AN UNPARALLELED CATALOG OF SONGS AND RECORDINGS

RECORDED MUSIC

>3.4 MILLION
RECORDINGS

No 1

MUSIC MERCHANDISING

>220
ARTISTS / BRANDS

No 1

MUSIC PUBLISHING

5 MILLION
OWNED & ADMINISTERED TITLES

No 2

MUSIC-BASED VISUAL ENTERTAINMENT

A LIBRARY OF MORE THAN
>3,500 TITLES
OF LONG-FORM MUSIC-BASED AUDIOVISUAL CONTENT

No 1

MISSION & VISION

Mission

More music to more people in more ways
We are Universal Music Group, the world's leading music company.

We exist to shape culture through the power of artistry.

We are a community of entrepreneurs committed to creativity and innovation.

We own and operate a broad array of businesses engaged in recorded music, music publishing, merchandising, and audiovisual content in more than 60 territories around the world.

We identify and develop recording artists and songwriters, and we produce, distribute and promote the most critically acclaimed and commercially successful music to inspire and entertain fans around the world.

Our vast catalog of recordings and songs stretches back over a century and comprises the largest, most diverse and culturally rich collection of music ever assembled.

As technology refashions the world, our unmatched commitment to lead in developing new services, platforms and business models for the delivery of music and related content empowers innovators and allows new commercial and artistic opportunities to flourish.

Knowing that music, a powerful force for good in the world, is unique in its ability to inspire people and bring them together, we work with our artists and employees to serve our communities.

We are the home to music's greatest artists, innovators and entrepreneurs.

TOGETHER, WE ARE UNIVERSAL MUSIC GROUP

Vision

Putting artists and songwriters first
Artists and songwriters are at the heart of everything we do at Universal Music Group (UMG). Focused on their long-term development, our company is built to serve their unique needs throughout their careers. Successfully producing and marketing music requires a significant upfront investment and an ongoing collaboration. UMG invests more in developing talent, and does so with greater expertise, than any other music company. This investment, combined with our excellence in marketing and promoting artists globally, means we consistently lead the industry in breaking new artists.

Putting artists first sets us apart. We turn art into hits and hits into careers. By building a continuum of services and resources for artists, we've designed UMG so we can partner with artists at each stage of their careers to provide them with all the services and resources they need. We start by identifying the artists with whom we want to partner and presenting them with a world of opportunities to accelerate their careers. We remain by their side with customized campaigns and promotion, platform-integrated targeted marketing, top-tier data and insights, and global reach with local activation.

We work side-by-side with them over the long-term to build and sustain their careers through continuous engagement, improving lifetime fan value, and enabling unique access to synchronization, brand partnerships, licensing opportunities and eCommerce capabilities to monetize fandom.

Our artist-centric approach gives us an unrivalled track record in artist development and commercial success.

OUR VALUES

DRIVE

ALWAYS PUSH FOR THE NEXT LEVEL OF GREATNESS

INSIGHT

SEE WHAT OTHERS DON'T SEE

AUTHENTICITY

EXPRESS WHO YOU TRULY ARE AND WHAT YOU BELIEVE

CONNECTION

DRAW STRENGTH FROM DIVERSE AND MEANINGFUL RELATIONSHIPS

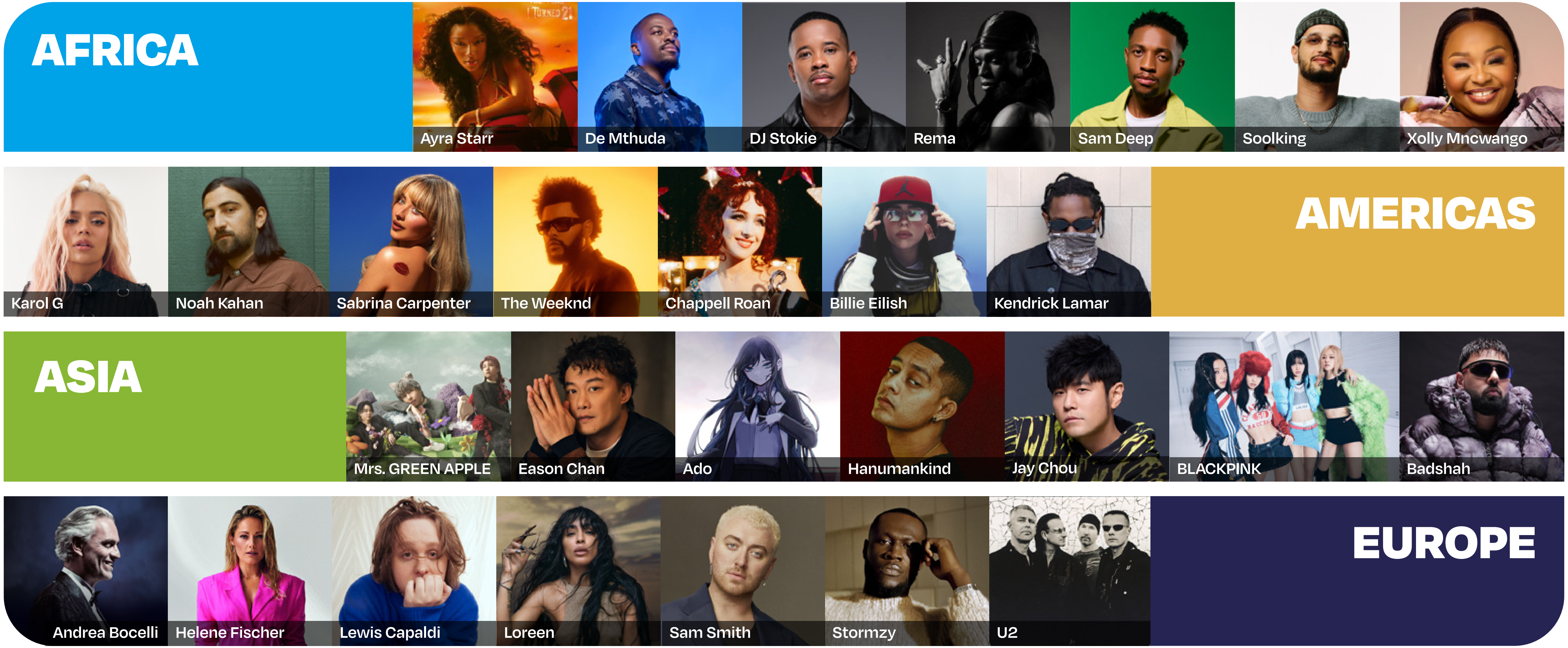
BOLDNESS

ACT DECISIVELY WITH OWNERSHIP AND CONVICTION

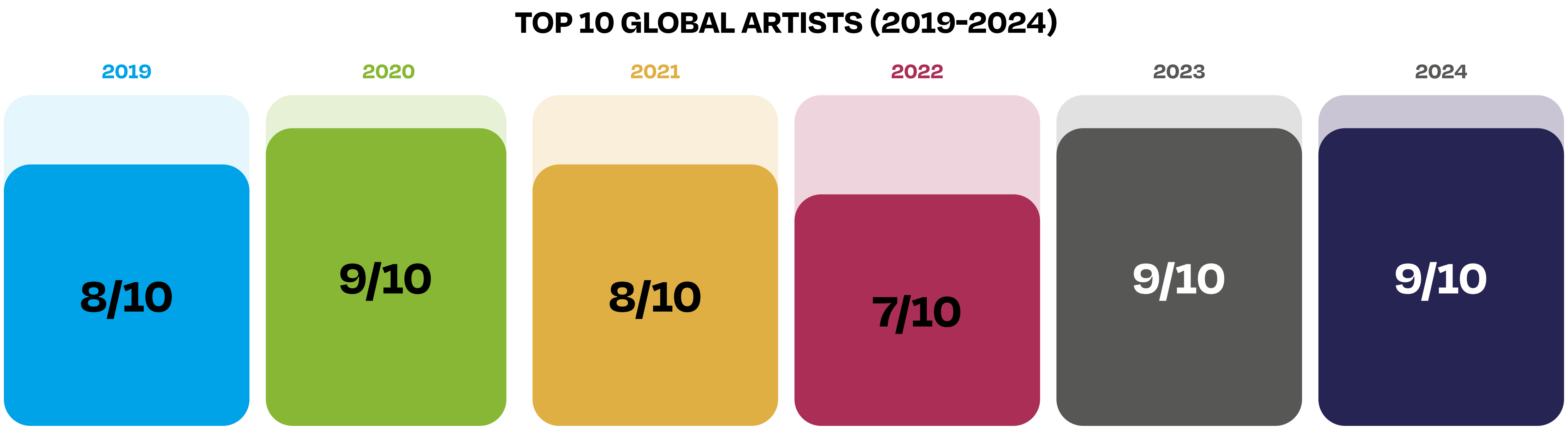
CREATIVITY

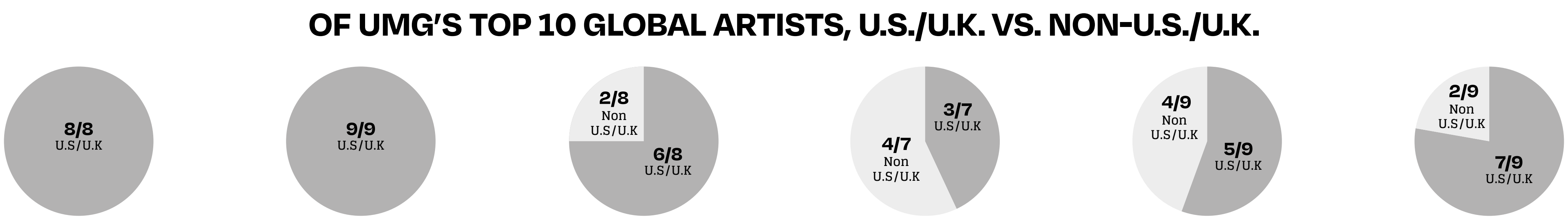
MEET A CHALLENGE IN NEW AND UNEXPECTED WAYS

UNIQUE ABILITY TO IDENTIFY AND SIGN THE WORLD'S BEST ARTISTS AND SONGWRITERS



UMG IS CONSISTENTLY HOME TO THE WORLD'S BEST-SELLING RECORDING ARTISTS





Source: IFPI Global Charts (2019-2024)

2024 CHART HIGHLIGHTS

GLOBAL

Spotify

6 of the TOP 10 ARTISTS with Taylor Swift at No. 1 and The Weeknd at No. 2

5 of the TOP 10 SONGS with Sabrina Carpenter's "Espresso" at No. 1

8 of the TOP 10 ALBUMS with Taylor Swift's *The Tortured Poets Department: The Anthology* at No. 1

#1

Deezer

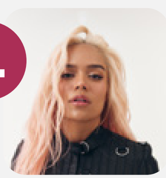
4 of the TOP 5 ARTISTS with Taylor Swift at No. 1

#1

Vevo

8 of the TOP 10 ARTISTS with Karol G at No. 1 for the fourth consecutive year

#1

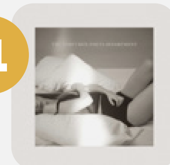


Amazon Music

The **TOP ARTIST** was Taylor Swift

The **TOP ALBUM** was Taylor Swift's *The Tortured Poets Department*

#1

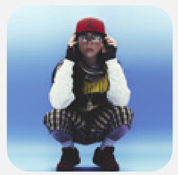


7 of the TOP 10 MOST REQUESTED ARTISTS on Alexa

Apple Music

ARTIST of the YEAR was Billie Eilish

6 of the TOP 10 SONGS with Kendrick Lamar's "Not Like Us" at No. 1



UMPG

On Spotify, **7 of the TOP 10 ARTISTS** including **ALL of the TOP 5** Interest in **4 of the TOP 5 ALBUMS** and **4 of the top 5 SONGS**

On Apple Music, interest in **8 of the TOP 10 SONGS**

U.S.

Spotify

6 of the TOP 10 ARTISTS with Taylor Swift at No. 1

#1

7 of the TOP 10 SONGS with Sabrina Carpenter's "Espresso" at No. 1

8 of the TOP 10 ALBUMS with Taylor Swift's *The Tortured Poets Department: The Anthology* at No. 1

Apple Music

14 of the TOP 20 SONGS including **3 of the TOP 5** with Kendrick Lamar's "Not Like Us" at No. 1

#1

YouTube

6 of the TOP 10 SONGS with Kendrick Lamar's "Not Like Us" at No. 1

Billboard

8 of the TOP 10 ALBUMS including **ALL of the TOP 5**

ALL of the TOP 3 LABELS including REPUBLIC Collective at No. 1 for the fourth consecutive year

#1

REPUBLIC COLLECTIVE

UMG also had the No. 2 and No. 3 label groups with Interscope Capitol Labels Group and Universal Music Enterprises

UMPG

On Apple Music, interest in **7 of the TOP 10 SONGS** including **ALL of the TOP 5** with Kendrick Lamar's "Not Like Us" at No. 1

#1

On TikTok, **3 of the TOP 5 ARTISTS**

On Billboard, **3 of the TOP 5 HOT 100 SONGWRITERS** with Taylor Swift at No. 1 and Jack Antonoff at No. 2

REGIONAL

UK

According to Official Charts Company: **7 of the TOP 10 ALBUMS** including **ALL OF THE TOP 6** with Taylor Swift's *The Tortured Poets Department* at No. 1

#1

6 of the TOP 10 SONGS including Noah Kahan's "Stick Season" at No. 1

EMI was the No. 1 **LABEL** for the third consecutive year

#1

EMI

Japan

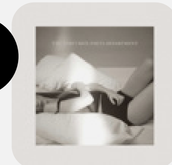
5 of the TOP 10 SINGLES on Billboard Japan's year-end Hot 100 chart, including 4 singles from Mrs. GREEN APPLE

4 of the TOP 10 ARTISTS on Spotify, including Mrs. GREEN APPLE at No. 1

Canada

According to Luminate: **14 of the TOP 20 ALBUMS** including **ALL OF THE TOP 7** with Taylor Swift's *The Tortured Poets Department* at No. 1

#1



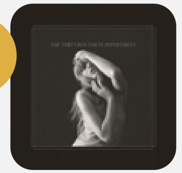
No. 1 **POSITION** on the **ALBUM** chart for 41 weeks of the year

5 of the TOP 10 **SINGLES**

Germany

According to GfK: **5 of the TOP 10 ALBUMS** including Taylor Swift's *The Tortured Poets Department: The Anthology* at No. 1 and Billie Eilish's *Hit Me Hard and Soft* at No. 2

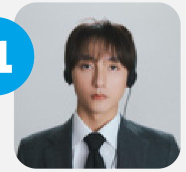
#1



Vietnam

NO. 1 SONG on Spotify by Sơn Tùng M-TP

#1



NO. 1 SONG on Apple Music by Wren Evans

TOP 3 POSITIONS on IFPI's **2024 ARTISTS CHART**

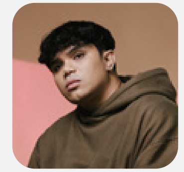
France

According to Official Charts Company: **ALBUMS** from **12 DIFFERENT ARTISTS HIT NO. 1** throughout the year

4 of the TOP 10 ALBUMS including
Billie Eilish's *Hit Me Hard and Soft*
Zaho de Sagazan's *La symphonie des éclairs (Le dernier des voyages)*
SDM's *A LA VIE A LA MORT*
Taylor Swift's *The Tortured Poets Department*

Philippines

Biggest breakthrough **ARTIST of the YEAR** on Spotify with Dionela



Australia

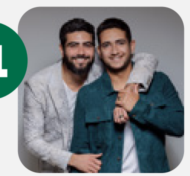
According to ARIA: **17 of the TOP 20 ALBUMS** including **ALL OF THE TOP 5** and Taylor Swift's *The Tortured Poets Department* at No. 1

#1

Brazil

According to BMAT: **TOP 2 SONGS of the YEAR** from Felipe e Rodrigo and Lauana Prado

#1

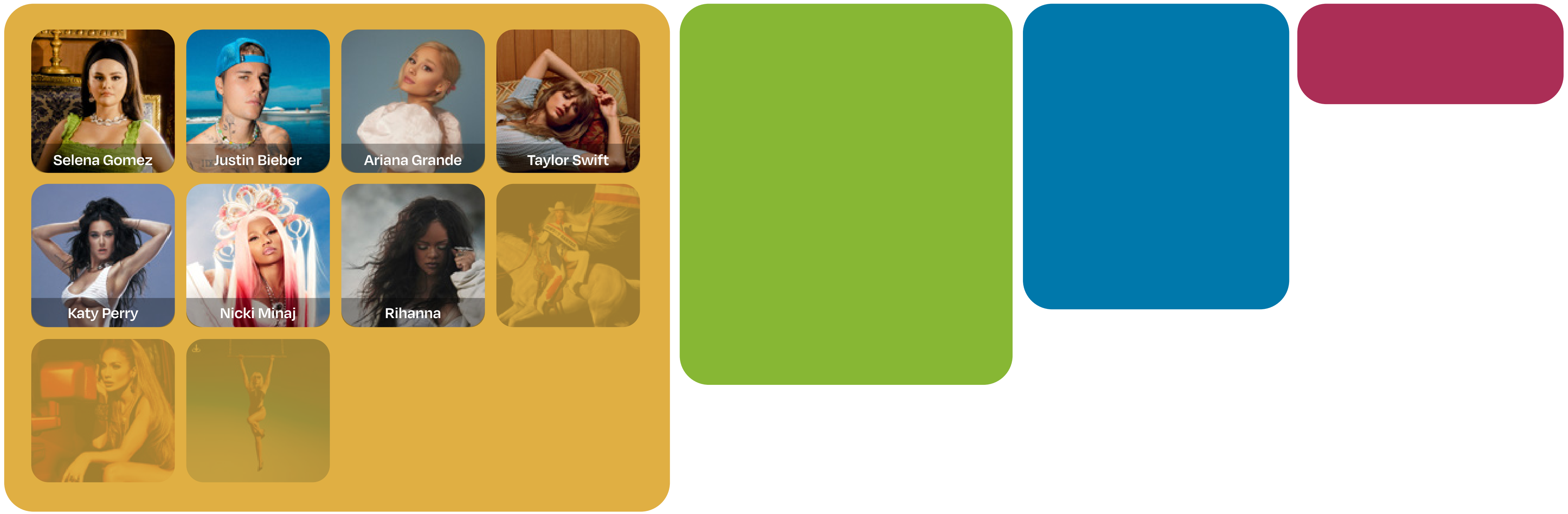


THE TOP ARTIST with Henrique & Juliano

MUSIC IS INFLUENTIAL

TOP 20 GLOBAL INFLUENCERS

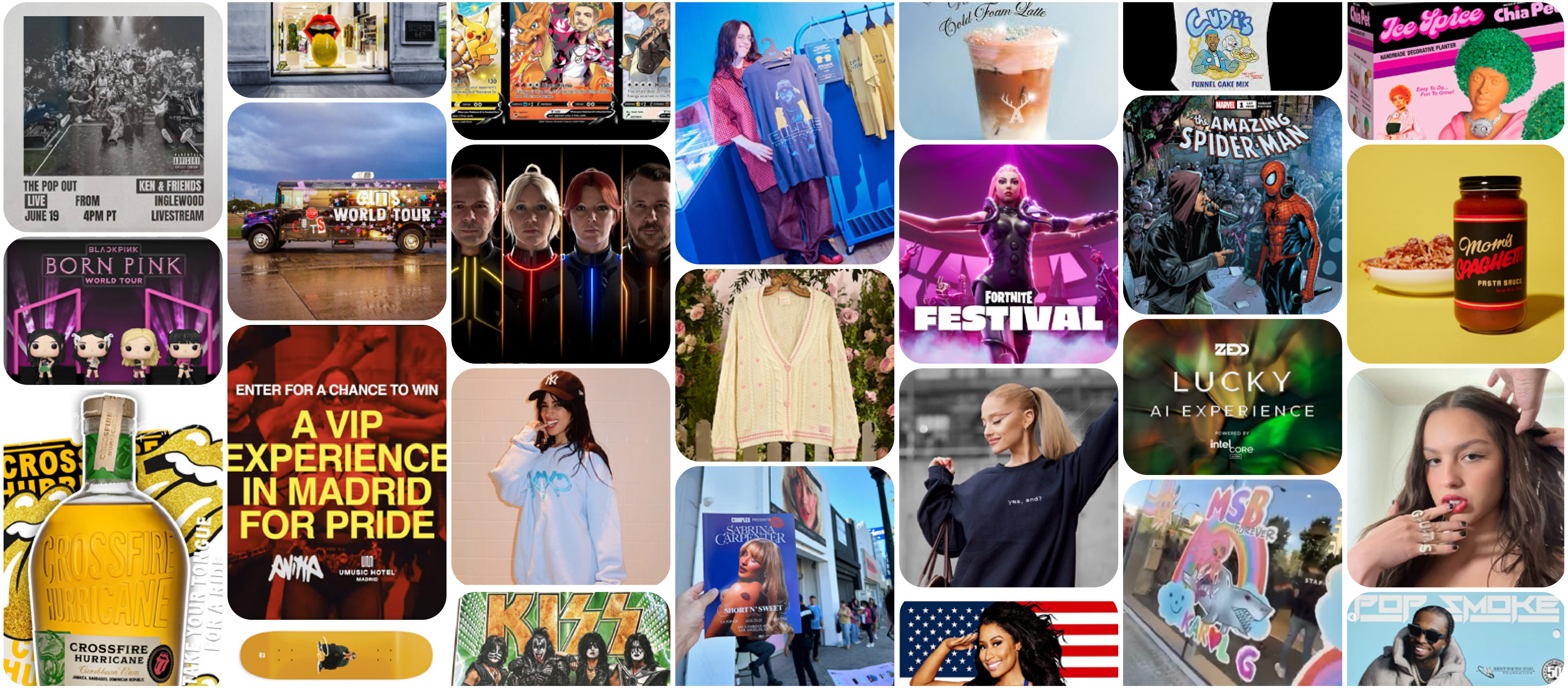
10 musicians (7/10 UMG Artists) | **5 media personalities** | **4 athletes** | **1 actor**



Note: Influencer ranking based on number of instagram, X, TikTok and YouTube followers as of December 2024
Source: Instagram, X, TikTok, YouTube

MUSIC POWERS ENGAGEMENT ACROSS A VAST ECOSYSTEM

WE ARE INNOVATING AND DEVELOPING PRODUCTS AND EXPERIENCES TO GIVE SUPERFANS MORE OPPORTUNITIES TO ENGAGE



EMBRACING RESPONSIBLE AI TO ADVANCE INNOVATION

- **ENHANCING ARTISTS' ABILITY TO EXPERIMENT AND BOOST CREATIVITY**
- **DEFENDING ARTISTRY AND RIGHT TO FAIR COMPENSATION**
- **ADAPTING MUSIC TO NEW PRODUCTS AND FORMATS**

Endel — HEALTH AND WELLNESS SOUNDSCAPES

soundlabs.ai — VOICE-TO-VOICE, VOICE-TO-INSTRUMENT AI

BandLab — SOCIAL MUSIC CREATION

KLAY — ECOSYSTEM FOR AI-DRIVEN CONTENT, INCLUDING ACCURATE ATTRIBUTION

ProRata.ai — GENERATIVE AI CONTENT, ATTRIBUTION AND COMPENSATION SOLUTIONS

YouTube — AI MUSIC INCUBATOR

Roland — PRINCIPLES FOR MUSIC CREATION WITH AI

UMG'S INNOVATION PROMOTES INDUSTRY GROWTH AND DEVELOPMENT

One of "World's 50 Most Innovative Companies"
#1 in Music

YouTube Music

Cornerstone partnership for launch of YouTube Music subscription service

YouTube × Google DeepMind

Launch partner for the YouTube Music AI Incubator

First music company to commercially license a social media platform

MEDRhythms

Exclusive partner for first FDA-approved prescription therapeutic music product

Dolby ATMOS · amazon music · Music

Landmark partnership to develop Dolby Atmos

ROBLOX

Industry-leading products with platform's largest music audiences

twitch · Meta

Expand livestream agreements to enhance artist-fan engagement

NTWRK/Complex

Strategic partner in a new venture between NTWRK and Complex to create a destination for "superfan" culture

SUMMARY OF INVESTMENT HIGHLIGHTS

DRIVING INNOVATION AND EXPANDING TOTAL ADDRESSABLE MARKET WITH LONG RUNWAY FOR HIGH GROWTH

- POWERING THE NEXT ERA OF RECURRING STREAMING GROWTH (STREAMING 2.0)
- UNLOCKING SUPERFAN MONETIZATION THROUGH INNOVATIVE NEW PRODUCTS AND EXPERIENCES
- FUELING AN EXPANDING ECOSYSTEM OF MUSIC DRIVEN BUSINESSES
- ATTRACTIVE OPPORTUNITIES FOR EXPANSION: HIGH-POTENTIAL MARKETS, INDEPENDENT LABEL SERVICES

LEADING RECORDED MUSIC LABELS AND MUSIC PUBLISHING BUSINESS - EXPANDING ICONIC CATALOG

STRONG FREE CASH FLOW WITH IMPROVING OPERATING LEVERAGE

WORLD-CLASS MANAGEMENT TEAM

KEY FIGURES 2024

UMG RESULTS (in € millions)

YEAR ENDED DECEMBER 31

REVENUE	2024	2023
	11,834	11,108
YoY	+6.5%	+7.4%
constant	+7.6%	+11.1%

OPERATING PROFIT	2024	2023
	1,775	1,418
YoY	+25.2%	-11.4%
constant	+28.0%	-8.3%

EBITDA[1]	2024	2023
	2,332	1,808
YoY	+29.0%	-10.8%
constant	+31.3%	-7.8%

EBITDA MARGIN[1]	2024	2023
	19.7%	16.3%
YoY	+3.4pp	-3.3pp

ADJUSTED EBITDA[1]	2024	2023
	2,661	2,369
YoY	+12.3%	+11.0%
constant	+13.8%	+14.6%

ADJUSTED EBITDA MARGIN[1]	2024	2023
	22.5%	21.3%
YoY	+1.2pp	+0.7pp

RECORDED MUSIC

Results per business segment (in € millions) — Year Ended December 31

REVENUE	2024	2023
	8,901	8,461
YoY	+5.2%	+6.6%
constant	+6.4%	+10.2%
YoY growth in constant currency		
Subscription and Streaming Revenue	+6.8%	+10.4%
Downloads and Other Digital Revenue	-11.8%	-35.7%
Physical Revenue	+1.1%	+19.4%
License and Other Revenue	+13.5%	+13.6%

MUSIC PUBLISHING

REVENUE	2024	2023
	2,121	1,956
YoY	+8.4%	+8.7%
constant	+9.0%	+12.3%

MERCHANDISING AND OTHER

REVENUE	2024	2023
	842	706
YoY	19.3%	+14.2%
constant	19.3%	+17.9%

Note:
% YoY indicates % change year-over-year
% constant indicates % change year-over-year adjusted for constant currency
[1] as defined in the Appendix to the Annual Report
Segment revenue is stated prior to elimination of intersegment transactions

FINANCIAL DATA FOR THE LAST THREE YEARS

	Year ended December 31, 2024	2023	2022
Consolidated data			
Revenues	11,834	11,108	10,340
EBITDA[1]	2,332	1,808	2,028
Adjusted EBITDA[1]	2,661	2,369	2,135
Operating profit	1,775	1,418	1,600
Net profit attributable to equity holders of the parent	2,086	1,259	782
Adjusted net profit[2]	1,782	1,626	1,479
Net Cash Position/(Financial Net Debt)[1]	(2,098)	(1,689)	(1,810)
Net cash provided by operating activities before income tax paid	2,104	2,278	1,987
Free Cash Flow[1]	523	1,082	1,086
Dividends paid by UMG N.V. to its shareholders	(933)	(929)	(798)
Per share data			
Weighted average number of shares outstanding	1,827	1,819	1,813
Earnings attributable to UMG N.V. shareowners per share - basic	1.14	0.69	0.43
Earnings attributable to UMG N.V. shareowners per share - diluted	1.13	0.68	0.43
Adjusted net profit per share - basic[1]	0.98	0.89	0.82
Adjusted net profit per share - diluted[1]	0.96	0.88	0.81

1 Non-IFRS measures as defined in the Appendix to the Annual Report.

2 Following a change in the definition, the FY23 & FY22 Adjusted Net Profit have been restated to exclude the impacts of restructuring expenses and related tax impacts.

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

GLOBAL IMPACT HIGHLIGHTS

GLOBAL IMPACT TEAM

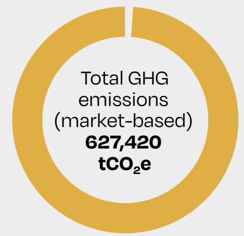
In 2024, we announced the formation of our Global Impact Team to enact and amplify our vision for positive change through community engagement, environmental sustainability, events, and special projects.

SCIENCE-BASED TARGETS

As the first major standalone music company to announce science-based targets approved by the Science-Based Targets initiative (SBTi), we remain committed to reduce:

- **Absolute scope 1 and 2 GHG emissions 58% by 2032** from a 2019 base year, an ambition which is in line with a 1.5°C trajectory; and,
- **Scope 3 GHG emissions** from purchased goods and services, capital goods, fuel- and energy-related activities, upstream transportation and distribution, waste generated in operations, business travel, and employee commuting by **62% per EUR value added**[1] within the same timeframe.

OUR EMISSIONS



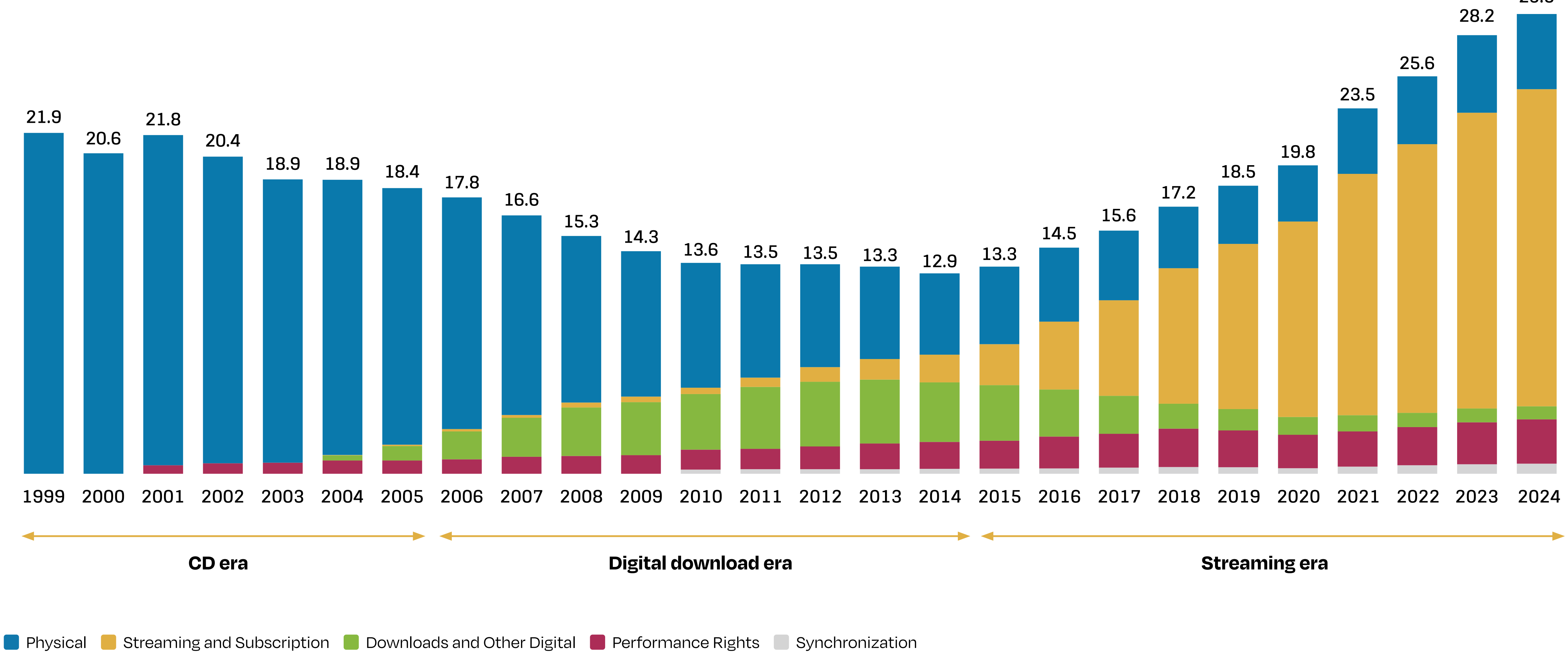
- Scope 1: **1,797 tCO_2e**
- Scope 2: (market-based) **6,467 tCO_2e**
- Scope 3: **619,156 tCO_2e**

We reduced our scope 1 and 2 (market-based) emissions by 28% from 2019, our base year. Additionally, we have reduced our scope 3 emissions intensity[2] by 38% from 2019. See "Climate Change (E1)" section for our target progress, GHG emissions data, and methodology.

1 "Value added" is defined as EBITDA plus all personnel costs. EBITDA is defined in the Appendix to the Annual Report.
2 In line with our science-based target, our scope 3 emissions intensity includes the following categories: purchased goods and services, capital goods, fuel-and energy-related activities, upstream transportation and distribution, waste generated in operations, business travel, and employee commuting.

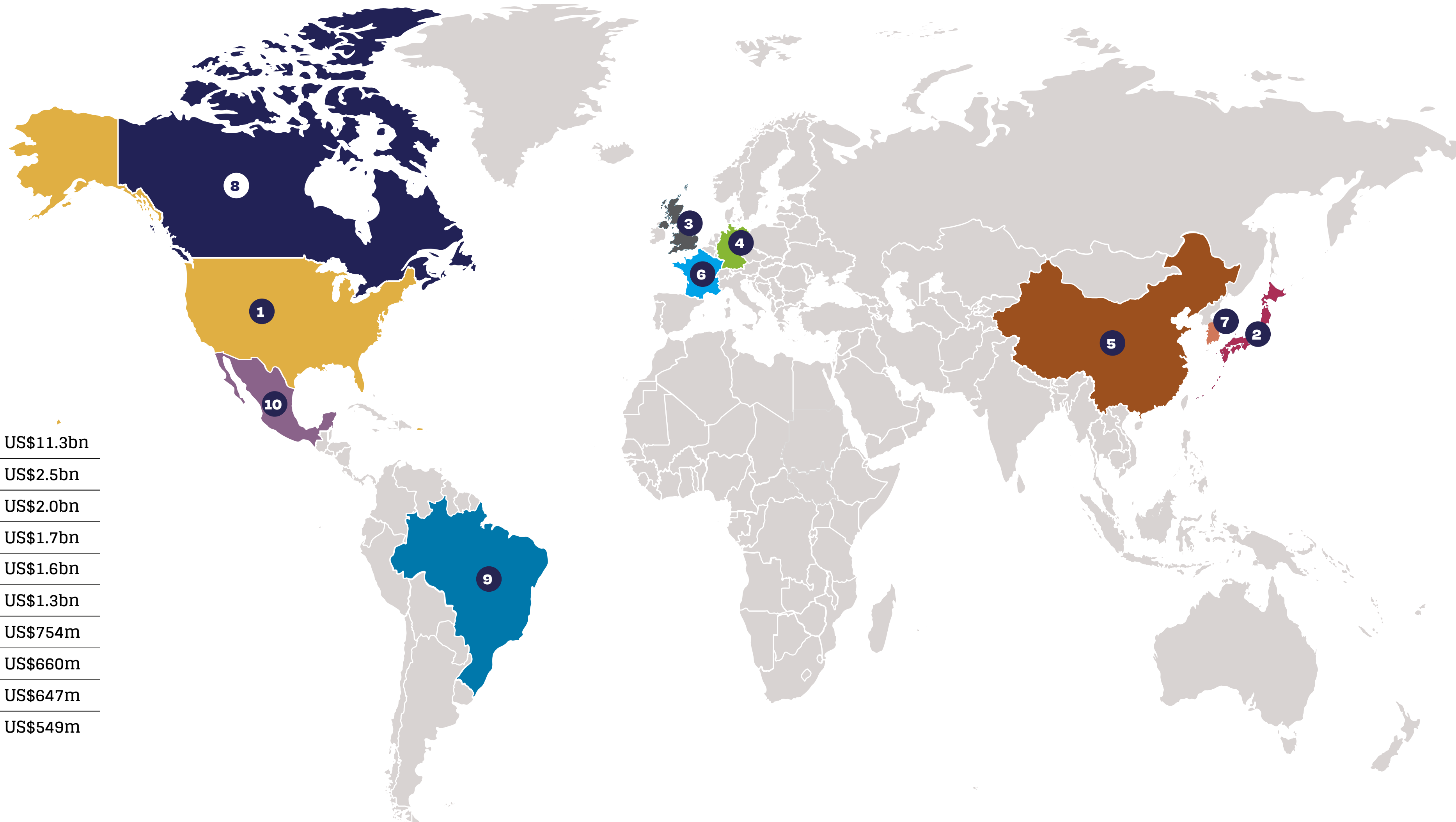
THE MUSIC INDUSTRY HAS EXPERIENCED A RETURN TO GROWTH, PRIMARILY DRIVEN BY STREAMING

GLOBAL RECORDED MUSIC BY REVENUE STREAM ($B, '99-'24, NOMINAL)



* All reporting is translated at average CY 2024 exchange rates. Russia has been excluded from all years. Source: IFPI Global Music Report 2025

RECORDED MUSIC INDUSTRY 2024 TOP 10 MARKETS



2024 TOP 10 MARKETS

1.	USA	+2.2%	US$11.3bn
2.	JAPAN	-0.2%	US$2.5bn
3.	UK	+4.9%	US$2.0bn
4.	GERMANY	+4.1%	US$1.7bn
5.	CHINA	+9.6%	US$1.6bn
6.	FRANCE	+7.5%	US$1.3bn
7.	SOUTH KOREA	-5.7%	US$754m
8.	CANADA	+1.5%	US$660m
9.	BRAZIL	+21.7%	US$647m
10.	MEXICO	+15.6%	US$549m

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HOW UMG ADDS VALUE

INPUT

HUMAN
- Employee headcount: **10,346**

INTELLECTUAL

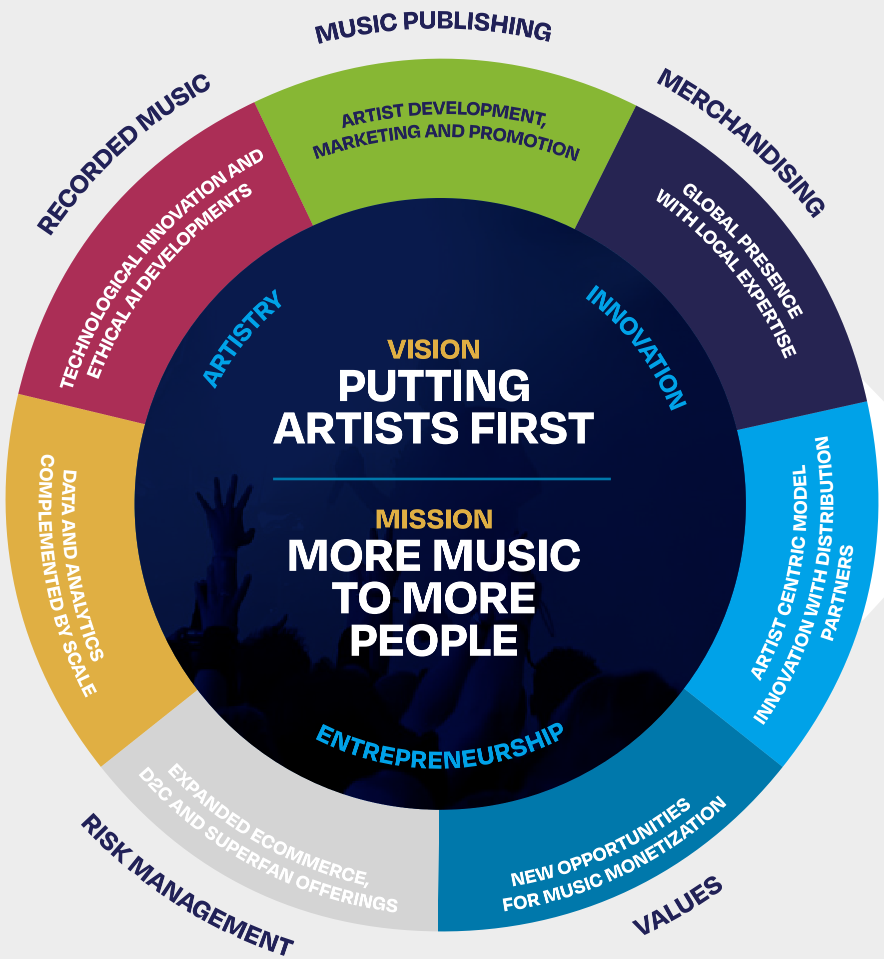
Intellectual Property
- World class Record Labels and Brands
- Recorded Music: >3.4 million recordings
- Music: Publishing: 5 million owned & administrated titles
- >3,500 titles of long-form music-based audiovisual content

Personal Intellect
- Industry advocacy
- Partnerships and JVs with independent labels and entrepreneurs
- State-of-the art technology solutions for streaming

SOCIAL & RELATIONSHIP
- Stakeholder engagement: artists, fans, employees, shareholders, distribution partners, government and elected officials
- Offices in 60 countries
- Covering nearly 200 markets

FINANCIAL
- Royalty advance payments, net of recoupments: **€186 million**
- Net cash used for investing activities: **€1,051 million**

ADDED VALUE



OUTPUT

FINANCIAL
- Revenue growth: **7.6%** (constant currency)
- Adjusted EBITDA growth: **13.8%** (constant currency)

ARTISTS
- Artist costs paid: **€5,464 million**
- Protect intellectual property and rights

EMPLOYEES
- Salaries & benefits paid: **€1,788 million**

FANS
- Connecting fans with artists they love

SHAREHOLDERS
- Total shareholders return: **-0.4%**
- Adjusted EPS growth: **10.1%**

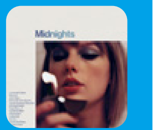
YEAR IN REVIEW

JANUARY

UMPG signed Lana Del Rey who has had 15 songs on the Hot 100 Chart, including two Top 10s: "Snow On The Beach" by Taylor Swift (ft. Lana Del Rey) and "Summertime Sadness" by Lana Del Rey and Cedric Gervais. All nine of her studio albums reached the Top 10 on the U.S. Billboard 200 albums chart.

FEBRUARY

At the 66th Annual Grammy Awards, Taylor Swift's *Midnights* won Album of the Year, making her the first artist in history to win four Album of the Year honors and Billie Eilish won Song of the Year for "What Was I Made For ?"



Acquired a 25.8% interest in Chord Music Partners, which owns a catalog of premier music intellectual property, including works from artists and songwriters such as The Weeknd, Ryan Tedder/ OneRepublic, David Guetta, Lorde, Kid Cudi, Diplo, Jimmy Jam & Terry Lewis, Ellie Goulding, ZZ Top, John Legend, Twenty One Pilots and many more.

Majority investment in Mavin Global, the iconic Afrobeats record label based in Lagos, Nigeria. The label is home to a number of accomplished artists including Rema, whose hit single "Calm Down" (featuring Selena Gomez) has become the biggest Afrobeats song of all time.

Investor and strategic partner in a new venture between NTWRK, the premium live-video shopping platform and curated marketplace, and publisher Complex, aiming to create a destination for "superfan" culture.

MARCH

Named to Fast Company's prestigious list of the World's Most Innovative Companies of 2024, ranking 45th overall and No.1 in the music category.

UMPG signed songwriter Yusuf/Cat Stevens, who is responsible for timeless hits like "Father and Son," "Wild World," "The Wind" and "Morning Has Broken".

Expanded long-term agreement with HYBE, providing UMG exclusive distribution rights across HYBE music for the next 10 years.

At the 2024 Japan Gold Disk Awards, King & Prince won Album of the Year and Single of the Year; SEVENTEEN won Asian Album of the Year and Best Asian Artist; ADO won Concept Album of the Year; The Beatles were named Artist of the Year/International for the ninth time; Travis Japan was named New Artist of the Year/Japanese; Mina Okabe was named New Artist of the Year/International; and LE SSERAFIM was named New Artist of the Year/Asia.

APRIL

Miranda Lambert, the most awarded artist by the Academy of Country Music, signed with Republic Records.

UMPG signed tenor Andrea Bocelli, one of the most successful classical singers in modern history with over 90 million albums sold to date and more than 16 billion streams.

MAY

Announced new strategic collaboration with TikTok to deliver improved remuneration for UMG's songwriters and artists, new promotional and engagement opportunities for their recordings and songs and industry-leading protections with respect to generative AI.

UK duo Good Neighbour signed with Capitol and Polydor Records.

UMPG was awarded Publisher of the Year at the 2024 ASCAP Pop Music Awards, which honors the songwriters and publishers of the most-performed ASCAP pop songs of 2023.

JUNE

Partnered with innovative AI technology company Soundlabs to provide responsibly trained, next-generation AI music tools for UMG's artists and producers.

Jelly Roll entered into a worldwide deal with Republic Records to focus on expanding his music across multiple genres, as well as marketing into new territories.

AUGUST

Expanded global deal with Meta to further the creative and commercial opportunities for UMG artists and UMPG songwriters across Meta's global network of social media platforms including Facebook, Instagram, Messenger, Horizon, Threads, and for the first time, WhatsApp. Meta and UMG will work together to address unauthorized AI-generated content that could affect artists and songwriters.

Strategic agreement with ProRata, an AI startup that has developed technology which enables generative AI platforms to accurately attribute and share revenues on a per-use basis with content owners.

Leading Punjabi music singer, rapper, and producer AP Dhillon signed to Republic Records in alliance with Universal Music Canada. One of the biggest Indian artists today, AP Dhillon has over 5 billion streams worldwide, combining pop, hip-hop and global influences.

SEPTEMBER

Sir Lucian Grainge introduced "Streaming 2.0" at UMG Capital Markets Day, focusing on maximizing value through customer segmentation driven by product innovation, while continuing to grow the subscriber base.

OCTOBER

Acquired the remaining 51% of [PIAS] two years after taking a stake in the company. The [PIAS] Group operates two core business divisions: the [PIAS] Label Group, home to the group's own and associated record labels and [Integral], the group's services division, which provides services to independent labels.

Strategic agreement with iQIYI, China's leading online entertainment platform, to exclusively distribute new releases by contestants featured on The "Rap of China" 2024, a show which has become a cultural phenomenon in China.

Virgin Music Group acquired Outdustry, an artist and label services and rights management business focused on China, India and other high-potential markets.

NOVEMBER

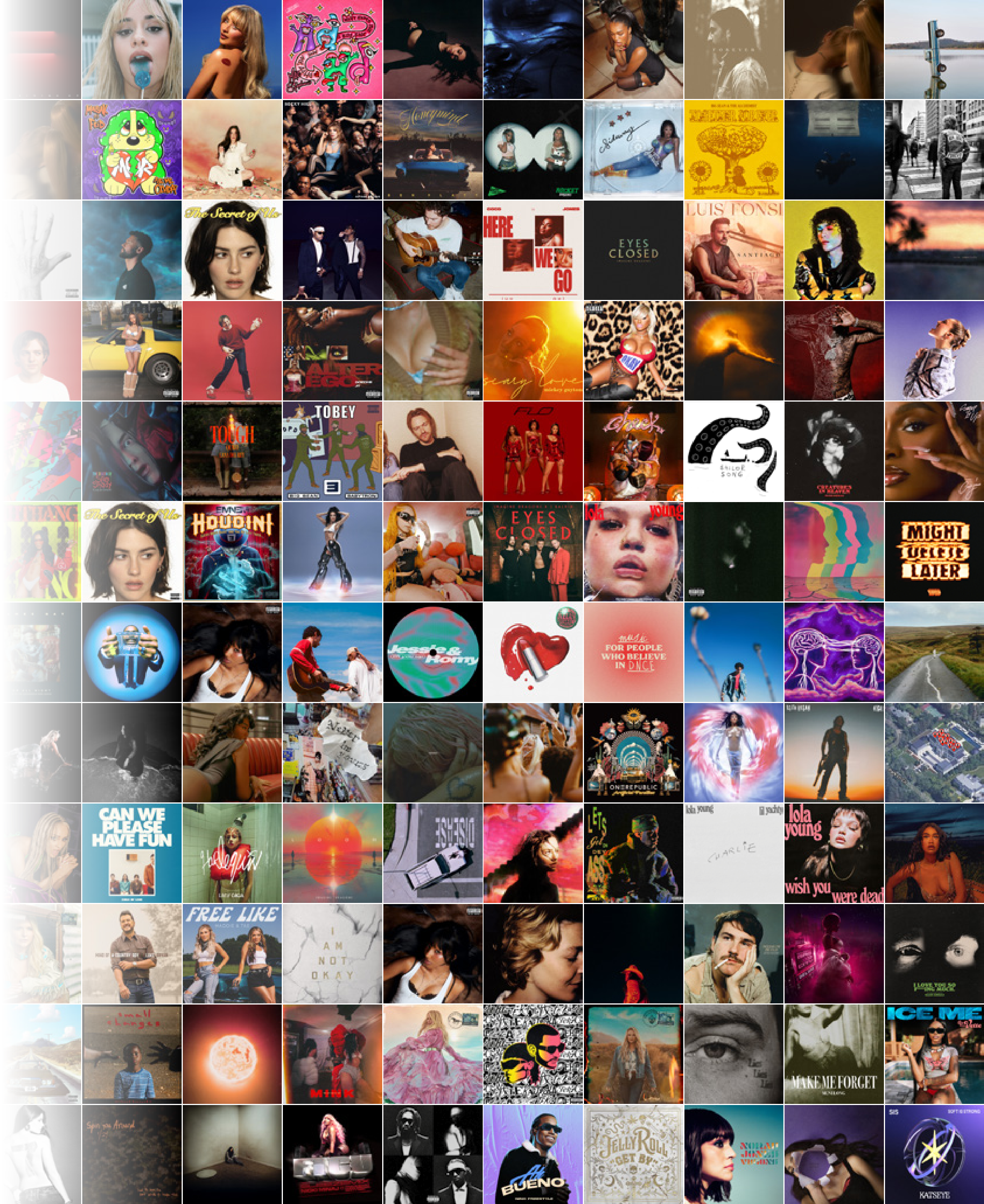
Landmark strategic distribution agreement with China's leading music label, Modern Sky, to provide their extensive catalog and roster of artists with access to UMG's worldwide distribution network, while also opening doors for expanded collaboration between the two companies, and to elevate and introduce China's original music and vibrant youth culture to international audiences.

DECEMBER

Virgin Music Group entered into an agreement to acquire Downtown Music Holdings LLC (Downtown) for cash consideration of $775 million. The acquisition is expected to close in the second half of 2025, pending regulatory approvals. With divisions in artist and label services, distribution, royalty and financial services and music publishing, Downtown's businesses include FUGA, Downtown Artist & Label Services, Curve Royalties, CD Baby, Downtown Music Publishing and Songtrust.

Expansion of global deal with Amazon to enable further innovation, exclusive content with UMG artists, and advancement of artist-centric principles including increased fraud protection. Parties will explore new and enhanced product opportunities designed to benefit artists and enrich the experience of their fans.

Board Report



UNIVERSAL

UNIVERSAL MUSIC GROUP

INTRODUCTION

A WORLD LEADER IN MUSIC-BASED ENTERTAINMENT

UNIVERSAL MUSIC GROUP is a world leader in music-based entertainment with a broad array of businesses engaged in recorded music, music publishing, music-based merchandise and audiovisual content. UMG has the broadest global reach of any music company with a local presence in more than 60 territories covering nearly 200 markets. Everything we do revolves around supporting artists, promoting innovation, entrepreneurship, sustainability, and bringing fans the world's most loved music. Our three core business segments work seamlessly to lead the dynamic and ever-changing global music market:

OUR RECORDED MUSIC BUSINESS is dedicated to discovering and developing recording artists at all stages of their careers and marketing, promoting, distributing, selling, and licensing the music they create. Showcasing an impressive roster of recording artists, a diverse range of labels and a catalog of timeless performers with a combined total of more than three million recordings, our recorded music business is the partner of choice for artists, innovators, and entrepreneurs around the globe. This business also incorporates our commercial activity in film & TV, as well as independent artist and label services and distribution.

UNIVERSAL MUSIC PUBLISHING GROUP (UMPG) is committed to signing, administering and acquiring rights to musical compositions and licensing them for use in multiple formats. UMPG works closely with their songwriters at all stages in their careers from early development to the stage where their songs are played for millions. As one of the world's largest and fastest-growing music publishing companies, UMPG has a catalog with more than five million-owned and administered titles and enjoys partnerships with many of the world's top songwriters.

Bravado, our **MERCHANDISING BUSINESS**, represents the merchandising rights of artists and entertainment brands and properties. Providing an end-to-end merchandising ecosystem, Bravado offers services including sales, licensing, branding, marketing, eCommerce, and creative resources for clients and innovative experiences and products for fans and superfans worldwide.

RECORDED MUSIC

UMG's recorded music business discovers and develops artists; supports the creation of audio and audiovisual content by recording artists; and markets, distributes, sells, and licenses this content across a broad range of formats and platforms. UMG owns and administers copyrights to the audio and audiovisual recordings created by recording artists signed to UMG's iconic labels. We generate revenue through the physical sales of this content in formats such as vinyl records, and CDs and from its distribution to music streaming and subscription platforms. Our recorded music content is also distributed to consumers through multiple other platforms and formats, including social media, health and wellness, theatrical films, home entertainment, television productions, and video games.

Home to a diverse set of labels, brands and content

UMG is a leading recorded music company. We're home to both world renowned record labels and groups, and premier studio facilities. Our roster of recording artists features a diverse portfolio of both global superstars and leading local artists from around the world. Artists signed to UMG as part of our recorded music business span all musical genres and generations and include many of the greatest recording artists of all time. UMG's legendary label brands include Capitol Records, Def Jam Recordings, EMI Records, Interscope Geffen A&M, Island Records, Mercury Records, Motown Records, Polydor Records, Republic Records, Universal Music Group Nashville and Universal Music Latin Entertainment. Our label portfolio also encompasses the world's leading classical and jazz labels, including Blue Note Records, Decca Records, Deutsche Grammophon and Verve Records. In 2024, UMG acquired the remaining 51% of the [PIAS] Group which it did not previously own, bringing the [PIAS] Label Group and its associated record labels to UMG. We continue to launch new labels in certain key markets where we believe there to be significant untapped opportunity, including Def Jam Sweden, EMI Philippines, and UMG India's launch of wellness music label Vedam Records during 2024. We are also home to the world's premier recording studios, including the legendary Abbey Road in London and Capitol Studios in Los Angeles. In 2024, UMG formed a strategic partnership with UAE-based DGMC to develop a "Music City" in the Middle East, with plans to build three new Capitol Studios.

Through Virgin Music Group, we offer a diverse range of premium and flexible independent label and artist services to entrepreneurs and artists. These services span the spectrum, from global distribution, insights, data and marketing tools, to fully staffed artist development teams at both the regional and global levels. This flexibility enables us to foster long-term partnerships, and forges paths to global success for entrepreneurs, independent labels and artists. In 2024, [Integral], the independent distribution and services division of [PIAS] was merged with Virgin Music Group.

In addition to recorded music content, UMG develops a wide spectrum of audiovisual content for distribution across the globe. Our more than 4,300 hours of audiovisual content spans a diverse mix of genres and eras and features legendary artists represented within our rich and storied catalog of content and intellectual property. We have two content divisions at the heart of our audiovisual operations: Mercury Studios, a multi-faceted content studio, distributor and administer of UMG's audiovisual catalog, and Polygram Entertainment, a premium production company. Beyond these, we also have content operations within our individual labels and other business units. Some of our key film projects in 2024 included *Queen Rock Montreal* (Mercury Studios), *Stax: Soulsville USA* (Concord, WME, Polygram), *Lady Gaga's Chromatica Ball* (Interscope), *One to One: John & Yoko* (Mercury Studios), *Olivia Rodrigo: GUTS World Tour* (Interscope), and upcoming scripted series *The Greatest* (Polygram). In 2024, Mercury Studios launched two fast channels – GIGS with partner Samsung TV Plus in the U.K/E.U, now on Freeform, and a Def Jam channel with Tubi in the U.S. celebrating the music label's 40th anniversary. The fast channels are exclusive, free, ad-supported streaming channels featuring live performances and documentaries from across UMG's audiovisual catalog.

All corners of the globe

Our recorded music business is both artistically and geographically diverse. We have offices in more than 60 territories, covering nearly 200 markets. This means we operate in more territories and markets than any other recorded music company. Our wide geographical presence enables us to create diversified revenue streams. In 2024, North America accounted for 52% of our recorded music revenue, while Europe, Asia, Latin America and the rest of the world represented 28%, 12%, 5% and 3% of the revenue, respectively. Our extraordinarily diverse roster of artists in turn means that our business' success is not reliant on one artist or even a small number of artists. The top 50 artists accounted for 24% of UMG's recorded music revenue in 2024.

Multi-label structure enables entrepreneurs and encourages artistic diversity
UMG is home to many of the world's most iconic record labels. We believe that operating multiple major frontline labels in markets around the world yields significant benefits and that our multi-label structure empowers entrepreneurialism, artistry, and diversity. This is why we continue to develop, revitalize and invest in our label brands.

UMG encompasses a collection of iconic and world-class labels, spanning all genres of music, created and led by visionary entrepreneurs. Our shared passion for discovering recording artists with the talent and potential to break through an increasingly competitive environment for audience attention is at the core of who we are and what we do. Each one of these dynamic labels has a common belief: that an artist they discover and develop will change and drive culture across their domestic market, their region and around the world.

This approach produces many benefits. Our collection of dynamic enterprises enables us to effectively cover the music market across all genres and styles, with each label having its own unique culture and history. Decentralized talent-spotting across UMG, employing each label's distinctive identity and creative vision, means we can attract the widest variety of top talent.

Our multiple label structure creates a degree of competition even between and among UMG labels. This healthy competition drives innovation and creativity and keeps our labels continuously evolving to stay at the forefront of industry trends. This structure also alleviates short-term performance pressure on any individual label. The fact that the different UMG labels will collectively have a continuous flow of new content means each individual label can take a more long-term approach to artist development.

Benefitting from UMG's networks and expertise
While our multi-label structure gives each label the freedom to create and innovate, our labels still benefit from the reach and expertise that comes with being part of UMG. This is because at UMG, we negotiate with platform partners, provide in depth data and analytics, share best practices, and centralize many back-office functions at a company-wide level. This lets us benefit from our scale and drive efficiency, while maintaining the spirit of a quick-moving, innovative and entrepreneurial company. In 2024, we realigned our U.S. and UK frontline label operations to supercharge our efficiency efforts.

Expanding touchpoints with artists and entrepreneurs through distribution
UMG enjoys longstanding relationships with leading distribution partners, including, for example, Concord, HYBE and Disney, to give our partners' artists global reach and best-in-class services. In 2024, UMG announced a long-term extension and expansion of its exclusive distribution agreement with HYBE, and expanded its multi-year deal with Big Loud Records. In late 2024, UMG's distribution alliance with BMG commenced as UMG became the distributor of BMG's recorded music in physical formats, including vinyl and CD. Further collaborations are also underway, including BMG partnering with Republic Records to amplify future releases from singer songwriter Jelly Roll, maximizing his impact across genres and expanding marketing into new territories.

Diversified revenue streams
Our recorded music business has diversified revenue streams derived from three main sources, including:

DIGITAL: We generate subscription and streaming revenue through partnerships that enable UMG's content to be distributed by global, regional and local digital service providers, including Spotify, Apple, YouTube, Amazon, Deezer, Tencent Music Entertainment and NetEase, among an increasingly important number of other partners. Our music is streamed on an ad-supported and paid subscription basis through these streaming services. Fans are also able to purchase downloads of our music by album or individual tracks through download services.

We also generate subscription and streaming revenues from social media and short-form video platform partners ranging from Meta, YouTube and TikTok to digital fitness partners such as Peloton and Apple Fitness+ and gaming platforms, among other emerging digital platforms. We partner with both established and emerging digital music services to provide ever-greater access to fans, who are engaging with our music in multiple ways.

PHYSICAL: Our physical recorded music products, including vinyl records, CDs, cassette tapes, and DVDs, are sold through retailers and wholesalers both in-store and online. We also sell our products directly to customers via our UMG websites and artist channels. These D2C channels have shown strong growth and are an increasingly important area of focus for UMG. In 2024, D2C sales represented 19% of all physical music sales for UMG.

LICENSING AND OTHER: We enter into agreements to license the use of sound recordings in combination with visual images, such as in films, broadcast television or SVOD streaming series, television commercials and video games. As a rightsholder, consistent with local law, we receive royalties in most territories when sound recordings are performed publicly through broadcast of music on radio (over the air and via satellite), television, and in public spaces such as shops, workplaces, restaurants, bars and clubs. We also partner with artists to develop their activities outside the traditional recorded music business, and generate revenue through participation in these expanded rights, including sponsorship, fan clubs, artist websites, touring, concert promotion, ticketing and artist and brand management. We also develop and produce music-based audiovisual content, such as music documentaries, feature films, theatrical musical productions, music-based television series and reality shows, which are then licensed for distribution.

Continued growth across all major recorded music revenue streams in 2024

In 2024, UMG achieved growth across all of its major recorded music revenue streams. Recorded music revenue in 2024 was €8,901 million, up 5.2% year-on-year compared to 2023, or 6.4% in constant currency.

We have played a prominent role in driving the recorded music industry's transition to recurring and more predictable paid subscription streaming models from a model based solely on physical and digital purchases. Streaming and subscription revenue grew 5.9% year-on-year, or 6.8% in constant currency, and accounted for 68% of UMG's 2024 recorded music revenues. Subscription revenue saw growth of 8.2% year-over year, or 9.1% in constant currency, driven by the growth in global subscribers as well as impact of price increases at certain platforms. Ad-supported streaming revenues declined 0.8% year-on-year, but grew by 0.1% in constant currency, as the consumption grows but continues to shift from better monetized video platforms to short-form platforms, which are not yet as well monetized.

Physical revenue decreased by 1.6% year-on-year, but grew by 1.1% in constant currency. License and other revenue improved 12.9% year-on-year, or 13.5% in constant currency, as a result of improved live, brand sponsorship, neigbouring rights and synchronization income, as well as certain legal settlements, whilst the prior year included the timing related benefit of a new licensing deal.

Importantly, UMG also prioritizes developing new and diverse revenue sources, partnering with local and global entrepreneurs to derive income from as many new, innovative places as possible. Driving groundbreaking formats for music consumption has not only benefited our songwriters, artists, fans and shareholders, it has solidified our role as the industry leader. It's also supercharged marketing and revenue development via highly-bespoke partnerships, like ABBA Voyage (a live, life-like performance of ABBA avatars), U2's opening residency of the Los Vegas sphere, or medrhythms, a music-based neuritherapuetic device redefining what's possible in brain healthcare, to name only a few.

Culture-defining global, regional and domestic superstars

Our recorded music business operates in more territories and markets than any other recorded music company. The breadth and depth of our artist roster is unrivaled. We're the destination of choice for the world's most successful stars and a clear partner for up-and-coming artists. We help local artists succeed in their home market and grow their fan base to a global one. With a roster featuring legends, global hitmakers, regional stars and breakthrough artists, our artists span generations, genres, languages, continents and cultures. UMG's best-selling artists include global superstars such as J Balvin, Jon Batiste, Justin Bieber, Luke Bryan, BTS, Lewis Capaldi, Sabrina Carpenter, J. Cole, Drake, Billie Eilish, Eminem, Cynthia Erivo, Selena Gomez, Ariana Grande, Imagine

Dragons, Lady Gaga, Noah Kahan, Kendrick Lamar, Lana Del Rey, Lil Baby, Post Malone, Shawn Mendes, Metro Boomin, Nicki Minaj, Karol G, Katy Perry, Max Richter, Rihanna, Chappell Roan, Olivia Rodrigo, Sam Smith, Chris Stapleton, Taylor Swift, Shania Twain, Morgan Wallen and The Weeknd. Our roster of artists also includes hugely successful local artists such as The Cure, English Teacher, Glass Animals, The Last Dinner Party and Stormzy in the UK, Angèle, Zaho de Sagazan and SDM in France, Shirin David, Helene Fischer, Herbert Grönemeyer and Luciano in Germany, Ado, King & Prince and Mrs. GREEN APPLE in Japan, Eason Chan and Jay Chou in China, Hanumankind in India and Anitta, Feid, and Sebastián Yatra in Latin America. In addition, in 2024, we welcomed AP Dhillon, Kings of Leon, Miranda Lambert, Carin León and Jelly Roll, among many others, to the UMG family.

Our recorded music artists once again topped the global charts in 2024. UMG had:

- On Spotify *Wrapped*: Six of the Top 10 global artists, with Taylor Swift at No. 1 and the Weeknd at No. 2, as well as Drake, Billie Eilish, Ariana Grande and Feid; five of the Top 10 songs with Sabrina Carpenter's "Espresso" at No. 1; and eight of the Top 10 albums with Taylor Swift at No. 1 with The Tortured Poets Department.
- On Apple Music: Six of the Top 10 most-streamed songs with Kendrick Lamar at No. 1, and Billie Eilish named Artist of the Year.
- On Deezer: Four of the Top 5 artists with Taylor Swift at No. 1.
- On Vevo: Eight of the Top 10 artists, including Karol G at No. 1 for the fourth consecutive year.
- On Amazon Music: Taylor Swift was the Top artist and The Tortured Poets Department was the Top album. UMG also had seven of the Top 10 most requested artists on Alexa with Taylor Swift at No. 1, followed by Eminem, Morgan Wallen, Olivia Rodrigo, Karol G, Billie Eilish and Drake.

Industry-leading catalog of timeless recordings

Our track record in identifying and partnering with the world's best artists has given us the industry-leading catalog of recordings and songs. These include timeless performers such as ABBA, Aerosmith, Louis Armstrong, The Beatles, The Beach Boys, The Bee Gees, Andrea Bocelli, Bon Jovi, James Brown, Nat King Cole, Neil Diamond, Marvin Gaye, Guns N' Roses, Elton John, KISS, Bob Marley, Paul McCartney, Nirvana, Luciano Pavarotti, Lionel Richie, The Rolling Stones, Frank Sinatra, Sting, U2, The Who, Amy Winehouse and Stevie Wonder. This diverse catalog gives UMG strong and reliable revenue from sales of prior years' releases.

Catalog sales (defined as content older than three years) accounted for 66% of recorded music digital and physical revenue in 2024, while frontline product (content less than three years old) accounted for 34% of recorded music digital and physical revenue.

MUSIC PUBLISHING

Universal Music Publishing Group (UMPG) is UMG's global music publishing business and is home to the world's greatest songwriters and song catalog. We're recognized as one of the leading and fastest-growing music publishing companies globally. Our core activities include: discovering, identifying, and developing some of the best songwriters in the world; publishing and acquiring rights to musical compositions; and licensing them for use in different formats.

With a global roster of talent spanning genres and geographies, UMPG's team works closely alongside our artists to amplify their careers and build worldwide success. We license musical compositions for use in sound recordings, films, television shows, advertisements, video games, concerts, and other public performances and for use in printed sheet music and song folios. Our vast catalog of original music and arrangements has incredible breadth and diversity. We enjoy longstanding relationships with leading film and television studios, global brands and digital service providers who use our music and arrangements in their content and products.

Creating best-in-class service for both global and local songwriters

Songwriters are at the heart of everything we do at UMPG. We are dedicated to giving them best-in-class service and maximizing their royalty streams. To achieve this, we deploy both the hands-on expertise of the industry's best people and cutting-edge technology to maximize opportunity and value for our songwriters both commercially and creatively. We combine global reach and a local presence, with over 850 employees operating at 48 offices in 40 countries. These teams focus on discovering, signing and developing talent and creating unique opportunities for success on a local, regional or global scale. This physical presence is vital in maintaining relationships with collection societies worldwide to ensure all generated income is accounted for and collected on behalf of songwriters and copyright holders. As part of the world's largest music company, we are uniquely positioned to develop collaborative strategies between publishing and recorded music. All with one aim: to bring value to our songwriters.

Embracing technology responsibly songwriters

We deploy cutting-edge technology and expert administration services to benefit our songwriters. Through our highly advanced technology platform, UMPG Window, we provide our songwriters and clients with real-time information on earnings, royalty and copyright data. This advanced system reflects UMPG's longstanding commitment to transparency, integrity and trust. UMPG Window uses the latest in cloud-indexing technology to provide comprehensive views of where, when and how songs are consumed around the world. UMPG Window also features: one-click, no-fee advances; international royalty 'pipeline' income views; society registration information, status, and full copyright details on all works; comprehensive film and TV information for works used and royalties earned; and numerous other powerful tools to help our songwriters and clients.

Partnering with top film and TV content studios

We're a leading publisher in the film and television business. UMPG partners with most major film and TV content studios ranging from Warner Bros., NBCUniversal, Disney and HBO to Amazon, MGM, Banijay, Paramount, Lionsgate and Univision, among others. In 2024, we completed a major agreement with CBS and extended our deal with Warner Bros., among others. This leading position means we represent some of the world's most iconic film and TV theme songs.

Multiple revenue streams

Our music publishing business derives revenue from five main sources, including:

PERFORMANCE: The rightsholder receives revenues when the musical composition is performed publicly through broadcasting of music on television or radio, and during a live performance at a concert or other venues such as nightclubs, bars, restaurants, hotels and retailers.

DIGITAL: The rightsholder receives revenues when musical compositions are distributed through audio and visual streaming services, download services, social networks and other digital music services.

MECHANICAL: The rightsholder receives revenues for musical compositions embodied in recordings sold in any physical format or configuration such as CDs, vinyl and DVDs.

MUSIC PUBLISHING

SYNCHRONIZATION: The rightsholder receives revenues for the right to use the musical composition in combination with visual images such as in films or television programs, television commercials and video games as well as from other uses such as in toys or novelty items and merchandise.

OTHER: The rightsholder receives revenues for use of the musical composition in sheet music and other uses.

Music publishing is a recurring growth business

Music Publishing revenue amounted to €2,121 million in 2024, up 8.4% year-on-year, or 9.0% in constant currency. Revenues benefited from the continued growth in subscription and streaming and an improvement in performance income.

Another chart-topping year

Our songwriters continued to top the charts around the world in 2024.

- On Spotify *Wrapped*, globally: UMPG had all of the Top 5 artists (Taylor Swift, The Weeknd, Bad Bunny, Drake, Billie Eilish) and seven of the Top 10; an interest in four of the Top 5 albums (Taylor Swift, Billie Eilish, Sabrina Carpenter, Ariana Grande) and eight of the Top 10; and four of the Top 5 songs.
- On Apple Music: UMPG had an interest in eight of the Top 10 most-streamed songs globally and seven of the Top 10 in the U.S.
- On TikTok: UMPG had three of the Top 5 artists in the U.S. with Sabrina Carpenter, Ice Spice and Billie Eilish.
- On Billboard's list of Hot 100 Songwriters in the U.S., UMPG had three of the Top 5 with Taylor Swift (No. 1), Jack Antonoff (No. 2) and Kendrick Lamar.

Unparalleled collection of songs in every genre

UMG is home to the greatest songwriters in history. We have a global catalog containing more than five million owned and administered copyrights. Our unrivaled catalog is a rich mosaic of songs spanning myriad eras, generations, genres and languages. We take a portfolio approach to growing and managing our catalog. As a result, we have a mix of songwriters from around the world, with works in our catalog inclusive of every genre – from country to Latin to pop to urban to K-pop and J-pop. Our catalog is filled with evergreen songs spanning generations from "Like a Rolling Stone" to "Every Breath You Take" and from "All I Want for Christmas" to "Stayin' Alive". This combines to create an ever-evolving portfolio that is unmatched in terms of its richness and diversity.

Our music publishing catalog includes some of the world's most popular songs from major songwriters and artists such as ABBA, Adele, Jack Antonoff, ATL Jacob, Bad Bunny, J Balvin, Beach Boys, Beastie Boys, Bee Gees, Louis Bell, Irving Berlin, Leonard Bernstein, Jeff Bhasker, Justin Bieber, Benny Blanco, Nicholas Britell, Chris Brown, Tommy Brown, Mariah Carey, Brandi Carlile, Sabrina Carpenter, Michael Chabon, Nija Charles, Kenny Chesney, Desmond Child, Cirkut, The Clash, Dave Cobb, Coldplay, Luke Combs, Lana Del Rey, Alexandre Desplat, Neil Diamond, Disclosure, Drake, Dua Lipa, Bob Dylan, Billie Eilish, Danny Elfman, Eminem, Gloria and Emilio Estefan, Omer Fedi, Feid, Florence + the Machine, Fred again.., Future, Martin Garrix, Selena Gomez, Ariana Grande, Al Green, Josh Groban, Kid Harpoon, Emile Haynie, Jimi Hendrix, Don Henley, H.E.R., Hit-Boy, Sam Hunt, Ice Spice, Carly Rae Jepsen, Rodney Jerkins, Tobias Jesso Jr., Billy Joel, Elton John/Bernie Taupin, Joe Jonas, Alicia Keys, David Kushner, Carin León, Steve Lacy, Kendrick Lamar, Lil Baby, Lil Yachty, Linkin Park, Logic, Lorde, Demi Lovato, the Mamas & the Papas, Steve Mac, Maroon 5, Dave Matthews, Megan Thee Stallion, Shawn Mendes, Metallica, Metro Boomin, Julia Michaels, Miguel, Maren Morris, Mumford & Sons, Nas, Randy Newman, New Order, Pearl Jam, Post Malone, Elvis Presley, Prince, Quavo, Otis Redding, R.E.M., Red Hot Chili Peppers, Rex Orange County, Lionel Richie, Maggie Rogers, Rosalía, Carole Bayer Sager, Gustavo Santaolalla, Schoolboy Q, Carly Simon, Blake Slatkin, Britney Spears, Stax (East Memphis Music), Sting, Harry Styles, Swedish House Mafia, Taylor Swift, SZA, Take a Daytrip, Justin Timberlake, Shania Twain, U2, Keith Urban, Michael Uzowuru, The Weeknd, Jack White, Yahritza, Frank Zappa and Zedd.

MUSIC PUBLISHING

Key signings in 2024 included Mark Ronson, Mark Ambor, Finneas, Aaron Dessner, Andrea Bocelli, Yusuf/Cat Stevens, Lord Huron, Matraca Berg, Geovani Cabrera, Jerskin Fendrix and more. We also completed major agreements with CBS, extended with Warner Bros. and, as of the end of 2024, globally administer the Chord catalog on behalf of Chord Music Partners.

MERCHANDISING

Developing innovative cultural and retail experiences for fans

Bravado is UMG's global, full-service merchandise business. With a portfolio spanning over 220 artists and labels, we hold the leading position in music merchandise worldwide. Through Bravado, we develop high-quality licensed consumer products that reflect and reinforce an artist's brand and identity and present them to a worldwide audience. Our artists and brands have access to a unique end-to-end merchandising ecosystem that brings together creative design, production, and distribution. We work closely with new and established clients to create innovative products that are carefully tailored to the brand or artist. Our products include apparel and accessories, home goods, toys, games, luxury goods, food and other retail merchandise. They are sold through selected retail outlets and web-based stores, both directly and through third parties, and on live tours. By tapping into UMG's global network, we can offer a comprehensive range of services, including sales, licensing, branding, marketing, eCommerce and creative resources.

Sparking connections with fans

With a focus on building connections between artists and their fans, our in-house creative development team at Bravado works closely with new and established artist-clients to create innovative products carefully tailored to the brand or artist. Our creative team operates at the intersection of art, music and fashion – identifying key trends in all three areas and creating compelling products and experiences that are in tune with today's culture. As part of a world-leading music-based entertainment company, we're uniquely positioned to create fresh and exciting products that match an artist's brand and identity. For example, for her GUTS World Tour in 2024, Olivia Rodrigo collaborated with Bravado to create hundreds of customized merch products authentic to her wider GUTS world, including city specific T-shirts and posters collaborating with local artists, and jewelry based on the set design from the GUTS World Tour.

Building our D2C business

We are excited about scaling our D2C capabilities and monetizing superfans. We are building our "owned" audience and reinforcing our labels' core artist brand building capabilities in consumer products and live experiences. Our "owned" audience, which refers to the segment of customers registered to receive marketing materials from our owned and operated websites, has grown to over 200 million fans, as we have expanded into additional territories. The growth of our D2C business continues to be driven by our expanding global footprint of online artist stores, our developing supply chain infrastructure, and our increasingly sophisticated customer data capabilities. In 2024, 36% of our merchandising revenue was sold through D2C channels.

Global retail

We have developed the most extensive global distribution network in the industry. Our strong direct relationships in the retail sector and ability to curate a mix of products and experiences hold the key to our success. Our global and in-market local teams work in close collaboration to manage our brands consistently and effectively across all markets and countries. Thanks to this localized approach, our activities are tailored to each individual market to achieve maximum reach and results.

Licensing

Our licensing services extend the scale and scope of our brands into categories beyond apparel and traditional consumer products. We leverage dynamic partnerships across a range of platforms and categories from footwear and accessories to gaming and spirits. Working closely within an extensive global network of best-in-class licensees, we develop dynamic brand partnerships that reach new and diverse audience segments without diluting the artist's brand.

Compelling fan experiences

Through pop-ups and unique experiential events, Bravado connects artists with fans around the world, creating unforgettable moments that maximize fan engagement. In 2024, Bravado engineered numerous compelling fan experience which included the exclusive "Bob Marley: One Love," pop-up experience at Outernet; Charing Cross Road in London; Anitta's AVIP Experience in Madrid for Pride Experience; Olivia Rodrigo's GUTS World Tour Bus Experience; and Billie Eilish's Hit Me Hard And Soft pop up stores around the world including New York, Tokyo and Mexico City, along with so much more.

Multiple revenue streams

Our merchandising revenues are derived from four main sources:

MERCHANDISING

TOURING INCOME: Sales of physical merchandise products directly to consumers at venues during tours. This also includes concession income, which is the sale of physical merchandise products directly to consumers at concessions within venues. The right to sell at concession is not limited to specific tours, Bravado signed artists or music events, but can also encompass other events within venues.

RETAIL: Sales of physical merchandise products to wholesalers and retailers.

LICENSING: Fees received from third party licensees to use our merchandising rights in products sold by or sub-licensed by the licensee.

ECOMMERCE/D2C: Sales of physical merchandise product through our more than 1,000 online D2C artist / brand stores. This also includes VIP events and fan clubs, which is the sale of premium experiences and exclusive access through a D2C channel.

Strong growth in 2024

Bravado signs agreements with clients that provide for usage rights of the client's name, image and likeness across product categories and distribution channels. In 2024, Merchandising and other revenue grew to €842 million, up 19.3%, both year-on-year and in constant currency, driven the strong growth in D2C sales and touring merchandise sales.

Roster of clients with the greatest names in music

Our merchandising roster of clients includes some of the biggest names in music. We provide merchandising services for leading artists including 21 Savage, Aerosmith, Anitta, Ariana Grande, Billie Eilish, BLACKPINK, Bob Dylan, Bob Marley, Britney Spears, David Bowie, Elton John, Guns N' Roses, Justin Bieber, Kali Uchis, KISS, Lady Gaga, Metro Boomin, Morgan Wallen, Olivia Rodrigo, Post Malone. Queen, Selena Gomez, Taylor Swift, The Beatles, The Rolling Stones, Travis Scott, Shania Twain, Shawn Mendes, The Weeknd and The Who.

In 2024, Bravado continued to broaden its global roster, signing, or beginning new relationships with artists including; Blink-182, Kendrick Lamar, Karol G, Nine Inch Nails, Tim McGraw, Paramore and many more.

A number of Bravado artists are also signed across other UMG businesses, allowing for synergies and increased opportunities for artists. And for those Bravado clients who are not in the UMG-family, our work holds potential to ultimately expand those relationships and bring them into the UMG family.

Commitment to sustainability

Bravado seeks to advance climate action across the industry and drive progress toward UMG's Science-Based Targets. We have created, produced and hosted UMG x Bravado Sustainability Summits in Los Angeles, London, and New York, the first music industry sustainability summits. The summit series brought together industry leaders and innovators in sustainable solutions to share ideas and drive change.

STRATEGY

CREATIVITY, INNOVATION, ENTREPRENEURSHIP

As the world leader in music, we are guided by our key principles of creativity, innovation and entrepreneurship, and are driven by a commitment to help songwriters and artists thrive and connect with their fans all over the globe.

UMG's creative and commercial foundation has a proven track record of building sustainable long-term value for our stakeholders and is built on a set of key pillars, most notably:

- Continuing to discover and break new artists and songwriters and supporting them at every stage of their career to help them achieve their greatest creative and commercial potential.
- Maximizing and protecting the value of our extraordinary catalog, both now and in the future.
- Driving growth in subscription and ad-supported streaming revenue around the world and expanding our capabilities and repertoire in high-growth markets.
- Building winning partnerships with tech innovators to create innovative new commercial opportunities and explore how technology can be used to benefit our artists in creating product, driving engagement and discovery, further fueling fandom and consumption.
- Working to maximize the power, influence and impact of music to drive social conversation.
- Progressing thought leadership on key industry issues and public policies to help maintain a vibrant and growing music ecosystem.
- Advancing data and insights, to help fuel discovery, furthering our ability to connect our artists with their fans anywhere in the world, and to identify superfans.
- Enhancing our capabilities to comprehensively serve and maximize the value of superfans through D2C/eCommerce/product development, increasing monetization.

With each of these areas creating expansive opportunities, our artists and songwriters remain the cornerstone for our labels, businesses, and brands. In addition, we are committed to sustainability in our business and across our industry, working to reduce our environmental footprint and generating a positive cultural handprint. For detailed sustainability-related information, see our Sustainability Statement.

Throughout 2024, UMG continued to make progress in all of these strategic areas - redefining the model for streaming, protecting artist and songwriter rights, building winning partnerships with tech innovators, seizing upon the opportunities of new technologies like AI, boosting our presence and capabilities in high-growth markets, discovering new ways to build audience using our data, leveraging our unprecedented catalog even further, and leaning into consumer, commerce and superfan monetization.

And, of course, we continue to break new artists, time and again, in all genres and categories and in markets around the world. We are proud of the breadth and success of these strategic initiatives and investments, as UMG remains best positioned to realize the extraordinary potential that lies ahead for the industry.

Deepening our local-global approach

We are a global company built on expertise and relationships with local music communities around the world. Local repertoire is historically the most successful repertoire in music markets spanning the globe. In 2024, UMG continued to expand its repertoire, reach and capabilities in some of the world's most exciting and dynamic global music markets. We are committed to expanding our presence and accelerating our growth in both high-growth potential markets and far-reaching regions to discover exciting new music and artists globally, expand our catalog and repertoire, create opportunities to connect with local music fans, help introduce new music to global audiences and further benefit from the growth to come in these markets.

Why it matters: Our diverse and long track record of worldwide successes helps us continually attract new talent to our roster. New talent will always be integral to our future success. The more those artists reflect the local culture for the consumers and communities we serve, the more those fans will connect to their music, including in high-potential markets like India, the Middle East, West and Sub-Saharan Africa, and Greater China.

Expansion strategy: UMG continues to expand our global reach by investing in local markets. We are doing that in three ways: local artist investment; local label partnerships; and acquisitions.

Local artist investment: Through a multi-label frontline approach, we sign and develop local artists, while building a roster of the best talent each region has to offer, just as we do in more established music markets.

Partnerships: We partner strategically with leading local labels, artist managers and entrepreneurial companies to support and boost them with global promotion, distribution and a full suite of artist services.

Acquisitions: Through M&A, we acquire local labels, catalogs and artist services businesses.

In February 2024, we announced a majority investment in of one of the world's most dynamic and exciting independent record labels, Mavin Global (Mavin). The Lagos, Nigeria-based label is the driving force behind many of the continent's most successful Afrobeats artists. Founded in 2012 by renowned artist, producer, music executive and entrepreneur, Michael Collins Ajereh (aka Don Jazzy), Mavin has played a pioneering role in breaking Afrobeats artists within Africa, and beyond. The multi-award-winning label has enjoyed rapid growth, alongside commercial success – contributing to the global rise of Afrobeats. The partnership accelerates Mavin's strategic advancement, creates more opportunities to break more talent globally, expands the reach of its existing roster and continues building its business into a pan-African entertainment company.

Mavin is home to a number of accomplished artists including Ayra Starr, Lifesize Teddy and Rema, whose hit single "Calm Down" [featuring Selena Gomez] is the biggest Afrobeats song of all time and holds the record for the most viewed video of all time by an African artist on YouTube, as well as being the first African artist-led track to surpass 1 billion Spotify streams and views on YouTube. Founder and CEO Don Jazzy and CEO, Tega Oghenejobo continue to lead the company, which gives UMG the opportunity to partner with proven local executives and experienced A&R professionals, further strengthening UMG's position in Africa.

In January 2024, UMG announced an agreement to purchase the catalog of iconic UK-based South Asian record label Oriental Star Agencies (OSA), including all of the label's recordings and publishing rights. A slice of over 50 years of South Asian culture and heritage, the catalogue comprises approximately 18,000 song, concert and video recordings, featuring legendary and genre defining Pakistani and Indian artists.

In recent years, Virgin Music Group ("VMG") has partnered with some of the most dynamic artists and labels in Latin music to achieve critical and commercial success, most notably with Eslabon Armado (DEL Records), whose smash single "Ella Baila Sola" achieved chart-breaking success, becoming one of the biggest global music stories of last year and kickstarting a phenomenal global breakout for música Mexicana. In early 2024, VMG announced the acquisition of Saban Music Latin, including the catalog and future albums by artists including: German Montero; Fuerza De Tijuana; Reykon; Jon Z; Almighty; Jesus Mendoza; Banda Cruz De Oro; Michael Stuart; Abel Zazueta Y Los De Culiacan.

Then in July 2024, Socios Music, the record label of influential rising global artist Carín León, announced the formation of a unique partnership with VMG and Island Records to release new music. Carín León, an award-winning artist from Hermosillo (in northwestern Mexico's state of Sonora), has a discography of globally charting songs that seamlessly blend genres across a discography boasting millions of streams, including the Latin Grammy winning song "Como Lo Hice Yo," and a string of massive hits like "Ni Me Debes Ni Te Debo" , "Te Lo Agradezco" , "No Es Por Acá", and more.

In Thailand, a key music market in Southeast Asia, UMG completed the full acquisition of RS Group, which includes Thailand's second largest music catalog with over 10,000 master recordings, 6,000 copyright ownerships, publishing rights, and licenses spanning four decades, as well as a leading Thai music distributor and a management company.

Spotlight on China

In 2024, under the leadership of Timothy Xu, Chairman & CEO for Universal Music Greater China, we continued to strengthen and grow our business operations across Greater China, one of the world's fastest growing and most dynamic music markets, with a series of new strategic partnerships, local artist signings and the launch of a new strategic division, Universal Music China Greater Bay Area, covering China's Greater Bay Area including Hong Kong and Macau. This pioneering initiative marks the first time a major music company has established a division in China's Greater Bay Area, the world's largest and most economically vibrant urban cluster, with its new headquarters in Shenzhen. Universal Music Greater China now has offices in Beijing, Hong Kong, Shanghai, Shenzen and Taiwan to fully support the next phase of growth across the region.

In November, we announced a landmark strategic distribution agreement with Modern Sky, China's prestigous independent music label that will provide Modern Sky's extensive catalog and roster of artists with access to UMG's worldwide distribution network. It is also opening doors for expanded collaboration between the two companies, elevating and introducing China's original music and vibrant youth culture to international audiences. Founded in 1997, Modern Sky is a pioneer in China's music scene and a trendsetter within the country's youth culture. The label boasts a massive catalog of original songs, with hundreds of new tracks added each year. For over two decades, Modern Sky has been instrumental in shaping China's indie music movement, producing over 500 albums and working with some of the country's most influential bands and artists. Currently, Modern Sky is home to a roster of over 150 acts, including emerging talents who have broken onto the scene in recent years with a diverse range of musical genres and an increasingly global perspective, embodying the dynamic voices of China's young generation.

In 2009, Modern Sky launched the Strawberry Music Festival, becoming China's first large-scale outdoor music festival. Today, the company organizes over 30 music festivals annually and more than 1,000 performances across China.

During 2024, several other exciting agreements and signings were announced within Greater China, including: iQIYI, China's leading online entertainment platform, under which UMGC will exclusively distribute worldwide the new releases from contestants of "The Rap of China 2024", while providing them with an integrated support network. Produced by iQIYI, "The Rap of China" series is the first Chinese reality program to adopt a narrative-driven episodic format, focusing on young Chinese rap talent. Since its debut in 2018, the show has become a cultural phenomenon in China, sparking a nationwide rap craze. As one of China's most successful youth culture brands in recent years, "The Rap of China" series has successfully launched the careers of numerous outstanding rap artists.

In April, we announced a strategic agreement with TF Entertainment, the driving force behind China's premier idol sensations TFBOYS and Teens In Times, that includes global digital distribution for TF Entertainment's roster of talent, targeting markets outside Mainland China to further elevate C-pop's prominence on a global stage. Since its inception in 2009, TF Entertainment has been a pioneer in China's pop culture landscape, introducing the trainee system to cultivate idol groups.

Additionally, in October, Virgin Music Group announced the acquisition of Outdustry, a leading artist and label services and rights management business focused on China, India, and other high-potential markets. The acquisition brings Outdustry's decade-and-a-half experience in these dynamic markets into VMG, where it will continue to operate its marketing services, publishing company, and label businesses under the Outdustry brand.

Enhancing our capabilities to maximize the value of superfans

The deep and passionate connection between artists and their fans – "super-fandom" - is a core component of music industry economics. Unlocking the power and maximizing the value of the superfan has been at the heart of UMG's growth strategy for many years, utilizing UMG's best-in-class data to expand our direct fan audiences and better understand fan behavior.

This has allowed us to innovate and better leverage our iconic catalog to continue to introduce our artists to new audiences and markets. Consider also that superfans, a growing and influential category of music enthusiasts, spend 80% more each month on music than the average listener, based on Luminate data.

These fans drive increased activity both on platforms, but also through UMG's rapidly growing D2C, eCommerce and merchandising businesses, which represent a significant opportunity for UMG to grow authentic engagement between fans and the artists they love.

We are also engaging superfans with new products and experiences that unlock their spending potential, and we are seeing dramatic growth in revenues that are complementary to streaming. These include premium music and merchandise collectibles and innovative superfan experiences.

We see an especially exciting opportunity to serve superfans through D2C channels and we are expanding our capabilities to do so. We will identify and serve superfans across multiple channels but more and more of this business, particularly in physical formats, will continue to be direct-to-consumer.

In recent years, the launch of UMG's own dynamic global eCommerce platform has enabled its D2C, digital goods, merchandise and eCommerce divisions to accelerate and amplify artists' ability to create experiential, commerce and content offerings for their fans. The platform is already supporting more than 1,000 artist stores globally, helping to rapidly grow UMG's D2C revenues and enabling us to build our owned audience of more than 200 million fans, as we have expanded into additional territories. UMG is leaning further into eCommerce and focusing efforts towards building an enhanced and holistic fan-centric ecosystem for UMG artists, providing them with a robust network of tools and services to build comprehensive global campaigns that will help them reach fans around the world.

UMG is actively increasing its global audience and customer footprint, connecting with music fans and superfans around the world in order to retain and deliver subscribers and fans access to the experiences and products they want the most.

The superfan D2C opportunity is not just a complementary, high growth revenue opportunity; it's also an important competitive advantage that is increasing our appeal to artists and giving us the capability to do more for them than our competitors.

We are actively growing our global superfan business, introducing and developing more products and experiences for our most passionate and engaged fans. Examples of these include physical product collectibles, high-end merch collabs such as Billie Eilish's ongoing collaboration with Nike x Billie, and Olivia Rodrigo's House Party on Roblox.

In 2024, UMG invested in NTWRK, the premium live-video shopping platform and curated marketplace serving buyers and sellers. As part of this investment, NTWRK then acquired publisher Complex to create a new destination for superfan culture that will define the future of commerce, digital media, and music. The acquisition marks the next generation of Complex's leadership as a publication reaching young audiences about the trends, products, and styles they love. By marrying an eCommerce platform anchored in sneakers, streetwear, and collectibles with content and music, the new company will transform into a digital hub at the forefront of convergence culture. The deal will allow Complex to leverage NTWRK's marketplace and access culture-obsessed consumers to create a one-of-a-kind experience for a highly engaged audience. This partnership will give our artists access to a dynamic network to deepen connections with superfans through unique collaborations and cultural moments.

Continuing to drive the music industry forward

Music as an industry is constantly evolving. We strongly believe we have the right formula to stay in front of that evolution.

As part of our industry leadership, we are focused on helping to maintain a thriving and sustainable global music ecosystem; continuing to redefine the streaming model in order to create greater value for artists, fans, music companies and platforms; while protecting and reinforcing the value of human artistry and creativity.

At our Capital Markets Day in September 2024, UMG once again distinguished itself with our thought leadership and action, setting out a clear path for both UMG and the broader industry in the coming years:

- Ushering in the next era of streaming growth with "Streaming 2.0" and "Artist-Centric Phase 2".
  - Since first pioneering the "Artist-Centric approach" to streaming model innovation in 2023, UMG has continued to explore the broader possibilities that it could unlock. "Phase One" saw

the concept being embraced and adopted in various forms by digital service providers (DSPs), social platforms, as well as other music companies. "Phase Two" will help bring in a new era of premium-subscription and superfan engagement.

- Continuing our industry-leading push to define and establish Responsible AI for the benefit of all artists.
- Exploring new creative and commercial avenues for monetizing music well into the future.

Introducing Artist-Centric Phase 2 and Streaming 2.0

The Artist-Centric principles first spearheaded by the company continued to progress in 2024, as they became more broadly embraced by DSPs. The initial focus in Phase 1 was:

- Ensuring that real artists with real fan bases are better recognized and rewarded for the platform engagement they drive and value they create.
- Protecting an artist's music and royalties from systematic streaming fraud, manipulation and misattribution.
- Better differentiating music from the flood of noise that has accelerated in recent years, all of which undermines the user experience, diminishing discovery and diluting authentic fan engagement.

The first phase began in 2023 with streaming DSPs adopting and exploring Artist-Centric principles. The engagement here included Deezer and Spotify, as well as Tidal and SoundCloud, as platforms looked to better reward real engagement by creating a bespoke model that better reflects its own fan-driven consumption and listening experience.

In 2024, UMG continued to lead the industry forward, innovating further with groundbreaking deals and collaborations with Amazon, Meta, TikTok, Snap and others that helped apply "Artist-Centric principles" beyond just subscription streaming and into social listening and other categories.

UMG is now actively advancing our artist-centric philosophy with a number of key partners to meet the opportunities for future growth in paid streaming, and continuing to move the market forward by building innovative new superfan focused product offerings with our partners. We call this focus on growing revenue by harnessing high-value fan engagement "Artist-Centric Phase 2."

UMG has been working closely with partners on the development of a compelling set of new features that could form a Super-Premium subscription tier that will help elevate the listener experience and further deepen artist-fan engagement. In the future, we expect Super-Premium tiers to be deployed by most streaming platforms – enhancing the user experience, bringing fans closer to the artists they love, and significantly increasing subscription revenue for artists. The best way to characterize our vision for streaming's transformation through innovation is to frame the evolution of the market from Streaming 1.0 to Streaming 2.0.

Charting the transformation of our business over the past decade, it was essential to drive market evolution by focusing on a simple and appealing value proposition for subscription streaming, with services effectively marketing this clear and compelling Streaming 1.0 product. During Streaming 1.0, market adoption has scaled dramatically. However, the simplicity of this model - with all streams being equal - has precipitated problems with volume prioritized over value. We believe that the Streaming models must adapt to embrace change.

Under Streaming 2.0, we elevate our focus on maximizing customer value, while also continuing to grow the subscriber base. In Streaming 2.0, customer segmentation driven by product innovation is critical. We are focused on how best to drive customer acquisition via free tiers while also improving their economics, as we realign the subscription model around the core value driver of authentic artist-fan relationships, and ultimately capture higher customer value through super premium tiers of service.

Subscriptions and ad-funded streaming have been primary growth drivers of our business over the last ten years and will continue to be engines of growth going forward – but growth in the years ahead will also be driven by targeting the superfan opportunity and through our partnerships with a broad array of businesses fueled by music. This is how we further address our goal of broadening and deepening monetization in the era of Streaming 2.0.

The big picture: The economics of streaming is a vastly more complex subject than it was at the infancy of the format nearly two decades ago. Artist-Centric and Streaming 2.0 address many aspects of the traditional streaming model that have come to need revision in order to create better equity for the artists who drive value for digital service providers. Over the past two years, spearheaded by UMG, the Artist-Centric approach has gained significant momentum as the driver for that change.

Why it matters: The work and value of artists has become increasingly diluted on digital platforms by an oversupply of content, much of it merely noise and increasingly more of it associated with fraud. This situation has become even more pronounced with the increased availability of unlicensed, generative AI technology.

This has served to drown out the real music that fans actually want to hear. The principles of an Artist-Centric approach to streaming were conceived by UMG to better reward music artists and songwriters that inspire audiences and drive the most engagement, not the bots and white noise diluting that experience.

The details: While there is a significant degree of consensus about core objectives and guiding principles, each platform will decide how they implement their version of the Artist-Centric model. Some examples of how platforms are approaching this include: rewarding songs or artists that reach a certain threshold of listeners or streams; rewarding streams that reflect more active fan engagement; limiting the impact of non-artist noise content on platforms; protecting the royalty pool from generative AI dilution; improving fraud detection and attribution; cleaning up zero-value content already on platforms; and removing incentives for bad actors. Artists at every stage of their career will benefit from these moves since they are prioritizing authentic artist-fan engagement.

What's ahead: We continue to work with every digital service provider to embrace Phase 1 & 2 Artist-Centric approaches that will support all artists regardless of the scale at which they are operating and regardless of the stage of their careers. Adoption of these core principles will enhance artist discovery and will also significantly benefit the streaming services themselves by returning them to their core mission of bringing great music to fans. As part of that process, it promotes subscriber acquisition and retention.

Embracing AI for good

History has taught us that the emergence of new technologies comes with both transformative opportunities and inherent risks to traditional business models. Generative artificial intelligence is no exception. In order to address and harness the rapid acceleration of developments in AI, UMG has developed a strategy that carefully choreographs offense and defense while placing artists' interests at the center of the conversation.

Fighting infringing AI-generated content, unlicensed training on our catalog of copyright-protected artist content and new fraud vectors in order to protect the rights and integrity of artists both now and in the future is imperative. At the same time, AI can be used to enhance human creativity in music, enriching aspects of what we do for our artists and their fans. For that reason, UMG has been exploring the opportunities emerging from this technology for many years, applying AI for advances in data analytics, marketing tools, enhanced studio and audio production, while working to protect the long-term value of artistic content. Indeed, UMG holds a number of AI patents itself.

Why it matters: Placed in a context where artists' rights and interests are embraced and advanced, AI will amplify human imagination and enrich musical creativity in extraordinary new ways. We see great potential in AI to inspire and empower a new generation of talent.

An example of this approach is our collaboration with YouTube, the world's leading video platform, to launch their first AI-related music experiment - Dream Track for Shorts and Music AI tools – built in collaboration with Google DeepMind. The experiment was designed to help explore how the technology could be used to create deeper connections between artists and creators, and ultimately, their fans. The experiment included UMG signed artists **Demi Lovato, John Legend,** and **Troye Sivan,** among others, who all chose to collaborate in this experiment to help shape the potential creative and commercial future for AI in music.

STRATEGY

This followed our shared set of principles and best practices between YouTube and UMG around the use of AI in the creation of music that were announced in 2023 alongside a Music AI Incubator, bringing together a working group of leading UMG artists, songwriters and producers across multiple genres to help inform how generative AI technology could potentially be employed in a responsible and ethical manner. Central to this collective vision is building a safe, responsible and profitable ecosystem for music and video as technology advances — one where artists and songwriters can maintain their creative integrity and be compensated fairly.

As our AI strategy has progressed, we have seen many more companies committed to exploring responsible AI development, working with us on solutions that respect artists' rights and interests, unlock creativity, explore new commercial opportunities for us, and compensate artists appropriately.

Of note: Earlier this year, UMG entered into a groundbreaking strategic partnership with SoundLabs, an innovative new AI technology company, to create official ultra-high fidelity vocal models for artists, using their own voice data for training while giving them full artistic approval and control of the output. In October 2024, Brenda Lee's iconic holiday hit, "Rockin' Around The Christmas Tree", first recorded 66 years ago, was released in Spanish for the first time, thanks to an innovative use of responsibly-trained AI technology, derived from her voice and fully approved by Lee. The track's new vocal was created with the help of SoundLabs AI's MicDrop, a cutting-edge AI audio plug-in which allows a user to transform their voice into another voice or instrument.

In October 2024, we announced a strategic collaboration with KLAY Vision Inc. on a pioneering commercial ethical foundational model for AI generated music that works in collaboration with the music industry and its creators. KLAY aims to be the backbone for a new era of innovation, powering new products and experiences, committed to the premise that AI can bolster and grow musical creativity and human artistry. At the core of this shared vision is the conviction that state-of-the-art foundational AI models are best built and scaled responsibly through constructive dialogue and consensus with those responsible for the artistry.

In August 2024, UMG also announced a strategic collaboration with Idealab Studio, a leading technology incubator behind ProRata.ai, a company founded to enable generative artificial intelligence platforms to fractionally attribute and compensate content owners. ProRata's technology is designed to enable generative AI platforms – for the first time – to help accurately attribute and share revenues on a per-use basis with content owners. The company's attribution technology will help protect and reward creators while preventing unreliable content from driving AI query responses.

In March 2024, UMG and Roland Corporation – the electronic musical instruments maker – published the Principles for Music Creation with AI, a series of clarifying statements relating to the responsible use of AI in music creation and advocating for their adoption across the music industry and creative community. The principles highlight the opportunity for innovation with AI in music production, composition, and songwriting while underscoring the need for transparency, equity, and community involvement. Today, more than 90 prominent music companies, associations, and institutions globally added their support to the Principles, underscoring UMG's influence as the industry leader in this space. Among the organizations endorsing the principles are: SoundLabs, National Association of Music Merchants (NAMM), Sydney University, BandLab Technologies, Splice, Native Instruments, Focusrite, Output, Beatport, Waves, Soundful, LANDR, Eventide, GPU Audio, and many more.

In November 2023, UMG released "Now And Then", the last song from The Beatles – written and sung by John Lennon, developed and worked on by Paul McCartney, George Harrison and Ringo Starr, and now finally finished by Paul and Ringo over four decades later with help from pioneering AI source separation technology. The track was nominated for both the prestigious "Record of the Year" and won "Best Rock Performance" Grammy Award, the first time any track utilizing innovative AI technology has been recognized for its creativity, among the major categories.

Guarding against AI's risks: Rapid technological advancements have enabled digital manipulation, misappropriation and misattribution of an artist's name, image, likeness, voice and style – the very characteristics that differentiate them as performers with unique vision and expression. Our challenge and opportunity as an industry is to establish effective tools, incentives and rewards—as well as rules of the road — that enable us to limit AI's potential downside while promoting its promising upside.

Since early 2023, UMG has led the industry in articulating the importance of establishing the perimeters of copyright, to ensure that artists' creative output continues to be respected for generations to come. UMG supports the Human Artistry Campaign (HAC) and its principles – the HAC is a global initiative formed in early 2023 to protect creators' rights in the age of AI, with more than 170 supporting organizations from 40+ countries.

In addition to responsible and ethical AI industry collaborations and thought leadership, UMG is pursuing the establishment of legislative and regulatory "guardrails" for AI, including backing legislation that would establish a federal right of publicity in the United States protecting all Americans' image, likeness and voice – and helping to prevent deepfakes. We are vigorously advocating for public policies furthering responsible AI with governments around the globe, including through multi-stakeholder coalitions and trade bodies, as well as on our own.

We are also protecting creators' rights in the AI environment through litigation. For example, UMPG, alongside two other music publishers, filed a copyright infringement lawsuit against Anthropic for its large-scale, wholesale copying of copyrighted lyrics, and UMG is part of the RIAA's action against unlicensed generative AI platforms Suno and Udio.

The bottom line: AI will never replace human creativity because it will always lack the essential spark that drives the most talented artists to do their best work. Forging a path on behalf of and in collaboration with the entire music community will enable us to empower this breathtaking technology responsibly to the benefit of the entire creative ecosystem.

Embracing entrepreneurs to accelerate the next wave of transformation

With a view to our industry's future, UMG continues to advance our role as industry leader in promoting entrepreneurship. We do this through a wide range of digital innovation programs, including Abbey Road REDD. In addition, we drive innovation through a broadly deployed Accelerator Engagement Network. Since 2017, UMG's multifaceted Digital Innovation programs — which include 20 leading partners (accelerators, incubators, affiliates, etc.) based in entrepreneurial centers around the world — have nurtured and mentored 300+ media and entertainment music start-ups, enabling them to raise over $238+ million in funding.

UMG's core music DNA — conveyed through incubation, connectivity, mentorship and the strategic partner network that we can provide startups and entrepreneurs — is the greatest asset we can provide early-stage companies. Some examples of companies backed by UMG and its accelerator program include innovators like Audoo, Medimusic, MedRhythms, soundBrilliance and Xone among others.

In 2024, UMG launched UMusicLift – an online hub dedicated to supporting startups with learning resources, news, spotlights, and pathways to connect with UMG's Digital Innovation team. Our company values are deeply embedded in supporting creators of all kinds, including those focused on digital technology. We are the home for music's greatest artists, innovators and entrepreneurs.

Since the inception of the Digital Innovation program in 2017, UMG has been at the forefront of nurturing the music-tech ecosystem globally, developing partnerships with key networks, embracing and mentoring startups, and creating programs and collaboration opportunities to support these emerging businesses. By advancing entrepreneurial innovation, these initiatives also drive significant value for UMG and, by extension, our artists. As technology continues to transform the media landscape, UMG's ongoing commitment to bolstering this vital ecosystem is central to our mission, and we look forward to supporting the entrepreneurs of tomorrow.

Innovation and R&D

Innovation is a key element of how we continue to lead at UMG. We are not only maximizing existing commercial opportunities for our labels and artists, but also evolving our broad range of businesses to identify future opportunities, fan behaviors and consumption trends.

Our unmatched commitment to lead -in collaborative development of new services, platforms and business models for the delivery of music and related content- empowers innovators and promotes new commercial and artistic opportunities.

We harness technological innovation to drive market growth. Through our expansive alliances and groundbreaking partnerships across the industry, we enable our artists to better monetize their work and build deeper engagement with their fans. We view innovation as central to our approach to bring more music to more people around the world.

Advancing data and insights

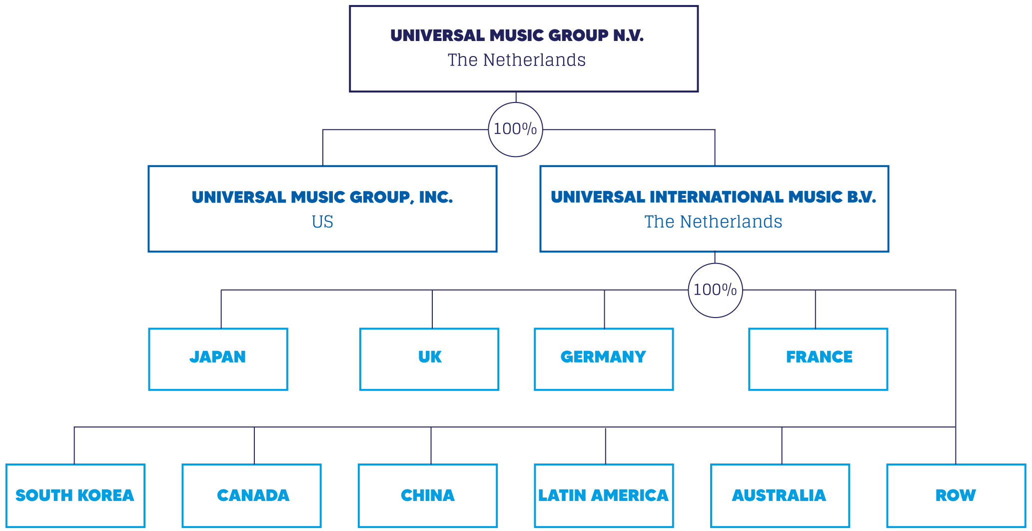
A crucial aspect of our focus on innovation is the high priority we place on operationalizing data and analytics at an industry-leading scale to promote the interests of our artists. We have made ongoing strategic investments in data and analytics over the past several years, including building a world-class analytics infrastructure based on cloud technology.

Our data and analytics team comprises analysts, data scientists, and front-end/ back-end coders who develop algorithms to help UMG identify talent faster and more efficiently than our competitors. We have developed innovative methods to identify tracks that are popular among distinct audience clusters, and we can quickly detect viral moments, including those driven by social platforms.
We can then tailor our marketing initiatives to the target audience, which maximizes reach and conversion. Our data scientists have developed a proprietary marketing mix model and a framework for testing causal effects to help us both optimize our marketing mix and the creative content used to activate on these channels.

Identifying and targeting superfans is just one key area in which UMG has utilized our advanced capabilities in data and insights to help fuel discovery and further our ability to connect our artists with their fans anywhere in the world.

ORGANIZATIONAL AND REPORTING STRUCTURE

The following structure chart illustrates the simplified structure of UMG as at December 31st, 2024:



Corporate Executives

UMG is managed by corporate executives (the Corporate Executives).
The current Corporate Executives consists of nine key members, each of whom oversees a specific aspect of the business. The persons set forth below are the current members of the Corporate Executives.

Name	Age	Position
Sir Lucian Grainge	65	Chairman & Chief Executive Officer
Vincent Vallejo	64	Deputy Chief Executive Officer, Corporate
Philippe Flageul	60	Executive Vice President, Controller
Jody Gerson	64	Chairman & CEO for Universal Music Publishing Group
Jeffrey Harleston	64	General Counsel and Executive Vice President of Business & Legal Affairs
Eric Hutcherson	55	Executive Vice President, Chief People and Inclusion Officer
Boyd Muir	65	Executive Vice President, Chief Operating Officer and Chief Financial Officer
Michael Nash	68	Executive Vice President, Chief Digital Officer
Will Tanous	54	Executive Vice President, Chief Administrative Officer

Set out below are brief summaries of the biographies of the members of the Corporate Executives:

Sir Lucian Grainge (Chairman and Chief Executive Officer)

Sir Lucian Grainge has spent his entire career in the music industry and has signed and worked with many worldwide stars, including ABBA, Jay Z, Elton John, Katy Perry, Queen, Rihanna, The Rolling Stones, Sam Smith, U2 and Amy Winehouse, among many others. During the span of four decades, he not only pioneered new approaches to the signing and development of the world's most successful recording artists and songwriters, he also consistently championed the development of innovative business models and partnerships with a wide range of technology and media partners around the world. He has transformed Universal Music Group (UMG) into the most successful company in the history of the music industry, both competitively and financially, and his vision and leadership is widely recognized as having returned the entire industry to growth after years of decline. In 2011, he led UMG's successful acquisition of the recorded music assets of the legendary British music company EMI, revitalizing its iconic Capitol Records, and, in the process, further strengthening UMG's position as the global leader in music. A native of London, Sir Lucian was bestowed with a knighthood in 2016 by Her Majesty Queen Elizabeth II in the Queen's 90th Birthday Honours list for accomplishments in the music industry and leadership through its challenging times, contributions to British business and inward investment, as well as his development of innovative business models, technology and media partnerships that have expanded UMG's global presence.

Vincent Vallejo (Deputy Chief Executive Officer, Corporate)
Based at the Company's corporate headquarters in Hilversum, The Netherlands, Vincent Vallejo is in the lead of a number of corporate initiatives related to the Company's listing on the Euronext NV in Amsterdam. Vallejo joined UMG in 2021 and has worked closely across UMG matters ever since he joined Vivendi in 1998, where he served most recently as SVP, Audit & Special Projects. Prior to joining Vivendi, Vallejo held positions at AGF-ALLIANZ in France (where he was Deputy CFO) and Ernst & Young in Paris and Madrid. He received an MBA from Montpellier University and a Master of Science from Cornell-Essec, CergyPontoise, France.

Philippe Flageul (Executive Vice President, Controller)
Philippe Flageul is Executive Vice President, Controller for Universal Music Group. He is responsible for overseeing many aspects of UMG's finance operations, including accounting, tax, treasury, risk management and IT and supply chain finance. He also oversees UMG's global procurement. Flageul joined UMG in 2015 from Bolloré Group, where he worked for more than two decades as CFO of the industrial division and Chairman of IER. Flageul holds an MBA from EDHEC.

Jody Gerson (Chairman & CEO for Universal Music Publishing Group)
Jody Gerson is Chairman and CEO of Universal Music Publishing Group [UMPG] and a member of Universal Music Group's [UMG's] Executive Management Board. One of the industry's most respected and accomplished executives, Gerson leads a global company with 48 offices in 40 countries and more than 850 employees. She made history as the first female chairman of a global music company and the first woman to be named CEO of a major music publisher. Since joining UMPG in 2015, Gerson has transformed the company into a global powerhouse that owns and administers more than 5 million copyrights and the industry's best global home for songwriters. A highly respected creative authority and thought leader in our culture, Gerson has signed and works with the world's biggest superstars, including Adele, Bee Gees, Bad Bunny, Justin Bieber, Sabrina Carpenter, Lana Del Rey, Ariana Grande, Coldplay, Drake, Billie Eilish, H.E.R., Elton John, Alicia Keys, Steve Lacy, Kendrick Lamar, Post Malone, Maren Morris, the Prince estate, Rosalia, Harry Styles, Taylor Swift, SZA, The Weeknd, and more. She also led UMPG's historic and highly competitive acquisitions of the iconic catalogs of Bob Dylan, Neil Diamond, Sting, and others. As a champion for women in music and advocate for education, Gerson cofounded the global nonprofit She Is The Music. She also serves on Boards for the USC Annenberg Inclusion Initiative, The Rock & Roll Hall of Fame, the National Music Publishers Association, New Roads School, and Project Healthy Minds. In January 2020, Gerson made history as the first woman and first music publishing executive to be named *Billboard*'s 'Executive of the Year' for that outlet's most coveted Power 100 list, and annually ranks within that list's Top Ten. She is the recipient of numerous other prestigious honors, including *Billboard* Power Players' Choice Award; *Variety*'s Hitmakers Executive of the Year; *Billboard*'s 2015 Executive of the Year for their Women In Music issue; *Rolling Stone*'s 'Future 25'; *Variety*'s Power of Women L.A.; The 2016 March of Dimes Inspiring Woman of the Year; and more. Gerson jointly oversees Polygram Entertainment, a film and television development and production division of UMG which produces award-winning feature-length films and music-centric series. In 2024 alone, she served as Executive Producer on a broad array of projects, including *Music Box: Yacht Rock: A DOCKumentary*; *The Beach Boys*; *STAX: Soulsville, U.S.A.*; and *Billy Preston: That's The Way God Planned It*. Other recent projects that Gerson Executive Produced include *The Bee Gees: How to Mend a Broken Heart* and HBO's *Music Box* series. Among her and Polygram's many projects in development are documentaries on Bernie Taupin and Prince.

Jeffrey Harleston (General Counsel and Executive Vice President, Business & Legal Affairs)
Jeffrey Harleston is responsible for the global oversight of all business transactions, contracts and litigation. He is additionally responsible for the development of corporate policies, including the

coordination of UMG's government relations, trade and anti-piracy activities, to ensure a unified strategy across the Company's divisions. Harleston joined the Company in 1993 at MCA Records, after serving as Associate Independent Counsel for the IranContra Investigation and prior to that as a Litigation Associate at Covington & Burling LLP. Throughout his career, Harleston has been recognized for his many achievements including receiving The Recording Academy's 2020 Entertainment Law Initiative Service Award, Billboard's 2018 "Lawyer of the Year," the 2018 Diversity Award from the Association of Corporate Counsel for Southern California. In 2017, Harleston was named one of Ebony magazine's "Power 100" and he is annually recognized by Billboard on the magazine's "Power 100" list of the most powerful executives in the music industry. Harleston is a Member of the Board of Trustees of Williams College and the Board of Harvard-Westlake School. He also serves on the boards of the Recording Industry Association of America the TJ Martell Foundation, MusiCares and the Motown Museum. Harleston is proud to be a Founder of the Universal/Motown Fund, an endowment dedicated to providing financial assistance for artists from the 50's, 60's and 70's. He received a B.A. in Political Science from Williams College and a J.D. from the University of California, Berkeley School of Law.

Eric Hutcherson (Executive Vice President, Chief People and Inclusion Officer)
With a focus on people, culture and inclusion, Eric Hutcherson leads a global team across UMG's record labels, publishing division and operating companies to align talent functions, amplify the Company's entrepreneurial-based culture, accelerate diversity and inclusion across all levels and territories, attract, retain and develop talent, accelerate the Company's social justice initiatives and build on UMG's successful track-record of driving innovation by recruiting employees who bring new ideas, perspectives and skillsets. Prior to joining UMG, he was EVP, Chief Human Resources Officer of the National Basketball Association (NBA) where he managed a team that drove the NBA's global workforce strategy. Hutcherson currently serves as Vice-Chair of Covenant House International and Chair of the Human Capital Committee, and on the Board of Councilors for the USC Annenberg School of Communication and Journalism. Additionally, he serves as strategic advisor to the Board of Directors for the Young Peoples Chorus; a multicultural youth chorus whose mission is to provide children of all economic and cultural backgrounds with a unique program of music education and choral performance. Hutcherson earned a bachelor's degree in political science from New York University and a master's degree in Sports Management and Administration from the University of Massachusetts-Amherst.

Boyd Muir (Executive Vice President, Chief Operating Officer and Chief Financial Officer)
Boyd Muir is Chief Operating Officer (COO), and Chief Financial Officer (CFO) of Universal Music Group (UMG). As COO, Muir is responsible for driving strategic growth across the company's worldwide operations and has played a central role in the physical-to-digital reshaping of company resources, in addition to leading its global financial operations, asset management, information technology, accounting and supply chain. Muir, who was appointed COO in October 2024, will continue to serve as CFO until his successor is appointed. As UMG's CFO, Muir played a key role in the company's successful listing on the Euronext stock exchange in 2021. He has also been involved in a number of significant acquisitions, including Sanctuary Group and V2 Music Group, as well as leading the company's successful acquisitions of EMI, Ingrooves, [PIAS] and UMG's minority investment in the Chord Music Fund. He was appointed as UMG's EVP, CFO and President of Operations in 2010, having previously served as CFO for Universal Music Group International, the division which manages UMG's businesses in more than 50 countries for more than a decade. From 1984 to 1991, Muir worked for Ernst & Young, including at its entertainment media division in London, and for EMI from 1991 to 1994. At the latter group, he was head of internal audit, spending considerable time working in Los Angeles and New York. He was also closely involved in EMI's acquisition of Virgin Music and Chrysalis Records.

Michael Nash (Executive Vice President, Chief Digital Officer)
Michael Nash is Executive Vice President, Chief Digital Officer and oversees UMG's digital business development activities around the world. Nash has worked at the forefront of media and technology convergence for his entire career as an executive, entrepreneur and producer. Most recently, Nash served as a strategic advisor to Warner Music Group (WMG), as well as several digital media startups and new technology companies. Prior to that, he served as an executive at WMG from 2000 to 2011, rising to the role of Executive Vice President of Digital Strategy and Business Development where he oversaw WMG's worldwide new media projects, strategic relationships and business development activities. Before joining WMG, Nash was the Executive Director of the Madison Project, the music

industry's first digital distribution trial. From 1994 to 1997, Nash was founding CEO of Inscape, an interactive entertainment and games publishing joint venture between WMG and HBO that produced titles with artists such as William S. Burroughs, DEVO, Thomas Dolby and The Residents. Prior to that, Nash served as Director of The Criterion Collection, working closely with directors and artists such as Robert Altman, David Bowie, Terry Gilliam and Louis Malle.

Will Tanous (Executive Vice President, Chief Administrative Officer)

Will Tanous plays a key role in the development of the company's business strategy, overseeing several major strategic and corporate endeavors, as well as managing worldwide external and internal communications, global public policy, investor and government relations, event functions and global impact. Prior to joining UMG in 2013, Tanous served as Executive Vice President of Communications & Marketing for Warner Music Group where he was central in all of the company's major corporate initiatives, including: the sale of WMG to Access Industries, Inc.; WMG's initial public offering on the New York Stock Exchange in 2005; and the sale of WMG by Time Warner Inc. to a private equity consortium. In 2019, he was awarded the prestigious Ellis Island Medal of Honor, which is presented annually to U.S. citizens "who have distinguished themselves within their own ethnic groups while exemplifying the values of the American way of life." He serves on the board of the Recording Industry Association of America and is a graduate of Georgetown University in Washington D.C.

FINANCIAL REVIEW

EARNINGS ANALYSIS: GROUP AND BUSINESS SEGMENTS

Consolidated Statement of Profit or Loss

(millions of euros)	Year ended December 31, 2024	2023
Revenues	11,834	11,108
Cost of revenues	(6,746)	(6,208)
Selling, general and administrative expenses	(3,015)	(3,213)
Amortisation and impairment losses on intangible assets	(298)	(269)
Operating profit	1,775	1,418
Financial income	1,279	454
Financial expenses	(187)	(151)
	1,092	303
Income/(loss) from equity affiliates	4	-
Profit before income taxes	2,871	1,721
Income taxes	(778)	(458)
Net profit	2,093	1,263
Of which:		
Net profit attributable to equity holders of the parent	2,086	1,259
Net profit attributable to non-controlling interests	7	4
Earnings per share (in euros)		
Earnings for the period attributable to equity holders of the parent - basic	1.14	0.69
Earnings for the period attributable to equity holders of the parent - diluted	1.13	0.68
Adjusted net profit[1,2]	*1,782*	*1,626*
Adjusted net profit per share (in euros) - basic[1]	0.98	0.89
Adjusted net profit per share (in euros) - diluted[1]	0.96	0.88

1 Non-IFRS measures as defined in the Appendix to the Annual Report

2 Following a change in the definition, the FY23 Adjusted Net Profit has been restated to exclude the impacts of restructuring expenses and related tax impacts.

Reconciliation of Operating Profit to EBITDA and Adjusted EBITDA

(millions of euros)	Year ended December 31, 2024	2023
Operating Profit	1,775	1,418
Adjustments		
Amortization and depreciation expense	409	382
Restructuring expenses	169	41
(Gain)/loss on sale of assets	(23)	(26)
Impairment (reversal)/charge on intangible assets	2	(7)
EBITDA[1]	2,332	1,808
Non-cash share-based compensation expense	329	561
Adjusted EBITDA[1]	2,661	2,369

1 As defined in the Appendix to the annual report

Analysis of the Consolidated Statement of Profit or Loss

Revenues

In 2024, UMG's revenues of €11,834 million were up 6.5% compared to 2023 and up 7.6% at constant currency. This increase was driven by improvements across all divisions. Recorded Music grew 5.2% year-over-year and 6.4% at constant currency compared to 2023, Music Publishing was up 8.4% or 9.0% in constant currency and Merchandising and Other grew by 19.3% year-over-year and in constant currency.

For a detailed analysis of revenues by business segment, please refer to the Analysis of revenues and operating results by business segment section below and to Note 3 to the Consolidated Financial Statements for the year ended December 31, 2024.

Operating results

Analysis of cost of revenues:

	Year ended December 31,	
(millions of euros)	**2024**	**2023**
Artist costs	5,464	5,152
Product costs	1,282	1,056
Cost of Revenues	6,746	6,208

Cost of Revenues grew by €538 million to €6,746 million in 2024 from €6,208 million in 2023, reflecting the increase in revenues. Cost of revenues as a percentage of revenues increased to 57.0% from 55.9% driven by higher relative product costs and despite lower relative artist costs.

Product costs increased by €226 million to €1,282 million in 2023 from €1,056 million in 2023 reflecting the growth in revenues. Product costs as a percentage of revenues increased to 10.8% from 9.5% due primarily to revenue mix including the greater proportion of merchandising sales.

Artist costs increased by €312 million to €5,464 million in 2024 from €5,152 million in 2023 driven by the increase in sales. As a percentage of revenues, artists costs decreased slightly to 46.2% in 2024 from 46.4% in 2023 due to repertoire mix.

Selling, general and administrative expenses decreased by €198 million to €3,015 million in 2024 from €3,213 million in 2023 and decreased as a percentage of revenues to 25.5% in 2024 from 28.9% in 2023 due largely to lower non-cash share-based compensation expenses. Non-cash share-based compensation expenses decreased to €329 million in 2024 from €561 million in 2023, down by €232m. This was partially offset by the increase in restructuring charges that were €169 million in 2024 compared to €41 million in 2023 as a result of the previously announced strategic organizational redesign.

Operating profit was €1,775 million in 2024, compared to €1,418 million for 2023, an increase of €357 million, 25.2% or 28.0% at constant currency, driven by the higher revenues and lower non-cash share based compensation expenses (discussed above) partly offset by the increase in restructuring charges. As a percentage of revenues, operating profit increased to 15.0% in 2024 from 12.8% in 2023.

EBITDA increased by €524 million, 29.0% or 31.3% at constant currency to €2,332 million in 2024 compared to €1,808 million in 2023 driven by the increase in revenues and lower non-cash share based compensation expenses (discussed above). EBITDA margin increased by 3.4pp to 19.7% in 2024 compared to 16.3% in 2023 also due to operating leverage and cost savings from the strategic organizational redesign, partially offset by the higher product costs discussed above.

Adjusted EBITDA was €2,661 million in 2024 up €292 million, 12.3% or 13.8% at constant currency compared to €2,369 million in 2023. Adjusted EBITDA margin increased by 1.2pp to 22.5% in 2024 from 21.3% in 2023.

For a detailed analysis of EBITDA and Adjusted EBITDA by business segment, please refer to the Analysis of revenues and operating results by business segment section below.

Financial results

Financial income and Financial expenses were a net income of €1,092 million in 2024, compared to a net income of €303 million for 2023, an improvement of €789 million. For 2024, the revaluation of the investments in listed companies including Spotify and Tencent Music Entertainment was a net income amount of €1,163 million, compared to a net income of €425 million for 2023, an improvement of €738 million.

Income taxes

For 2024, income taxes were a net expense of €778 million, compared to a net expense of €458 million for 2023. This increase notably reflected the increase in the deferred tax charge relating to the revaluation of the investments in listed companies including Spotify and Tencent Music Entertainment (-€301 million expense in 2024, compared to -€111 million expense in 2023).

Non-controlling interests

For 2024, earnings attributable to non-controlling interests were €7 million, slightly higher than the €4 million for 2023.

Net profit attributable to equity holders of the parent

For 2024, net profit attributable to equity holders of the parent amounted to a profit of €2,086 million (or €1.14 per share - basic), compared to €1,259 million for 2023 (or €0.69 per share - basic), an increase of €827 million. Net profit attributable to equity holders of the parent increased by €827 million, reflecting:

- the variance in financial results (+€789 million) driven by the revaluation of the investments in Spotify, Tencent Music Entertainment and other listed investments (+€738 million); and
- the increase in operating profit (+€357 million);

partially offset by:

- the increase in income taxes reported to net income (-€320 million), on higher taxable income including the increase in the deferred tax charge relating to the revaluation of the investments in Spotify, Tencent Music Entertainment and other listed investments.

Adjusted net profit

Adjusted net profit in 2024 amounted to a profit of €1,782 million (or €0.98 per share - basic), compared to €1,626 million for 2023 (or €0.89 per share - basic), an increase of €156 million. Adjusted net profit increased by €156 million, including:

- the growth in Adjusted EBITDA (+€292 million);

partially offset by:

- the increase in income taxes reported to Adjusted net profit (-€105 million).

Analysis of revenues and operating results by business segment

	Year ended December 31,			
(millions of euros)	2024	2023	% Change	% Change at constant currency
Revenues				
Recorded Music	8,901	8,461	5.2%	6.4%
Music Publishing	2,121	1,956	8.4%	9.0%
Merchandising & Other	842	706	19.3%	19.3%
Corporate Centre	-	-	0.0%	0.0%
Elimination of inter-segment transactions	(30)	(15)		
Total UMG	11,834	11,108	6.5%	7.6%
EBITDA[1]				
Recorded Music	2,073	1,618	28.1%	30.5%
Music Publishing	486	420	15.7%	16.3%
Merchandising & Other	42	43	(2.3%)	(2.3%)
Corporate Centre	(269)	(273)	1.5%	1.8%
Total UMG	2,332	1,808	29.0%	31.3%

1 As defined in the Appendix to the Annual Report

Recorded Music

	Year ended December 31,			
(millions of euros)	**2024**	**2023**	**% Change**	**% Change at constant currency**
Subscriptions and streaming revenue	6,038	5,700	5.9%	6.8%
of which streaming	*1,414*	*1,425*	(0.8%)	0.1%
of which subscription	*4,624*	*4,275*	*8.2%*	*9.1%*
Downloads and other digital revenue	180	207	(13.0%)	(11.8%)
Physical revenue	1,358	1,380	(1.6%)	1.1%
License and other revenue	1,325	1,174	12.9%	13.5%
Recorded Music Revenues	8,901	8,461	5.2%	6.4%
EBITDA[1]	2,073	1,618	*28.1%*	*30.5%*
EBITDA margin[1]	*23.3%*	*19.1%*	*4.2pp*	
Adjusted EBITDA[1]	2,275	2,042	*11.4%*	*12.9%*
Adjusted EBITDA margin[1]	*25.6%*	*24.1%*	*1.5pp*	

1 As defined in the Appendix to the Annual Report

In 2024, Recorded Music revenues were €8,901 million, up 5.2% compared to 2023, and up 6.4% in constant currency. Subscription revenues grew by 8.2% or 9.1% in constant currency driven by the growth in global subscribers as well as the impact of price increases at certain platforms. Streaming revenue declined 0.8%, but grew by 0.1% in constant currency as the consumption grows but continues to shift from better monetized video platforms to short-form platforms, which are not yet as well monetized. Physical revenue decreased by 1.6%, but grew 1.1% in constant currency. Downloads and other digital revenue declined by 13.0%, and 11.8% in constant currency, due to the continued decline in download sales. License and other revenue improved 12.9% or 13.5% in constant currency, as a result of improved live, brand sponsorship, neighbouring rights and synchronization income, as well as €32 million from certain legal settlements reported in Q4 2024, whilst the prior year included the timing related benefit of a new licensing deal. Top sellers for the year included multiple albums from Taylor Swift, and albums from Billie Eilish, Sabrina Carpenter, Morgan Wallen and Chappell Roan. Top sellers in the prior year included multiple albums from Taylor Swift, and albums from Morgan Wallen, King & Prince, Karol G, and The Weeknd.

Recorded Music EBITDA in 2024 of €2,073 million was up €455 million from €1,618 million in 2023 due to the growth in revenues and the decrease in non-cash share based compensation. In 2024, EBITDA included €202 million of non-cash share based compensation compared to €424 million of non-cash share-based compensation expense in 2023.

Adjusted EBITDA for Recorded Music increased by €233 million to €2,275 million in 2024 from €2,042 million in 2023. Adjusted EBITDA margin increased by 1.5pp to 25.6% of revenues from 24.1% of revenues in 2023 due also to operating leverage and cost savings from the strategic organizational redesign.

Music Publishing

(millions of euros)	Year ended December 31, 2024	2023	% Change	% Change at constant currency
Performance revenue	442	416	6.3%	7.3%
Synchronisation revenue	253	254	(0.4%)	0.4%
Digital revenue	1,268	1,128	12.4%	12.9%
Mechanical revenue	103	108	(4.6%)	(4.6%)
Other revenue	55	50	10.0%	10.0%
Music Publishing Revenues	2,121	1,956	8.4%	9.0%
EBITDA[1]	486	420	*15.7%*	*16.3%*
EBITDA margin[1]	*22.9%*	*21.5%*	*1.4pp*	
Adjusted EBITDA[1]	511	470	*8.7%*	*9.2%*
Adjusted EBITDA margin[1]	*24.1%*	*24.0%*	*0.1pp*	

1 As defined in the Appendix to the Annual Report

Music Publishing revenue amounted to €2,121 million in 2024, up 8.4% year-over-year and 9.0% in constant currency. Revenues benefited from the continued growth in subscription and streaming and an improvement in performance income. Revenues in 2024 also benefited from €8 million from certain legal settlements reported in Q4 2024, whereas 2023 benefited from the €53 million accrual for a catch-up payment from certain digital service providers related to the Copyright Royalty Board Phonorecords III ruling.

Music Publishing EBITDA in 2024 of €486 million was up €66 million from €420 million in 2023 driven by the growth in revenues and lower non-cash share based compensation. EBITDA was impacted by €25 million of non-cash share based compensation expense in 2024 (€50 million in 2023).

Music Publishing Adjusted EBITDA increased by €41 million to €511 million in 2024 compared to €470 million in 2023 as a result of the revenue growth. Adjusted EBITDA margin increased by 0.1pp to 24.1% from 24.0% of revenues in 2023.

Merchandising & Other

(millions of euros)	Year ended December 31, 2024	2023	% Change	% Change at constant currency
Merchandising and Other Revenues	842	706	19.3%	19.3%
EBITDA[1]	42	43	(2.3%)	(2.3%)
EBITDA margin[1]	*5.0%*	*6.1%*	*(1.1pp)*	
Adjusted EBITDA[1]	43	47	(8.5%)	(6.5%)
Adjusted EBITDA margin[1]	*5.1%*	*6.7%*	*(1.6pp)*	

1 As defined in the Appendix to the Annual Report

Merchandising and Other revenue grew to €842 million, up 19.3%, both year-on-year and in constant currency driven by the strong growth in direct-to consumer sales and touring merchandise sales.

Merchandising and Other EBITDA in 2024 of €42 million was down €1 million from €43 million in 2023. EBITDA was impacted by €1 million of share based compensation expense in 2024 (€4 million in 2023).

Merchandising and Other Adjusted EBITDA decreased by €4 million to €43 million in 2024 compared to €47 million in 2023. Adjusted EBITDA margins decreased by 1.6pp to 5.1% of revenues from 6.7% of revenues in 2023 driven by higher manufacturing and distribution costs related to product mix as well as the growth in lower-margin touring merchandise sales.

Corporate

(millions of euros)	Year ended December 31, 2024	2023	% Change	% Change at constant currency
EBITDA[1]	(269)	(273)	(1.5%)	(1.8%)
EBITDA margin[1]	-	-		
Adjusted EBITDA[1]	(168)	(190)	(11.6%)	(12.0%)
Adjusted EBITDA margin[1]	-	-		

1 As defined in the Appendix to the Annual Report

Corporate EBITDA was a net expense of €269 million, compared to a net expense of €273 million for 2023, a €4 million decrease in expense. EBITDA in 2024 included €101 million of non-cash share-based compensation related expenses (€83 million in 2023).

Corporate Adjusted EBITDA was a net expense of €168 million in 2024, a €22 million decrease in expense from the Adjusted EBITDA expense in 2023 of €190 million.

LIQUIDITY AND CAPITAL RESOURCES

Financial Net Debt

(millions of euros)	Year ended December 31, 2024	2023
Cash and cash equivalents	553	413
Derivative financial assets	-	2
Drawn revolving credit facilities	-	-
Bank overdrafts	(8)	(26)
Bonds	(1,810)	(1,808)
Commercial papers	(746)	(197)
Other	(87)	(73)
Borrowings at amortized cost	(2,651)	(2,104)
Financial Net Debt[1]	(2,098)	(1,689)

1 As defined in the Appendix to the Annual Report

Changes in the Financial Net Debt

As of December 31, 2024, UMG's Financial Net Debt amounted to -€2,098 million compared to Financial Net Debt of -€1,689 million as of December 31, 2023, i.e., an increase in net debt of €409 million. This change was mainly attributable to the following:

- Net cash provided by operating activities of €1,755 million;
  offset by:
- in June and July 2024, UMG paid the final dividend with respect to fiscal year 2023 of €494 million;
- in October and November 2024, UMG paid an interim dividend with respect to fiscal year 2024 of €439 million;
- Net cash used for investing activities of -€1,051 million primarily due to the €619 million net purchase of consolidated companies, equity affiliates and financial assets relating to several strategic investments in the year including investments in Chord Music Partners, NTWRK, Mavin Global and [PIAS]. Net cash used for investing activities also included the €266 million investment in Music Publishing and Recorded Music catalogues and €183 million investment in other intangibles and capital expenditure; and
- repayment of €102 million in relation to lease liabilities and related interest and €79 million in other interest and financing related payments.

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 December 31, 2024, UMG held a portfolio of listed non-controlling equity interests (including Spotify) with an aggregate market value of approximately €2,945 million (before taxes), compared to €1,227 million as of December 31, 2023. The increase in market value during 2024 was due to the fluctuation in share price of our listed investments most notably of Spotify. As at February 28, the aggregate market value of these listed investments had increased to approximately €3,934 million (before taxes).

Cash flow analysis

(millions of euros)	Year ended December 31, 2024	2023
Operating activities		
Operating profit	1,775	1,418
Adjustments	520	796
Royalty advances payments, net of recoupments	(186)	(100)
Gross cash provided by/(used for) operating activities before income tax paid	*2,109*	*2,114*
Other changes in net working capital	(5)	164
Net cash provided by/(used for) operating activities before income tax paid	*2,104*	*2,278*
Income tax paid	(349)	(393)
Net cash provided by/(used for) operating activities	1,755	1,885
Investing activities		
Catalogue investments	(266)	(178)
Other intangible assets investments	(92)	(74)
Capital expenditures	(91)	(47)
Purchases of consolidated companies, after acquired cash	(163)	(97)
Investments in equity affiliates	(390)	(81)
Purchase of financial assets	(145)	(154)
Investments	*(1,147)*	*(631)*
Proceeds from sales of property, plant, equipment and intangible assets	2	–
Proceeds from sales of consolidated companies, after divested cash	–	1
Proceeds from sale of financial assets	79	1
Divestitures	*81*	*2*
Dividends received from equity affiliates	12	4
Dividends received from investments	3	3
Net cash provided by/(used for) investing activities	(1,051)	(622)

(millions of euros)	Year ended December 31, 2024	2023
Financing activities		
Distributions to shareowners	(933)	(929)
Dividends paid by consolidated companies to their non-controlling interests	(4)	(2)
Transactions with shareowners	*(937)*	*(931)*
Proceeds from borrowings	4,321	6,647
Repayments of borrowings	(3,755)	(6,815)
Interest, net	(81)	(77)
Other cash items related to financing activities	2	(10)
Transactions on borrowings and other financial liabilities	*487*	*(255)*
Repayment of lease liabilities	(81)	(80)
Payment of interest of lease liabilities	(21)	(14)
Net cash provided by/(used for) financing activities	(552)	(1,280)
Net change in cash and cash equivalents	152	(17)
Foreign currency translation adjustments	6	(34)
Change in cash and cash equivalents	158	(51)
Cash and cash equivalents		
At beginning of the period	387	438
At end of the period	545	387

Reconciliation of cash provided by operating activities to Free Cash Flow

(millions of euros)	Year ended December 31, 2024	2023
Net cash provided by/(used for) operating activities	1,755	1,885
Net cash provided by/(used for) investing activities	(1,051)	(622)
Repayment of lease liabilities and related interest expenses	(102)	(94)
Interest, net	(81)	(77)
Other cash items related to financing activities	2	(10)
Free Cash Flow[1]	523	1,082

1 As defined in the Appendix to the Annual Report

Net cash provided by operating activities before income tax

For 2024, Net cash provided by operating activities before income tax amounted to an inflow of €2,104 million compared to an inflow of €2,278 million for 2023, a decline of €174 million. This decrease was mainly attributable to the following items:

- the increase in Operating profit (+€357 million);

partially offset by:

- the decrease in Adjustments (-€276 million) including the lower non-cash share based compensation expense reflected in Operating profit and offset within Adjustments, and higher cash paid to settle employee tax withheld (see breakdown of Adjustments in the Appendix);
- the increase in Royalty advances payments net of recoupments (-€86 million) due to the timing of major artist renewals and extensions partly offset by higher recoupments; and
- the unfavourable variance in Other changes in net working capital (-€169 million) including higher royalty payments.

Net cash provided by operating activities

Net cash provided by operating activities in 2024 amounted to an inflow of €1,755 million compared to an inflow €1,885 million for 2023, a decrease of €130 million. Net cash provided by operating activities before income tax in 2024 was €174 million lower than in 2023 but income tax paid in 2024 was €44 million lower than in 2023.

Net cash used for investing activities

Net cash used for investing activities in 2024 was a €1,051 million net outflow compared to a €622 million net outflow for 2023, an increased outflow of €429 million. The net purchase of consolidated companies, equity affiliates and financial assets was €289 million higher than in 2023 and represented various strategic investments entered into during the year including the investments in Chord Music Partners, NTWRK, Mavin Global and [PIAS]. Divestitures of financial assets of €79 million in 2024 included the release of funds, previously paid into escrow, to complete a catalogue acquisition during the period. Catalogue investments in 2024 were higher than in 2023 (-€88 million) due to the timing of deals and investment in other intangible assets and capital expenditure was also higher (-€62 million).

Net cash used for financing activities

Net cash used for financing activities in 2024 was a €552 million net outflow compared to a €1,280 million net outflow for 2023, a decreased outflow of €728 million. This was mainly attributable to a net proceed of borrowing in 2024 of €566 million compared to a net repayment of borrowing of €(168) million in 2023 (+€734 million). Dividend and interest payments in 2024 were broadly in line with payments in 2023.

Free Cash Flow

Free Cash Flow in 2024 was a €523 million net inflow compared to a €1,082 million net inflow for 2023, a decrease of €559 million. This is the result of net cash provided by operating activities declining by €130 million compared to 2023 as well as greater net cash used for investing activities (-€429 million) due to greater strategic investments in the year.

CORPORATE GOVERNANCE

THE GOVERNANCE STRUCTURE

Universal Music Group N.V. (UMG or the Company) is a public limited liability company (*naamloze vennootschap*) incorporated under the laws of the Netherlands. The Shares (as defined in the Shareholder Information section under "Share capital") were first admitted to listing and trading on Euronext Amsterdam (the Listing), the regulated market of Euronext Amsterdam N.V., on September 21, 2021. The Company has a one-tier board (the Board), which currently comprises of two executive directors (the Executive Directors) and eleven non-executive directors (the Non-Executive Directors and, together with the Executive Directors, the Directors). The Executive Directors are primarily responsible for all day-to-day operations of the Company. The Non-Executive Directors supervise the Executive Directors' policy and performance of duties and the Company's general course of affairs and business, and render advice and direction to the Executive Directors. The Directors furthermore perform any duties allocated to them under or pursuant to the law or the Company's articles of association (the Articles). Each Director has a duty to the Company to properly perform the duties allocated to him or her and to act in the Company's corporate interests. Under Dutch law, the Company's corporate interests extend to the interests of all of the Company's stakeholders, including the Company's shareholders (the Shareholders), creditors, customers and employees.

The Company acknowledges the importance of good corporate governance and complies with most of the principles and best practice provisions of the Dutch Corporate Governance Code of December 20, 2022 (the Code), the full text of which can be found on www.mccg.nl. Deviations from any of the principles and best practice provisions of the Code are explained under "Compliance with the Code--Deviations" in accordance with the Code's 'comply or explain' principle. Substantial changes in the Company's corporate governance structure and in the Company's compliance with the Code, if any, will be dealt with at the annual General Meeting (as defined under "The Board") as a separate item.

The Annual Report also includes the information that the Company is required to disclose pursuant to the Dutch Decree on Article 10 of the Takeover Directive (*Besluit artikel 10 overnamerichtlijn*) and the Dutch Decree on the Content of the Board Report (*Besluit inhoud bestuursverslag*).

THE BOARD

The Board is the executive and supervisory body of the Company. It is entrusted with the management of the Company, it supervises the Company's general course of affairs and business and is responsible for the continuity of the Company. The Board is accountable for these matters to the Company's general meeting of shareholders (the General Meeting, being the corporate body or, where the context so requires, the physical meeting).

The Board's responsibilities include, among others, developing a view on sustainable long-term value creation by the Company and formulating a strategy as well as specific objectives in line with this view, identifying and managing the risks associated with the Company's strategy and activities, appointing and dismissing the senior internal auditor, annually assessing the way in which the internal audit function fulfills its responsibility and ensuring that such assessment is performed by an independent third party at least every five years, approving the internal audit plan, giving account of the effectiveness of the design and operation of the internal risk management and control systems, ensuring compliance with all applicable laws and regulations and the Company's corporate governance structure and preparing, approving and signing the (semi-annual) financial statements and Board report and approving the annual budget and major capital expenditures in excess thereof.

The Board may perform all acts necessary or useful for achieving the Company's objectives, with the exception of those acts that are prohibited pursuant to the law or the Articles. Pursuant to the Articles, the Board may allocate its duties and powers among the Directors pursuant to the Board Regulations (as defined under "The Board––Board Regulations") or otherwise in writing, provided that the following duties and powers may not be allocated to the Executive Directors: (i) supervising the performance of the Executive Directors, (ii) making a nomination for the appointment of Directors, (iii) determining an Executive Director's remuneration and (iv) instructing the external auditor(s) to audit the financial statements. Regardless of an allocation of duties and powers, all Directors remain collectively responsible for the proper management and strategy of the Company (including the supervision thereof in the case of the Non-Executive Directors).

Board Regulations

The Board has drawn up regulations dealing with its internal organization and setting out, among others, the role and responsibilities of the Board, its composition and size and the manner in which its meetings should be held (the Board Regulations). The Board Regulations are available on the investor relations part of the UMG website.

Composition

The Articles provide that the Board shall consist of one or more Executive Directors and one or more Non-Executive Directors. The number of Executive Directors and the number of Non-Executive Directors shall be determined by the Board. The Board currently comprises of two Executive Directors and eleven Non-Executive Directors, two of whom, being Eric Sprunk and Mandy Ginsberg, were appointed to the Board by the General Meeting on May 16, 2024:

Name	Function
Sir Lucian Grainge	Executive Director, Chairman and Chief Executive Officer
Vincent Vallejo	Executive Director, Deputy Chief Executive Officer, Corporate
Sherry Lansing	Non-Executive Director, Chairman of the Board
Margaret Frerejean-Taittinger	Non-Executive Director, Vice-Chairman of the Board
Bill Ackman	Non-Executive Director
Cathia Lawson-Hall	Non-Executive Director
Cyrille Bolloré	Non-Executive Director
Eric Sprunk	Non-Executive Director
Haim Saban	Non-Executive Director
James Mitchell	Non-Executive Director
Luc van Os	Non-Executive Director
Mandy Ginsberg	Non-Executive Director
Nicole Avant	Non-Executive Director

Antoine Fiévet acted as Non-Executive Director and chair of the Remuneration Committee until the close of the annual General Meeting held on May 16, 2024, on which date his term ended. He decided not to stand for reappointment.

Manning Doherty acted as Non-Executive Director but recently resigned from the Board, effective March 21, 2025.

None of the Non-Executive Directors represents the Company's employees and other workers.

Appointment and appointment term

The Executive Directors and Non-Executive Directors shall be appointed as such by the General Meeting at the non-binding nomination of the Board. A nomination by the Board shall state whether a person is nominated for appointment as Executive Director or Non-Executive Director. The person so nominated shall be appointed by a resolution adopted by the General Meeting with a simple majority of the votes cast. A Director shall be appointed for a maximum period of two years, provided, however, that his or her term of office shall lapse immediately after the close of the annual General Meeting held in the second year after his or her appointment. A Director may be reappointed with observance of the preceding sentences. At the proposal of the Board, the General Meeting may resolve to deviate from the maximum period of two years. The Articles provide that each Non-Executive Director may be in office for a maximum period of twelve years, unless at the proposal of the Board the General Meeting resolves otherwise. A Non-Executive Director’s term of office shall lapse in accordance with a retirement schedule drawn up by the Board to avoid, as much as possible, reappointments and retirements of Non-Executive Directors occurring all at the same time so as to ensure continued experience on the Board. Currently, the terms of office of three (out of eleven) Non-Executive Directors lapse at the close of the annual General Meeting to be held in 2025, and it is the intention that the use of the retirement schedule will result in a more staggered replacement of the Non-Executive Directors over time.

The appointment dates of the Non-Executive Directors and the end of their current terms are as follows:

Name	Initial appointment date	Reappointment date	Term	End of current term
Sherry Lansing	May 12, 2022	May 11, 2023	Second term	Until the close of the annual General Meeting to be held in 2025
Margaret Frerejean-Taittinger	September 20, 2021	May 16, 2024	Second term	Until the close of the annual General Meeting to be held in 2026
Bill Ackman	May 12, 2022	May 16, 2024	Second term	Until the close of the annual General Meeting to be held in 2026
Cathia Lawson-Hall	September 20, 2021	May 16, 2024	Second term	Until the close of the annual General Meeting to be held in 2026
Cyrille Bolloré	May 12, 2022	May 16, 2024	Second term	Until the close of the annual General Meeting to be held in 2026
Haim Saban	May 11, 2023	-	First term	Until the close of the annual General Meeting to be held in 2025
Eric Sprunk	May 16, 2024	-	First term	Until the close of the annual General Meeting to be held in 2026
James Mitchell	September 20, 2021	May 16, 2024	Second term	Until the close of the annual General Meeting to be held in 2026
Luc van Os	September 20, 2021	May 11, 2023	Second term	Until the close of the annual General Meeting to be held in 2025
Mandy Ginsberg	May 16, 2024	-	First term	Until the close of the annual General Meeting to be held in 2026
Nicole Avant	May 12, 2022	May 16, 2024	Second term	Until the close of the annual General Meeting to be held in 2026

Suspension and dismissal

The General Meeting may at all times suspend or dismiss any Director. The Board may at all times suspend an Executive Director. A suspension may be extended one or more times but may not last longer than three months in aggregate. If at the end of that period, no decision has been taken on the termination of the suspension or on a dismissal, the suspension shall terminate. A suspension can be terminated by the General Meeting at any time.

Independence

As per best practice provision 2.1.8 of the Code, a Non-Executive Director shall not be considered independent if such Non-Executive Director or his or her spouse, registered partner or life companion, (foster) child or relative by blood or marriage up to the second degree:

- has been an employee of the Company or Executive Director or an employee or member of the management (or executive) board of an associated issuing institution in the five years prior to his or her appointment;
- receives personal financial compensation from the Company or an associated company, other than the compensation received for the work performed as a Non-Executive Director and in so far as this is not in the normal course of business;
- has had an important business relationship with the Company or an associated company in the year prior to the appointment;
- is a member of the management (or executive) board of a company in which an Executive Director is a member of the supervisory (or non-executive) board;
- has temporarily performed management (or executive) duties during the previous twelve months in the absence or incapacity of Executive Directors;
- has a shareholding of at least 10% in the issued share capital of the Company, taking into account the shareholding of natural persons or legal entities cooperating with him or her on the basis of an express or tacit verbal or written agreement; or
- is a member of the management (or executive) board or supervisory (or non-executive) board – or is a representative in some other way – of a legal entity which holds at least 10% of the issued share capital of the Company, unless the legal entity is a subsidiary.

The independency of Non-Executive Directors is in any case assessed prior to each nomination for (re)appointment to the Board.

Limitations on supervisory or non-executive positions

The number of an Executive Director's supervisory (or non-executive) positions of large Dutch companies or foundations shall be limited to a maximum of two. An Executive Director may not be the chairperson of a supervisory board (or of a one-tier board) of another large Dutch company or foundation. The number of a Non-Executive Director's supervisory (or non-executive) positions of large Dutch companies or foundations shall be limited to a maximum of five, for which purpose the chairmanship of a supervisory board (or of a one-tier board) of another large Dutch company or foundation counts twice. Executive Directors shall not pursue the candidacy for a supervisory (or non-executive) or similar position in companies other than subsidiaries of the Company without the Board's prior approval. Such position may not conflict with the Company's interests. Other important positions held by a Director shall be notified to the Board.

Diversity and inclusion

For the workforce as a whole, anti-discrimination and anti-harassment is dealt with in the Code of Conduct, which encourages an inclusive environment that promotes individual expression, creativity, innovation and achievement and emphasizes that within UMG diverse backgrounds and skills are valued as well as other individual differences.

Specifically for the Board and senior management[1], the Board has also adopted a separate diversity and inclusion policy (the D&I Policy) as per articles 2:142b and 2:166 of the Dutch Civil Code and best practice provision 2.1.5 of the Code, laying down the elements of a diverse and inclusive composition of the Board and senior management as well as appropriate and ambitious aspirations in this respect.

As set out in the D&I Policy, the Company acknowledges the benefits of greater diversity, including with regards to gender or gender identity, age, nationality, ethnicity and cultural or other background, and remains committed to ensuring that the Directors and senior managers bring a wide range of expertise, experience, competencies, other personal qualities and perspectives. All (nominations for)

[1] For purposes of the D&I Policy, senior management is comprised of: (i) the Executive Directors, including the Chairman and Chief Executive Officer (the Chairman and CEO), (ii) the Chairman and CEO's direct reports who lead a label or business or with a primary function, (iii) for other key labels or businesses, their leaders and in some instances, certain of their direct reports, and (iv) key large function leaders.

appointments to the Board and senior management will be made based on merit against objective criteria, in the context of the overall balance of expertise, experience, competencies, other personal qualities and perspectives that are needed for the Company to remain effective.

The Board

With respect to the Board, the Company is committed to promoting diversity and inclusion in the boardroom and to ensuring that all Directors are able to contribute to Board discussions and has the aspiration:

- to improve or safeguard gender diversity among the Non-Executive Directors, such that at least one third of the Non-Executive Directors is female and at least one third of the Non-Executive Directors is male, thereby at all times taking into account the Dutch statutory gender diversity requirement with regards to the Non-Executive Directors;
- to improve gender diversity among the Executive Directors, such that at least one Executive Director is female and at least one Executive Director is male in the event that there are three (or more) Executive Directors; and
- to improve or safeguard diversity with regards to age, nationality, ethnicity and cultural or other background as well as to create and maintain a variation in expertise, experience, competencies, other personal qualities and perspectives within the Board.

The Company is further committed to considering candidates for Non-Executive Director positions from a wide pool, including candidates with no prior publicly listed company board level experience.

The Nomination Committee (as defined under "The Board––Board committees") is responsible for supporting the Board in applying the D&I Policy with respect to the composition of the Board by annually assessing the Board's size and composition and, as part thereof, for considering (i) with respect to the Directors in general, the level of diversity with regards to expertise, experience, competencies, other personal qualities, perspectives, gender or gender identity, age, nationality, ethnicity and cultural or other background and (ii) with respect to the Non-Executive Directors in particular, the level of independence, ahead of making recommendations to the Board for any proposed changes. In addition, the Nomination Committee is required to consider the benefits of all aspects of diversity, without compromises as to the caliber of the candidate Directors, when identifying candidate Directors to be nominated for appointment to the Board.

The senior management

With respect to the senior management, the Company is committed to promoting diversity and inclusion among the senior managers and has the aspiration:

- to improve gender diversity among the senior managers, such that by December 31, 2026, at least 20% of the senior managers is female, which would reflect a 2.5% increase compared to December 31, 2023, i.e., the date on which the D&I Policy became effective, and at least 20% of the senior managers is male; and
- to improve or safeguard diversity with regards to age, nationality, ethnicity and cultural or other background as well as to create and maintain a variation in expertise, experience, competencies, other personal qualities and perspectives within the senior management.

For purposes of the D&I Policy and the aspirations laid down therein, as at December 31, 2024, the senior management was comprised of 69 senior managers.

Overview
The following table provides an overview of the composition of the Executive Directors, Non-Executive Directors and senior managers by gender as at December 31, 2024:

	Directors	Executive Directors	Non-Executive Directors	Senior Managers
Female	5	0	5	13
Male	9	2	7	56
Total female and male	**14**	**2**	**12**	**69**
% Female	36	0	42	18.8
% Male	64	100	58	81.2

The composition of the Board as at December 31, 2024 was considered to be diverse and with the appointment of Eric Sprunk and Mandy Ginsberg to the Board by the General Meeting on May 16, 2024, the diversity further increased, particularly with regards to expertise and experience. With women representing 36% of all Directors and 42% of the Non-Executive Directors, the composition of the Board and the Non-Executive Directors as at December 31, 2024 was in line with the gender diversity aspiration included in the D&I Policy as well as with the gender diversity requirement included in Dutch law. With no recent changes to the composition, and with women representing 0%, of the Executive Directors, the composition of the Executive Directors as at December 31, 2024 was not in line with the gender diversity aspiration included in the D&I Policy. To monitor and address these factors, when assessing the Board's composition - which is done on an annual basis - and whilst recruiting to the Board, the D&I Policy (including the aspirations included therein) and the Profile for Non-Executive Directors will be taken into consideration.

While the composition of the senior management as at December 31, 2024 was considered to be diverse, the Company acknowledges that there is room for improvement, especially with regards to gender diversity. Although such improvement cannot happen overnight, especially since the senior managers are typically committed to the Company for the long term, the Company has the aspiration that by December 31, 2026, at least 20% of the senior managers is female, which would reflect a 2.5% increase compared to December 31, 2023, i.e., the date on which the D&I Policy became effective. With women representing 18.8% of all senior managers as at December 31, 2024, compared to 17.5% of all senior managers as at December 31, 2023, gender diversity has improved by 1.3%.

Actions to improve diversity and inclusion
The Company believes that the best way to foster an environment where original ideas are generated and creativity can flourish is to build an inclusive workplace that attracts and promotes talent from diverse backgrounds and cultures. Key actions to foster, and further enhance, such an environment are set out in "S1: Own Workforce" of the Sustainability Statement and include:

Embracing cultural differences and raising awareness
- The Company recognizes many cultural milestones and historically significant events.
- The Company's employee resource groups (ERGs) provide a platform for underrepresented employees to network, share experiences and help shape employee programming, and play a crucial role in supporting the Company's commitment to fostering inclusion and belonging.

Attracting and retaining talent
- To attract the next generation of talent, the Company hosts internship programs, allowing a diverse group of students to take part in such programs.
- The Company provides inclusive interviewing training to further support its goal of championing inclusion and belonging throughout the employee lifecycle.
- The Company is putting in place a workforce data insights initiative, which includes the implementation of a global job architecture and a quarterly review of workforce changes, including turnover, to allow it to improve and prioritize its talent attraction and retention programs.

Enhancing employee experience and development

- To obtain feedback on the employee experience, the Company uses a series of employee lifecycle surveys as well as exit surveys. The insights so obtained are turned into actions to further enhance the employee experience.
- To cultivate leadership, the Company offers multiple programs specifically developed to drive leadership preparedness.
- While the Company already offers a broad range of employee development opportunities, it plans to further expand the number of initiatives, including to programs centered on career conversations and personal development, plans for future workforce needs and plans to link personal development to specific skills with career paths.

Ensuring equitable pay practices

- The Company supports equitable pay practices through the implementation of a global job architecture, in which individual pay reflects experience, skillset, performance against goals and scope of responsibilities but does not differentiate on the basis of protected characteristics.

Supporting employee wellbeing

- As the Company is committed to enhancing its appeal as an employer and creating a positive and healthy workplace, it provides programming and support for a Company-wide culture of physical health, mental health and overall wellbeing. The Company has in place regionally-specific employee assistance programs, which, among others, include counseling sessions, in-the-moment support for emotional wellness, self-guided mindfulness, cognitive behavioral therapy programs and work-life assistance.

Mitigating measures

- As the Company promotes a respectful workplace, where harassment and discrimination have no place, the Company offers multiple options for employees to seek guidance and report potential instances of misconduct, including concerns related to harassment and discrimination, without fear for retaliation.

Conflicts of interest and related party transactions

A Director may not take part in the discussions and/or decision-making process of the Board where it concerns (i) a transaction in respect of which he or she has a direct or indirect personal conflict of interest with the Company or one of its subsidiaries (a conflict of interest) or (ii) a related party transaction in which he or she is involved. If the Board is unable to take a decision as a result of all Directors being unable to take part in the discussions and/or decision-making process of the Board due to a conflict of interest or due to all Directors being involved in a related party transaction, the decision shall nevertheless be taken by the Board.

The Board has drawn up a related party transactions policy (the RPT Policy) for the purpose of providing a procedure that prevents related parties from taking advantage of their position as well as adequate protection for the interests of the Company and its stakeholders. In accordance with the RPT Policy, (i) any transaction in respect of which a Director has a (potential) conflict of interest that is of material significance to the Company and/or the Director concerned (a Code RPT) or (ii) any material related party transaction in which a Director is involved and that is not entered into in the ordinary course of business and under normal market conditions (a DCC RPT, and together with a Code RPT, a Related Party Transaction) must be approved by the Board.

In accordance with the RPT Policy, a Director shall promptly notify any (potential) Related Party Transaction to the Chairman of the Board; the Chairman of the Board shall promptly notify any (potential) Related Party Transaction to the Vice-Chairman of the Board. In so notifying the Chairman of the Board or the Vice-Chairman of the Board, the Director concerned must provide all relevant information, including information relevant to the situation concerning any close family member.

In accordance with best practice provisions 2.7.3 and 2.7.4 of the Code, any Code RPT must be approved by the Board, entered into on terms which are customary in the market, and published in the Board report together with a statement of the conflict of interest and a declaration that best practice provisions 2.7.3 and 2.7.4 of the Code have been complied with.

In accordance with best practice provision 2.7.5 of the Code, any transaction between the Company and a natural or legal person who or which holds at least 10% of the issued share capital of the Company that is of material significance to the Company and/or the natural or legal person concerned must be approved by the Board, entered into on terms which are customary in the market and published in the Board report together with a declaration that best practice provision 2.7.5 of the Code has been complied with.

In the financial year 2024, there was one Code RPT in respect of which a Non-Executive Director had a (potential) conflict of interest (within the meaning of the Code) that was of material significance to the Company: as part of the Tencent-led consortium's acquisition of its stake in UMG, Tencent Music Entertainment was originally granted a call option to acquire up to 25% (but no less than 20%) of the share capital of the holding company which controls UMG's Greater China operations. As previously disclosed, on June 16, 2022, the call option was amended as follows: (i) the counterparty was changed to Tencent Holdings, (ii) Tencent Holdings was granted the option to acquire up to 12.5% (but no less than 10%) of the share capital of the holding company which controls UMG's Greater China operations and (iii) Tencent Holdings had 24 months from the date of granting to exercise the call option. As the exercise period was due to expire, the call option was further amended, extending Tencent Holdings' right to exercise the call option until June 16, 2025.

In Note 25 'Related parties' to the consolidated financial statements, details of all related party transactions (including DCC RPTs, if any) are set out.

Resolutions subject to approval of the Board

In addition to Related Party Transactions, which require the approval of the Board as set out under "The Board––Conflicts of interest and related party transactions", in accordance with the Board Regulations, the Company does not enter into any transaction with a value in excess of €300,000,000 that relates to (i) a disposal, sale or acquisition of all or a portion of investments in any company, business or group created or to be created, whatever its legal form, (ii) a proposal or approach to a third party concerning a significant transaction involving the Company or any of its subsidiaries and (iii) a financing activity (including a bank loan, overdraft, vendor financing, asset securitization program, pension fund or transaction involving a joint venture or minority interest) and the granting of a guarantee or security right, without the approval of the Board.

Remuneration

The remuneration of the individual Executive Directors and Non-Executive Directors shall be determined by the Board with observance of the remuneration policies for the Executive Directors and Non-Executive Directors, respectively. The Executive Directors shall not participate in the discussions and/or decision-making process regarding the determination of the remuneration of the Executive Directors. The remuneration policies as well as the main elements of the agreements with Sir Lucian Grainge and Vincent Vallejo are available on the investor relations part of the UMG website. In the Remuneration Report, details of the individual remuneration of the Executive Directors and Non-Executive Directors are set out.

As per the remuneration policy for the Executive Directors, part of the remuneration of the Executive Directors can consist of short-term and long-term incentives. The short-term and long-term incentive plans for the Executive Directors (as described in detail in the Remuneration Report) do not currently incorporate key performance indicators linked to sustainability matters. The Board may explore the inclusion thereof in the short-term and/or long-term incentive plans for the Executive Directors in future years. As per the remuneration policy for the Non-Executive Directors, the remuneration of the Non-Executive Directors, which consists of a cash retainer and an annual grant of restricted share units (RSUs), is fixed and not dependent on the Company's results or the attainment of key performance indicators, whether or not linked to sustainability matters.

Severance

Under his employment agreement, Sir Lucian Grainge is entitled to severance payments as set out in the Remuneration Report under "Severance payments and termination provisions--Sir Lucian Grainge" in the event of (i) termination of his employment agreement by Sir Lucian Grainge for good reason, which includes a change in control (as defined in the Remuneration Report under "Severance payments and termination provisions--Sir Lucian Grainge"), (ii) termination of his employment agreement by Universal Music Group, Inc. (i.e., the formal employer of Sir Lucian

Grainge) without cause or (iii) non-renewal of his employment agreement by Universal Music Group, Inc.

Under his management services agreement, Vincent Vallejo is not entitled to any severance payments in the event of termination or non-renewal of his management services agreement; he is, however, entitled to severance payments in accordance with Dutch law.

Directors' and officers' liability insurance policy and indemnity

The Executive Directors and Non-Executive Directors as well as certain officers are insured under a directors' and officers' liability insurance policy taken out by the Company against damages resulting from their conduct when acting in their capacities as Directors or officers with coverage and terms customary for a publicly listed company of the size of the Company. Although the policy provides for broad coverage, the Executive Directors, Non-Executive Directors and officers may become subject to uninsured liabilities.

In addition, pursuant to the Articles, the Company has agreed to indemnify each Executive Director and each Non-Executive Director for any claim against him or her that he or she may derive from exercising his or her duties as an Executive Director or Non-Executive Director, provided that he or she acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the Company or out of his or her mandate and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful.

Board committees

The Board has appointed from among its Non-Executive Directors three Board committees to assist it in discharging its responsibilities: an audit committee (the Audit Committee), a remuneration committee (the Remuneration Committee) and a nomination committee (the Nomination Committee). Without prejudice to the collegiate responsibility of the Board, the duty of these Board committees is to prepare the decision-making of the Board.

The Board has drawn up regulations for each Board committee, setting out the role and responsibilities of the Board committee concerned, its composition and size and the manner in which its meetings should be held. These regulations are available on the investor relations part of the UMG website.

The Non-Executive Directors' Report states the composition of the Board committees, the number of meetings held and the main items discussed at such meetings.

The Audit Committee

According to the regulations of the Audit Committee, the Audit Committee shall advise the Board in relation to its responsibilities, shall undertake preparatory work for the Board's decision-making regarding the supervision of the integrity and quality of the Company's financial and sustainability reporting and the effectiveness of the Company's internal risk management and control systems and shall prepare resolutions of the Board in relation thereto.

In addition to the foregoing, the Audit Committee's main responsibilities include: (i) supervising and monitoring, and discussing with and advising the Board on, the effectiveness of the design and operation of the internal risk management and control systems, including supervising the enforcement of all applicable laws and regulations and supervising the effect of the Code of Conduct, (ii) supervising the preparation and submission of financial and sustainability information by the Company, (iii) supervising the compliance with recommendations, comments and observations of the internal auditor, the external auditor(s) and any other external party involved in the auditing of the sustainability reporting, (iv) instructing the external auditor(s) and the internal audit function to inform the Executive Directors and the chair of the Audit Committee without delay if it or they discover(s) or suspect(s) an instance of misconduct or irregularity, (v) supervising the functioning of the internal audit function, (vi) ensuring that the way in which the internal audit function fulfills its responsibility is assessed by an independent third party at least every five years, (vii) supervising the policy of the Company on tax planning, (viii) supervising the financing of the Company, (ix) supervising the applications of information and communication technology, including risks relating to cybersecurity and data protection and risks relating to new technologies, (x) maintaining frequent contact and supervising the relationship with the internal auditor, the external auditor(s) and any other external party involved in the auditing of the sustainability reporting, (xi) implementing the procedure for the selection of the external auditor(s) and submitting a recommendation to the Non-Executive Directors for the (re)appointment or dismissal of the external auditor(s) by the General Meeting, (xii) informing the Board of the outcome of the statutory audit and explaining how the statutory audit contributed to the integrity of the financial reporting and what the role of the Audit Committee was in that process, (xiii) monitoring the financial reporting and submitting recommendations or proposals to ensure its integrity, (xiv) determining whether, and if so, how the external auditor(s) shall be involved in the content and publication of financial reports other than the financial statements, (xv) issuing a recommendation on the appointment and dismissal of the senior internal auditor, (xvi) submitting a proposal to the Board for the engagement of the external auditor(s) to audit the financial statements and (xvii) considering and, where appropriate, approving for recommendation to the Board the (semi-annual) financial statements, the annual budget and major capital expenditures of the Company.

The Audit Committee shall consist of at least three members appointed by the Board from among its Non-Executive Directors. More than half of the members of the Audit Committee, including the chair of the Audit Committee, shall be independent within the meaning of best practice provision 2.1.8 of the Code. The Audit Committee may not be chaired by the Chairman of the Board or by a former Executive Director. At least one member of the Audit Committee shall have competence in accounting and/or auditing and the members of the Audit Committee as a whole shall have competence relevant to the sector in which the Company operates.

The Audit Committee shall hold at least four meetings per year and whenever one or more of its members have requested a meeting. The quorum of any meeting shall be a majority of the members of the Audit Committee. The Audit Committee shall meet with the external auditor(s) as often as it considers necessary, but at least once a year, outside the presence of the Executive Directors. The Chief Financial Officer, the Chief Audit Executive and the external auditor(s) shall in principle attend the meetings of the Audit Committee, unless the Audit Committee determines otherwise. The Audit Committee shall decide whether and, if so, when the Chairman of the Board shall attend its meetings.

The Remuneration Committee

According to the regulations of the Remuneration Committee, the Remuneration Committee shall advise the Board in relation to its responsibilities, shall undertake preparatory work for the Board's decision-making regarding the determination of the remuneration of the individual Executive Directors and Non-Executive Directors, with observance of the remuneration policies for the Executive Directors and Non-Executive Directors, respectively, and shall prepare resolutions of the Board in relation thereto.

In addition to the foregoing, the Remuneration Committee's main responsibilities include: (i) at least every four years, submitting a proposal to the Board for the remuneration policies for the Executive Directors and Non-Executive Directors, to be submitted to the annual General Meeting for adoption and (ii) annually preparing the remuneration report, to be submitted to the annual General Meeting for a non-binding advisory vote.

The Remuneration Committee shall consist of at least three members appointed by the Board from among its Non-Executive Directors. More than half of the members of the Remuneration Committee shall be independent within the meaning of best practice provision 2.1.8 of the Code. The Remuneration Committee may not be chaired by the Chairman of the Board or by a former Executive Director.

The Remuneration Committee shall hold at least two meetings per year and whenever one or more of its members have requested a meeting. The quorum of any meeting shall be a majority of the members of the Remuneration Committee.

The Nomination Committee

According to the regulations of the Nomination Committee, the Nomination Committee shall advise the Board in relation to its responsibilities, shall undertake preparatory work for the Board's decision-making and shall prepare resolutions of the Board in relation thereto.

In addition to the foregoing, the Nomination Committee's main responsibilities include: (i) drawing up selection criteria and appointment procedures for Directors, (ii) annually assessing the size and composition of the Board, and making a proposal for the profile for Non-Executive Directors, (iii) annually evaluating the functioning of the Board as a whole, the individual Directors and the various Board committees, ensuring that such evaluation periodically takes place under the supervision of an external expert and reporting on this to the Board, (iv) formulating succession plans and drawing up a retirement schedule, (v) making recommendations for the (re)appointment of Directors and (vi) supervising the policy of the Board on the selection criteria and appointment procedures for senior management.

The Nomination Committee shall consist of at least three members appointed by the Board from among its Non-Executive Directors. More than half of the members of the Nomination Committee shall be independent within the meaning of best practice provision 2.1.8 of the Code.

The Nomination Committee shall hold at least two meetings per year and whenever one or more of its members have requested a meeting. The quorum of any meeting shall be a majority of the members of the Nomination Committee.

The Market Disclosure Committee

The Board has also appointed a market disclosure committee (the Market Disclosure Committee), consisting of seven members, which is responsible for the timely and accurate disclosure of all information that is required to be so disclosed to the market in order to meet the applicable legal and regulatory obligations and requirements arising from the Listing.

The Market Disclosure Committee shall meet whenever necessary to fulfill its responsibilities and meetings can be called by and at the request of any of the members of the Market Disclosure Committee. The Market Disclosure Committee is not a committee of the Board although its members are appointed by the Board.

Sustainability management

The Board is responsible for developing a view on sustainable long-term value creation by the Company and for formulating a strategy as well as specific objectives in line with this view, which includes overseeing the Company's sustainability impacts, risks and opportunities, as well as the integrity of the Company's sustainability reporting. The Audit Committee supports and advises the Board in relation to these responsibilities, as enshrined in the regulations of the Audit Committee, and covers environmental, social, and governance (ESG) topics on its agenda.

The Company's ESG team, led by the Head of Sustainability, is responsible for developing and updating the Company's sustainability strategy, measuring performance, driving compliance with sustainability-related regulations and briefing the Board and, as applicable, Board committees, on these activities.

At management level, executive leaders within each business unit are responsible for the day-to-day oversight and management of applicable impacts, risks and opportunities, including for setting and measuring key progress indicators and implementing and maintaining applicable policies. These functions are discussed in greater detail within the relevant sections of the Annual Report. The Board and Board committees are also regularly briefed on the Company's material topics, both in writing and during meetings, and have spent significant time discussing several of these topics, including UMG's relationships with its artists, content protection in general, and in particular in the context of risks posed by (generative) artificial intelligence and employee attraction and retention, including through the implementation of the 2022 UMG Global Equity Plan.

In 2023, a cross-functional steering committee (the SteerCo) was formed, which reviewed, approved and advised on each phase of the process to identify the Company's material impacts, risks and opportunities, including the validation and reporting of the results of the double materiality assessment process (the DMA). The ESG team regularly briefs the SteerCo on relevant sustainability matters. In addition, in 2024, the SteerCo received briefings and trainings from external subject matter experts.

The SteerCo is composed of senior leaders across UMG's business units, including the:

- Senior Vice President, Head of Sustainability
- Executive Vice President and Chief Compliance Officer
- Senior Vice Presidents of Business and Legal Affairs
- Head of People Operations and Systems
- Senior Vice President of Business Affairs and Compliance
- Vice President of Investor Relations
- Senior Vice President and Chief Audit Executive
- Senior Vice President, Chief Future of Work Architect and People Business Partner
- Senior Vice President of Information Technology Strategy
- Senior Vice President of Global Financial Reporting and Analysis
- Senior Vice President of Public Affairs, Europe
- Vice President of Internal Audit and Control Assurance

The ESG team integrates sustainable business practices across the Company by executing a comprehensive ESG management system. Among other efforts, the ESG team conducts all day-to-day operations associated with developing and deploying the Company's sustainability strategy, measurement and reporting, including the execution of the DMA. The ESG team also mobilizes cross-functional ESG working groups to operationalize sustainability commitments within each group's sphere of influence, through key performance indicator monitoring, target setting and program implementation. Key ESG working groups include Universal Manufacturing and Logistics (UML), Bravado and Global Travel. In 2024, the UML and Bravado working groups met on a monthly basis, and the Global Travel working group met on a quarterly basis.

THE GENERAL MEETING

Annual and extraordinary General Meetings

The Shareholders exercise their rights through annual and extraordinary General Meetings.

Annual General Meetings

The annual General Meeting shall be held within six months after the end of the financial year. The agenda of the annual General Meeting typically includes the following (discussion or voting) items: (i) the discussion of the Annual Report, (ii) the consideration of the remuneration report, (iii) the adoption of the financial statements, (iv) the discussion of the dividend policy and the proposal to distribute dividends, (v) the discharge of the Directors for the performance of their duties, (vi) the (re)appointment of Directors, (vii) the adoption of the remuneration policies for the Executive Directors and Non-Executive Directors insofar as any adjustments to the remuneration policies so require or four years after their former adoption, (viii) the appointment of the external auditor(s) to audit the financial statements, and (ix) any other items brought forward by the Board.

Extraordinary General Meetings

Extraordinary General Meetings shall be held as often as the Board deems necessary. In addition, one or more of the Shareholders representing individually or jointly at least 10% of the issued share capital of the Company are entitled to request the Board in writing that a General Meeting is convened, the request setting out in detail the items to be discussed. If the Board has not taken the steps necessary to ensure that a General Meeting can be held within eight weeks of the request, the relevant Shareholder or Shareholders may at its or their request be authorized by a Dutch court in summary proceedings to convene a General Meeting. In any event, a General Meeting shall be held to discuss any requisite measures within three months of it becoming apparent to the Board that the shareholders' equity of the Company has decreased to an amount equal to or lower than 50% of the paid-up and called-up part of the share capital of the Company.

Place
According to the Articles, General Meetings shall be held in Amsterdam, Rotterdam, Hilversum or Haarlemmermeer (including Schiphol Airport).

Convocation
A General Meeting is convened by the Board by means of a convocation notice, which must be given at least forty-two days before the day of the General Meeting.

Right to include items on the agenda
One or more of the Shareholders representing individually or jointly at least 3% of the issued share capital of the Company are entitled to request the Company in writing that an item is included on the agenda of the General Meeting. The request must be sufficiently motivated and received by the Company at least sixty days before the day of the General Meeting. The Company cannot be forced to include a voting item on the agenda of the General Meeting where the voting item concerns a matter which does not lie within the powers of the General Meeting. In accordance with best practice provision 4.1.6 of the Code, the Shareholders are expected to only exercise the right of including an item on the agenda of the General Meeting after having consulted the Board in that respect.

Response time
If one or more of the Shareholders request that an item is included on the agenda of the General Meeting that may result in a change in the Company's strategy (via, for example, a change in the composition of the Board), the Board may invoke a response time. The possibility to invoke a response time also applies to a request of such Shareholder or Shareholders to be authorized to convene a General Meeting as set out under "The General Meeting––Annual and extraordinary General Meetings––Extraordinary General Meetings".

Chairperson of the General Meeting
The General Meeting shall be presided over by the Chairman of the Board or another Director designated for that purpose by the Board. If the Chairman of the Board is not present at the General Meeting and no other Director has been designated by the Board to preside over the General Meeting, the General Meeting itself shall appoint a chairperson of the General Meeting. The chairperson has all powers necessary to ensure the orderly and efficient conduct of the General Meeting. The chairperson decides on all matters relating to admission to the General Meeting and may admit third parties to the General Meeting. The Directors are in any event authorized to attend the General Meeting, in which they have an advisory vote. The external auditor(s) is or are also authorized to attend the General Meeting.

Participation
Each Shareholder is entitled, in person or represented by a proxy authorized in writing, to attend and address the General Meeting and to exercise its voting rights. Each Shareholder may exercise such rights if it is a Shareholder on the record date, which is the twenty-eighth day before the day of the General Meeting, and it has notified the Company in writing of its intention to do so in the manner and by the date specified in the convocation notice. The Board may determine that a Shareholder entitled to exercise its voting rights may cast its vote prior to the General Meeting by means of electronic communication or letter. Votes cast in accordance with the previous sentence rank equal to votes cast at the General Meeting.

Each Share confers the right on the holder thereof to cast one vote at the General Meeting. All resolutions of the General Meeting shall be adopted by a simple majority of the votes cast, unless Dutch law or the Articles require a qualified majority. Some resolutions require a qualified majority if less than half of the issued share capital of the Company is present or represented at the General Meeting. No special control rights are attached to the Shares. There are no restrictions on the exercise of voting rights under Dutch law or the Articles nor, as far as the Company is aware, under the Relationship Agreement.

The General Meeting has authority to adopt resolutions concerning, among others, the following matters:

- the issue of Shares or the granting of rights to subscribe for Shares (and to designate the Board as the competent body to issue Shares or to grant rights to subscribe for Shares);

- the limitation or exclusion of the pre-emptive right in relation to Shares or rights to subscribe for Shares (and to designate the Board as the competent body to limit or exclude the pre-emptive right in relation to Shares or rights to subscribe for Shares);
- the authorization of the Board to acquire Shares on behalf of the Company;
- the reduction of the issued share capital of the Company;
- the (re)appointment of Executive Directors and Non-Executive Directors;
- the suspension and dismissal of Executive Directors and Non-Executive Directors;
- the adoption of the remuneration policies for the Executive Directors and Non-Executive Directors;
- the adoption of the financial statements;
- the appointment of the external auditor(s) to audit the financial statements;
- the distribution of dividends;
- the amendment of the Articles;
- the dissolution of the Company.

No resolutions may be adopted on items other than those that have been included on the agenda of the General Meeting (unless the resolution would be adopted unanimously during a General Meeting where the entire issued share capital of the Company is present or represented).

Resolutions of the Board regarding a significant change in the identity or character of the Company or its business are subject to the approval of the General Meeting. Such changes include in any event:

- the transfer of the business or practically the entire business to a third party;
- the conclusion or cancellation of any long-lasting cooperation of the Company or a subsidiary with any other legal person or company or as a fully-liable general partner in a partnership, provided that the conclusion or cancellation of such cooperation is of material significance to the Company;
- the acquisition or disposal of a participation in the issued share capital of a company with a value of at least one third of the assets, as shown in the consolidated balance sheet with explanatory notes according to the most recently adopted consolidated financial statements, by the Company or a subsidiary.

Minutes

Minutes of the proceedings at the General Meeting shall be kept by a secretary who shall be designated by the chairperson of the General Meeting. Within three months after the close of the General Meeting, the minutes shall be made available to the Shareholders, which then have the opportunity to provide their comments in the three months thereafter. The minutes shall then be adopted by the chairperson and the secretary and signed by them as evidence thereof.

Issue of Shares and limitation or exclusion of pre-emptive right

The General Meeting is authorized to issue Shares. The General Meeting may designate the Board as the competent body to issue Shares and to determine the issue price and other conditions of the issue for a specified period not exceeding five years (which period can be extended from time to time for further periods not exceeding five years). Such designation must state the number of Shares that may be so issued. The General Meeting shall, in addition to the Board, remain authorized to issue Shares if such is specifically stipulated in the resolution of the General Meeting designating the Board as the competent body to issue Shares. A resolution of the General Meeting to issue Shares and a resolution of the General Meeting designating the Board as the competent body to issue Shares can only be adopted at the proposal of the Board. The foregoing applies by analogy to the granting of rights to subscribe for Shares but does not apply to the issue of Shares to a person exercising a previously granted right to subscribe for Shares.

Each Shareholder has a pre-emptive right in proportion to the aggregate number of its Shares upon an issue of Shares. The pre-emptive right does not apply to: (i) Shares issued to employees of the Company or of a group company, (ii) Shares issued against payment other than in cash and (iii) Shares issued to a person exercising a previously granted right to subscribe for Shares. The pre-emptive right may be limited or excluded by a resolution of the General Meeting. The pre-emptive right may also be limited or excluded by a resolution of the Board if the Board has been designated as the competent body to limit or exclude the pre-emptive right by the General Meeting for a specified period not exceeding five years (which period can be extended from time to time for further periods not exceeding five years), and the Board has also been designated as the competent body to issue Shares by the General Meeting. A resolution of the General Meeting to limit or exclude the pre-emptive right and a resolution of the General Meeting designating the Board as the competent body to limit or exclude the pre-emptive right can only be adopted at the proposal of the Board and requires a qualified majority of at least two thirds of the votes cast if less than half of the issued share capital of the Company is present or represented at the General Meeting. The foregoing applies by analogy to the granting of rights to subscribe for Shares.

On May 12, 2022, the General Meeting approved the 2022 Universal Music Group Global Equity Plan (the 2022 UMG Global Equity Plan) as well as the issuance of Shares or the granting of rights to subscribe for Shares in order to give effect to awards granted under the 2022 UMG Global Equity Plan to employees of the Company and its subsidiaries and to Executive Directors up to a total amount of 5% of the issued share capital of the Company as at May 12, 2022 (the Share Pool) and, to the extent necessary, the exclusion of the statutory pre-emptive right with respect to such Shares or rights to subscribe for Shares. On May 16, 2024, the General Meeting further approved the issuance of Shares or the granting of rights to subscribe for Shares in order to give effect to the granting of a fixed Euro amount of awards to Non-Executive Directors under the remuneration policy for the Non-Executive Directors from the same Share Pool and for the same five-year period calculated as from May 12, 2022, and to the extent necessary, the exclusion of the statutory pre-emptive right with respect to such Shares or rights to subscribe for Shares. The actual number of Shares to be issued or rights to subscribe for Shares to be granted in order to give effect to awards granted under the 2022 UMG Global Equity Plan is determinable by the Board (or a committee of the Board designated for such purpose).

Acquisition of Shares

The Company cannot subscribe for Shares. The Company may, however, acquire fully paid-up Shares for no consideration or under universal title of succession. In addition, the Company may acquire fully paid-up Shares against consideration if (i) the shareholders' equity of the Company less the acquisition price of the Shares does not fall below the sum of the paid-up and called-up part of the share capital of the Company and any reserves that must be maintained pursuant to Dutch law, (ii) the aggregate nominal value of the Shares which the Company acquires, holds or on which it holds a right of pledge or which are held by a subsidiary does not exceed 50% of the issued share capital of the Company and (iii) the Board has been authorized to acquire Shares on behalf of the Company by the General Meeting. Such authorization is valid for a maximum period of eighteen months and as part of the authorization, the General Meeting must specify the number of Shares that may be acquired as well as the manner in which and the price range within which the Shares may be acquired. Such authorization is not required if the Company acquires fully paid-up Shares for the purpose of transferring such Shares to employees of the Company or of a group company under an equity compensation plan. Any acquisition of Shares that are not fully paid-up shall be null and void.

In calculating the amount of any dividend distribution on the Shares, Shares held by the Company shall be disregarded, unless such Shares are encumbered with a right of pledge or usufruct. Furthermore, the Company or a subsidiary may not cast votes in respect of Shares held by it or on which it holds a right of pledge or usufruct. However, a holder of a right of pledge or usufruct on Shares held by the Company or a subsidiary may cast votes in respect of such Shares, if the right of pledge or usufruct was created before the Shares were acquired by the Company or a subsidiary. In determining how many votes can be cast, how many Shareholders are present or represented or which part of the issued share capital of the Company is present or represented at the General Meeting, no account shall be taken of Shares in respect of which no votes can be cast.

On May 16, 2024, the General Meeting resolved to grant the Board the authority to cause the Company to acquire Shares in an amount of up to and including 10% of the issued share capital of the Company as at May 16, 2024, through acquisitions effected on the exchange or in any other matter, provided that following the acquisition, the Company, together with its subsidiaries, does not hold more than 10% of the issued share capital of the Company. The minimum price which the Company may pay for a Share will be an amount equal to the nominal value of such Share. The maximum price which the Company may pay for a Share will be an amount equal to 110% of the market price of the Shares. The authorization so granted is valid for a period of eighteen months as of May 16, 2024.

Reduction of the issued share capital of the Company

At the proposal of the Board, the General Meeting may resolve to reduce the issued share capital of the Company by (i) cancelling Shares held by the Company or (ii) reducing the nominal value of the

Shares by way of an amendment of the Articles. A resolution of the General Meeting to reduce the issued share capital of the Company requires a qualified majority of at least two thirds of the votes cast if less than half of the issued share capital of the Company is present or represented at the General Meeting.

On May 16, 2024, the General meeting resolved to grant the Board the authority to cancel any or all Shares held by it in one or more tranches. The number of Shares that may be so cancelled (whether or not in one tranche) may be determined by the Board but may in aggregate not exceed 10% of the issued share capital of the Company as at May 16, 2024. The purpose of such cancellation would be to optimize the Company's capital structure.

Appointment of the external auditor(s)

The General Meeting shall appoint the external auditor(s) to audit the financial statements. The Non-Executive Directors shall submit a nomination for the appointment of the external auditor(s) to the General Meeting, upon the recommendation of the Audit Committee. Unless it concerns the renewal of an audit engagement, the recommendation of the Audit Committee shall be prepared following a selection procedure organized by the Company under the responsibility of the Audit Committee in accordance with Regulation (EU) No 537/2014 of the European Parliament and of the Council of April 16, 2014 on specific requirements regarding statutory audit of public-interest entities.

On May 11, 2023, the General Meeting appointed Ernst & Young Accountants LLP as the external auditor to audit the financial statements for the financial years 2023 up to and including 2025.

Amendment of the Articles

At the proposal of the Board, the General Meeting may resolve to amend the Articles. If a proposal to amend the Articles is to be submitted to the General Meeting, the convocation notice must state so and a copy of the proposal, including the verbatim text thereof, must be made available at the Company's office for inspection by, and must be made available free of charge to, the Shareholders until after the close of the General Meeting. An amendment of the Articles requires a notarial deed.

Dutch Decree on Article 10 of the Takeover Directive

Pursuant to the Dutch Decree on Article 10 of the Takeover Directive, the Board report needs to include information on, among others, the Company's share capital structure, any restrictions on voting rights and the transfer of Shares, substantial shareholdings in the Company, any special control rights attached to the Shares, any system of control of any equity compensation plans where the control rights are not exercised directly by the employees, the rules governing the appointment and dismissal of Executive Directors and Non-Executive Directors and the amendment of the Articles, the powers of the Board (in particular the power to issue Shares and to cause the Company to acquire Shares), any material agreement to which the Company is a party and which comes into force or is amended or terminated upon a change in control over the Company following a takeover offer, and any agreement between the Company and a Director or employee providing for compensation if his or her employment is terminated because of a takeover offer. The information that needs to be included in the Board report pursuant to the Dutch Decree on Article 10 of the Takeover Directive is included in this Corporate Governance section and in the Shareholder Information section.

Compliance with the Code

The Company acknowledges the importance of good corporate governance and complies with most of the principles and best practice provisions of the Code, the full text of which can be found on www.mccg.nl. Deviations from any of the principles and best practice provisions of the Code are explained below in accordance with the Code's 'comply or explain' principle. Substantial changes in the Company's corporate governance structure and in the Company's compliance with the Code, if any, will be dealt with at the annual General Meeting as a separate item.

Deviations

Best practice provision 2.1.7 item (iii) of the Code

Since, in the financial year 2024, two Non-Executive Directors, being James Mitchell and Manning Doherty, were considered to be affiliated with and/or representing a (group of affiliated) shareholder(s) holding, directly or indirectly, more than 10% of the issued share capital of the

Company, i.e., the Tencent-led consortium, the Company did not comply with best practice provision 2.1.7 item (iii) of the Code, which recommends that at most one Non-Executive Director is considered to be affiliated with or representing such (group of affiliated) shareholder(s). However, as Manning Doherty recently resigned from the Board, effective March 21, 2025, there is now only one Non-Executive Director, being James Mitchell, who is considered to be affiliated with and/or representing the Tencent-led consortium, which means that the Company now complies with best practice provision 2.1.7 item (iii) of the Code.

Best practice provision 2.1.10 of the Code

In the financial year 2024, the Company did not comply with best practice provision 2.1.10 of the Code, which recommends that the Non-Executive Directors' Report states that the Non-Executive Director independence requirements referred to in best practice provisions 2.1.7 up to and including 2.1.9 of the Code are being complied with. The reason for this deviation is that the Company could not make this statement now that it deviated from best practice provision 2.1.7 item (iii) of the Code. The Non-Executive Directors' Report does, however, set out in detail which Non-Executive Directors were considered non-independent within the meaning of best practice provision 2.1.8 of the Code in the financial year 2024 and why. Moreover, as Manning Doherty recently resigned from the Board, effective March 21, 2025, the Company now complies with best practice provision 2.1.7 item (iii) of the Code, which means that the statement recommended to be made pursuant to best practice provision 2.1.10 of the Code can be included in the Non-Executive Directors' Report in next year's annual report.

Best practice provision 2.2.1 of the Code

The Company does not comply with (the second sentence of) best practice provision 2.2.1 of the Code, which recommends that an Executive Director may be reappointed for a term of not more than four years at a time, now that the General Meeting, on May 11, 2023, reappointed Sir Lucian Grainge as an Executive Director for a period ending on May 1, 2028. At the recommendation of the Nomination Committee, the Board made its (non-binding) nomination for the reappointment of Sir Lucian Grainge for such an extended period in order to align the term of his appointment as an Executive Director with the term of his employment agreement.

Best practice provision 2.2.2 of the Code

The Company does not comply with (the first sentence of) best practice provision 2.2.2 of the Code, which recommends that a Non-Executive Director is appointed for a period of four years and may then be reappointed once for another four-year period, now that all Non-Executive Directors have been appointed or reappointed by the General Meeting for a period of two years in order to comply with the base scenario under the Articles.

Best practice provision 3.1.2 item (vi) of the Code

The Company does not comply with best practice provision 3.1.2 item (vi) of the Code, which recommends that if shares are being granted, they should be held for at least five years after the grant date. Although the awards granted to the Executive Directors under the 2022 UMG Global Equity Plan are (and will be) subject to (multiple-year) time-based and/or performance-based vesting requirements as set out in Note 24 'Share-based compensation plans' to the consolidated financial statements, there is no requirement that Shares should continue to be held once vested. Considering that the Company operates in a highly competitive environment, requiring the Executive Directors to hold the Shares for at least five years after the grant date could meaningfully reduce the perceived value of the awards for motivational and retention purposes, without reducing the cost to the Shareholders in terms of dilution, while the vesting requirements attached to the awards are already efficacious at aligning the Executive Directors' and Shareholders' interests.

Best practice provision 3.1.2 item (vii) of the Code

The Company does not comply with best practice provision 3.1.2 item (vii) of the Code, which recommends that if share options are being granted, they should not be exercisable during the first three years after they are granted. Although the performance stock options (the PSOs) granted under the 2022 UMG Global Equity Plan to Sir Lucian Grainge are subject to (multiple-year) time-based and performance-based vesting requirements, part of the PSOs could become exercisable within the first three years after they were granted. On each of the first four anniversaries of the grant date, one fourth of the PSOs will vest; in addition, one third of the PSOs will become eligible for exercise if the first share price hurdle of €26.50 is met, one third of the PSOs will become eligible for exercise if the second share price hurdle of €30.00 is met, and one third of the PSOs will become eligible for exercise if the third share price hurdle of €38.00 is met. Only those PSOs that have vested due to the passage of time and have become eligible for exercise due to a share price hurdle having been met become exercisable. One twelfth of the PSOs became exercisable during the financial year 2024 as those PSOs had vested due to the passage of time and had become eligible for exercise due to the first share price hurdle having been met.

Best practice provision 3.2.3 of the Code

Sir Lucian Grainge is entitled to severance payments as set out in the Remuneration Report under "Severance payments and termination provisions--Sir Lucian Grainge" in the event of (i) termination of his employment agreement by Sir Lucian Grainge for good reason, (ii) termination of his employment agreement by Universal Music Group, Inc. (i.e., the formal employer of Sir Lucian Grainge) without cause or (iii) non-renewal of his employment agreement by Universal Music Group, Inc., which severance payments are in excess of (the fixed remuneration component of) one year's salary. Accordingly, the Company does not comply with best practice provision 3.2.3 of the Code, which recommends that any severance payments in the event of dismissal should not exceed (the fixed remuneration component of) one year's salary or be awarded in the event that the employment agreement is terminated by the Executive Director. However, as the recommended severance payments are inconsistent with industry practices in the primary fields in which the Company competes for talent, i.e., the fields of United States media, entertainment and tech, complying with best practice provision 3.2.3 of the Code could be detrimental to Executive Director recruitment and retention. Accordingly, at the time of renewal of Sir Lucian Grainge's employment agreement, it was decided to agree to a severance arrangement, which is in deviation of best practice provision 3.2.3 of the Code.

Best practice provision 3.3.2 of the Code

The Company does not comply with best practice provision 3.3.2 of the Code, which recommends that Non-Executive Directors should not be awarded any remuneration in the form of shares and/or rights to shares, now that pursuant to the revised remuneration policy for the Non-Executive Directors, as adopted by the General Meeting on May 16, 2024, the Non-Executive Directors are entitled to receive part of their remuneration in the form of RSUs. A revision of the remuneration policy for the Non-Executive Directors was considered necessary to align the remuneration of the Non-Executive Directors more closely with sector market peers and to enhance the Company's ability to attract, motivate and retain highly qualified individuals.

Corporate governance statement

Pursuant to the Dutch Decree on the Content of the Board Report, the Company is required to publish a statement concerning its approach to corporate governance and compliance with the Code. The information required to be included in this statement can be found in the following sections of the Annual Report:

- The information concerning compliance with the Code is set out under "Compliance with the Code";
- The information concerning the Company's internal risk management and control systems relating to the financial reporting process is set out in the Risk and Risk Management section;
- The information concerning the functioning and powers of the General Meeting and the rights of the Shareholders and how such rights can be exercised is set out under "The General Meeting";
- The information concerning the composition and functioning of the Board and its Board committees is set out under "The Board" and in the Non-Executive Directors' Report under "Composition" and "Board Committees";
- The information concerning the D&I Policy is set out under "The Board––Diversity and inclusion" and in the Non-Executive Directors' Report under "Diversity and inclusion";
- The information concerning the inclusion of the information required by the Dutch Decree on Article 10 of the Takeover Directive is set out under "Dutch Decree on Article 10 of the Takeover Directive".

STATEMENTS OF THE BOARD

In control statement

In accordance with best practice provision 1.4.3 of the Code, the Board is of the opinion that for the financial year 2024:

- the Board report provides sufficient insight into any failings in the effectiveness of the internal risk management and control systems with regards to the risks associated with the strategy and activities of the Company and its affiliated enterprise, which in any case include strategic, operational, compliance and reporting risks;
- the internal risk management and control systems provide reasonable assurance that the financial reporting does not contain any material inaccuracies;
- based on the current state of affairs, it is justified that the financial reporting is prepared on a going concern basis;
- the Board report states those material risks associated with the strategy and activities of the Company and its affiliated enterprise and uncertainties that are relevant to the expectation of the Company's continuity for the period of twelve months after the preparation of the Board report.

It should be noted that the foregoing does not imply that these systems and these procedures provide absolute assurance as to the realization of operational and strategic business objectives or that they can prevent all misstatements, inaccuracies, errors, fraud and non-compliance with all applicable laws and regulations.

For a detailed description of the internal risk management and control systems and the principal risks identified, please refer to the Risk and Risk Management section.

Responsibility statement

In accordance with article 5:25c(2)(c) of the Dutch Financial Supervision Act *(Wet op het financieel toezicht),* the Board confirms that, to the best of its knowledge:

- the financial statements 2024 give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation as a whole;
- the Board report provides a true and fair view of the position as at December 31, 2024 and of the performance of the business during the financial year 2024 of the Company and the undertakings, details of which have been included in the financial statements 2024; and
- the Board report includes a description of the principal risks that the Company faces.

The Board, Hilversum, March 27, 2025

Sir Lucian Grainge	Eric Sprunk
Vincent Vallejo	Haim Saban
Sherry Lansing	James Mitchell
Margaret Frerejean-Taittinger	Luc van Os
Bill Ackman	Mandy Ginsberg
Cathia Lawson-Hall	Nicole Avant
Cyrille Bolloré	

SHAREHOLDER INFORMATION

SHARE CAPITAL

The authorized share capital of the Company amounts to €27,000 million and is divided into 2,700,000,000 ordinary shares with a nominal value of €10 per Share (the Shares). All Shares are registered and numbered consecutively from one onwards.

As at December 31, 2024, the issued share capital of the Company amounted to €18,292,811,710 and was divided into 1,829,281,171 Shares, the Company held 214,235 Shares in treasury and no depositary receipts for Shares were issued with the cooperation of the Company.

All Shares rank *pari passu* with each other. There are no restrictions on the transferability of the Shares under Dutch law or the Articles nor, as far as the Company is aware, under the Relationship Agreement.

Relationship Agreement

On September 8, 2021, Vivendi SE, Concerto Investment B.V., Scherzo Investment B.V., Compagnie de l'Odet and Compagnie de Cornouaille (which merged into Bolloré SE on July 17, 2024) entered into a relationship agreement (the Relationship Agreement), which was co-signed by the Company for agreement and acknowledgement.

Further details on the Relationship Agreement are set out in the Corporate governance section under "The General Meeting––Annual and extraordinary General Meetings––Participation", above under "Share capital" and below under "Substantial shareholdings" and "Dividend policy".

Substantial shareholdings

Pursuant to the Dutch Financial Supervision Act, Shareholders are required to notify the Dutch Authority for the Financial Markets (*Autoriteit Financiële Markten*) (the AFM) in the event that they acquire or lose the disposal of a capital interest and/or voting rights in the Company as a result of which their percentage of capital interest and/or voting rights in the Company reaches, exceeds or falls below one of the following thresholds: 3%, 5%, 10%, 15%, 20%, 25%, 30%, 40%, 50%, 60%, 75% and 95%. The requirement to notify the AFM also applies in the event that their percentage of capital interest and/or voting rights in the Company passively reaches, exceeds or falls below one of the thresholds due to a change in the issued share capital of and/or voting rights in the Company.

According to the AFM register, as at December 31, 2024, the following Shareholders had notified the AFM of their capital interest and/or voting rights in the Company:

Shareholder	Notification date	Capital interest	Voting rights
W.A. Ackman	December 31, 2024	7.48%[1]	7.48%[1]
Vivendi SE[2]	December 10, 2024	14.59%[3]	53.26%[3,4]
Concerto Partners LLC	June 30, 2023	19.92%[5]	48.33%[4,5]
V. Bolloré	September 22, 2021	18.01%[6]	48.04%[4,6]

1 Held in large part via various Pershing Square funds.

2 On December 10, 2024, Vivendi SE also notified a short position of 4.65% as a result of its entry into a forward sale.

3 Of which 4.65% represents a potential capital interest and potential voting rights which Vivendi SE notified on December 10, 2024 as a result of its entry into an equity swap.

4 Each of Vivendi SE, Concerto Partners LLC and V. Bolloré has notified an aggregated percentage of voting rights in the Company based on a voting agreement included in the Relationship Agreement.

5 Held via Scherzo Investment B.V. and Concerto Investment B.V.

6 Held via Bolloré Participations SE, Omnium Bolloré, Financière V, Sofibol, Compagnie de l'Odet and Bolloré SE.

It is possible that the stated percentages of capital interest and/or voting rights differ from the actual percentages of capital interest and/or voting rights as the Shareholders may only be required to notify the AFM in the event that their percentage of capital interest and/or voting rights reaches, exceeds or falls below one of the thresholds.

In the Relationship Agreement, the parties have agreed to, among others, consult with one another prior to each General Meeting in order to form and exercise, to the extent possible, a common view and vote in respect of the various items related to the subjects included in and the obligations of the parties under the Relationship Agreement, including in respect of the dividend policy as set out under "Dividend policy". Accordingly, the parties are considered to have concluded a voting agreement and have therefore aggregated their voting rights in the Company as set out in note 4 to the table above.

Change in control

The Company's €2 billion revolving credit facility agreement (potentially) entitles each bank to claim early repayment of the amounts borrowed by it to the Company in the event of a change in control over the Company (as defined in the €2 billion revolving credit facility agreement).

In addition, (i) the final terms of the ¥7 billion 1.61% senior notes due July 5, 2038, (ii) the final terms of the €750 million 4.00% senior notes due June 13, 2031, (iii) the final terms of the €500 million 3.00% senior notes due June 30, 2027, and (iv) the final terms of the €500 million 3.75% senior notes due June 30, 2032 each entitled a holder of a note to require the Company to redeem or, at the Company's option, purchase such note at such note's nominal amount together with (an amount equal to) accrued interest in the event of a change in control over the Company (as defined in the terms and conditions of the notes).

As set out in the Remuneration Report under under "Severance payments and termination provisions--Sir Lucian Grainge", Sir Lucian Grainge is entitled to severance payments in the event of termination of his employment agreement by Sir Lucian Grainge for good reason, which includes a change in control (as defined in the Remuneration Report under under "Severance payments and termination provisions--Sir Lucian Grainge").

2022 UMG Global Equity Plan

On May 12, 2022, the General Meeting approved the 2022 Universal Music Group Global Equity Plan (the 2022 UMG Global Equity Plan) as well as the issuance of Shares or the granting of rights to subscribe for Shares in order to give effect to awards granted under the 2022 UMG Global Equity Plan to employees of the Company and its subsidiaries and to Executive Directors up to a total amount of 5% of the issued share capital of the Company as at May 12, 2022 (the Share Pool) and, to the extent necessary, the exclusion of the statutory pre-emptive right with respect to such Shares or rights to subscribe for Shares. On May 16, 2024, the General Meeting further approved the issuance of Shares or the granting of rights to subscribe for Shares in order to give effect to the granting of a fixed Euro amount of awards to Non-Executive Directors under the remuneration policy for the Non-Executive Directors from the same Share Pool and for the same five-year period calculated as from May 12, 2022, and to the extent necessary, the exclusion of the statutory pre-emptive right with respect to such Shares or rights to subscribe for Shares. The actual number of Shares to be issued or rights to subscribe for Shares to be granted in order to give effect to awards granted under the 2022 UMG Global Equity Plan is determinable by the Board (or a committee of the Board designated for such purpose). The 2022 UMG Global Equity Plan is available on the investor relations part of the UMG website.

The purpose of the 2022 UMG Global Equity Plan is to provide long-term incentives to employees of the Company and its subsidiaries and to Directors which are linked to value creation for Shareholders and, where appropriate, the achievement of certain long-term strategic and financial goals through a variety of awards designed to attract, retain and motivate the best possible workforce. In addition, the 2022 UMG Global Equity Plan aims to afford employees of the Company and its subsidiaries and Directors the opportunity to acquire and maintain ownership of Shares, thereby strengthening and aligning their concern for the interests of the Company and its stakeholders.

In Note 24 'Share-based compensation plans' to the consolidated financial statements, details of the various awards are set out.

Dividend policy

The distribution of profits shall be made after the adoption of the financial statements by the General Meeting from which it appears that the distribution is allowed. The Company may only make distributions to the extent the shareholders' equity of the Company exceeds the sum of the paid-up and called-up part of the share capital of the Company and any reserves that must be maintained pursuant to Dutch law.

In accordance with the Relationship Agreement, and subject to all applicable laws, the Company intends to, on an annual basis, pay dividends to all Shareholders, on a *pro rata* basis in two semi-annual instalments, in the aggregate amount of no less than 50% of the Company's net profits, subject to agreed non-cash items, calculated as follows:

- consolidated net profits of the most recent audited consolidated financial statements as of December 31 prepared in accordance with EU IFRS; *plus*
- (a) any loss arising on any change in fair value of any intangible assets, tangible assets or financial assets, (b) any amortization or impairment of intangible assets, (c) share-based compensation expenses, (d) net losses related to non-consolidated companies consolidated under the equity method, (e) net losses related to minority interests, (f) net provisions for inventories and (g) any unrealized loss related to derivative financial instruments; *minus*
- (h) any gain arising on any change in fair value of any intangible assets, tangible assets or financial assets, (i) any unrealized gain related to derivative financial instruments, (j) income or reversal related to share-based compensation, (k) net profits related to non-consolidated companies consolidated under the equity method and (l) net profits related to minority interests.

The Company intends to pay an interim dividend in the fourth quarter of each financial year after the publication of the semi-Annual Report, and a final dividend in the second quarter of the following financial year following adoption of the financial statements by the General Meeting.

On June 11, 2024, the Company paid a final dividend of €0.27 per Share, bringing the total dividend for the financial year 2023 to €0.51 per Share.

On October 25, 2024, the Company paid an interim dividend of €0.24 per Share, and the Board now proposes that on June 13, 2025, the Company pays a final dividend of €0.28 per Share, such proposal to be approved at the annual General Meeting to be held on May 14, 2025. If approved, this would bring the total dividend for the financial year 2024 to €0.52 per Share.

Capital events

Credit ratings

On May 31, 2022, the Company was assigned a Baa1 long-term credit rating and a Prime-2 short-term credit rating, with stable outlook, by Moody's. On May 29, 2024, the Company was assigned a BBB+ long-term credit rating, and on May 31, 2022, the Company was assigned an A-2 short-term credit rating, with stable outlook, by S&P.

Euro Medium Term Note program

On July 5, 2023, the Company issued ¥7 billion 1.61% senior notes due July 5, 2038, on June 13, 2023, the Company issued €750 million of 4.00% senior notes due June 13, 2031, and on June 30, 2022, the Company issued €500 million of 3.00% senior notes due June 30, 2027 as well as €500 million of 3.75% senior notes due June 30, 2032 under its Euro Medium Term Note program. The notes are admitted to trading on Euronext Amsterdam. The proceeds have been used for the refinancing of indebtedness and payment of transaction fees and expenses.

Negotiable European Commercial Paper program

On June 3, 2024, the Company extended its Negotiable European Commercial Paper program and increased the amount thereof from €1 billion to €2 billion. The Company uses its Negotiable European Commercial Paper program for the financing of general corporate purposes.

Investor Relations

UMG is committed to maintaining an open and constructive dialogue with Shareholders (including potential Shareholders and other investors) and aims to keep Shareholders updated by informing them clearly, accurately and in a timely manner about its strategy, performance and other matters and developments that could be relevant to their investment decisions.

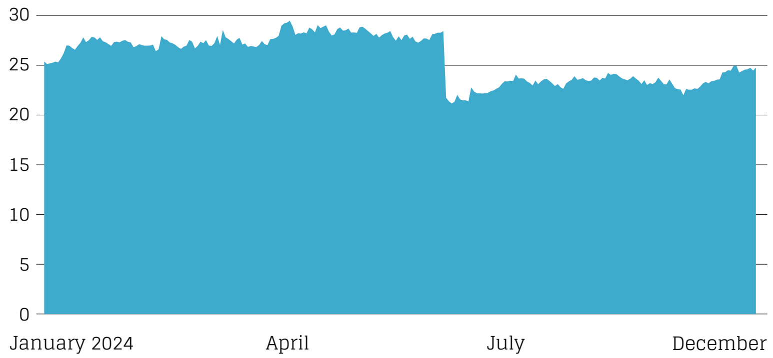
Capital Markets Day

The Company held its Capital Markets Day on September 17, 2024 at the Abbey Road Studios in London. During this event, senior executives from across the Company presented a strategic update and business outlook, and management shared medium-term financial targets for revenue, subscription revenue and adjusted EBITDA growth through the end of the financial year 2028.

Shares

On September 21, 2021, the Shares were admitted to listing and trading on Euronext Amsterdam (ticker symbol: UMG). The Shares are included in a number of indices, including the AEX, which is a free float market capitalization weighted index that reflects the performance of the twenty-five largest and most actively traded shares listed on Euronext Amsterdam. At year-end 2024, the share price was € 24.72 and the market capitalization was € 45.2 billion. The average daily trading volume in 2024 was €33.1 million or 1.3 million Shares.

Share price information	2024
Market capitalization at year-end (€ billion)	45.2
Lowest closing price (July 27, 2024, €)	21.12
Highest closing price (May 8, 2024, €)	29.42
Closing price year-end (€)	24.72
Total shareholder return	-0.4%
Average daily trading volume on Euronext Amsterdam (shares)	1.3 million



Per share data	2024
Dividend (€): 0.24 interim + 0.28 proposed final	0.52
EPS - basic (€)	1.14
EPS - diluted (€)	1.13
Adjusted EPS - basic (€)	0.98
Adjusted EPS - diluted (€)	0.96

Contact

Further information on UMG is available from the Investor Relations department, which can be reached by telephone: +31 35 799 4200 or by email: investorrelations@umusic.com. Further shareholder information is available on the investor relations part of the UMG website: https://investors.universalmusic.com.

RISK AND RISK MANAGEMENT

UMG has a diverse portfolio of brands, music labels, artists, established (predictable) and developing businesses, all spread across different geographies and business structures. Whilst this level of diversification generally spreads risk across our business, it is critically important that the Company manages risks in a proactive and responsible way to ensure we can deliver on our multi-faceted growth strategies.

The Company’s risk management is designed to provide reasonable assurance that strategic and operational objectives are met, legal requirements are complied with, and the integrity of the Company’s financial reporting and related disclosures is safeguarded. However, there can be no absolute assurance that our risk management will avoid or mitigate all risks that UMG faces. The material risks are described in Risk Factors.

Risk appetite

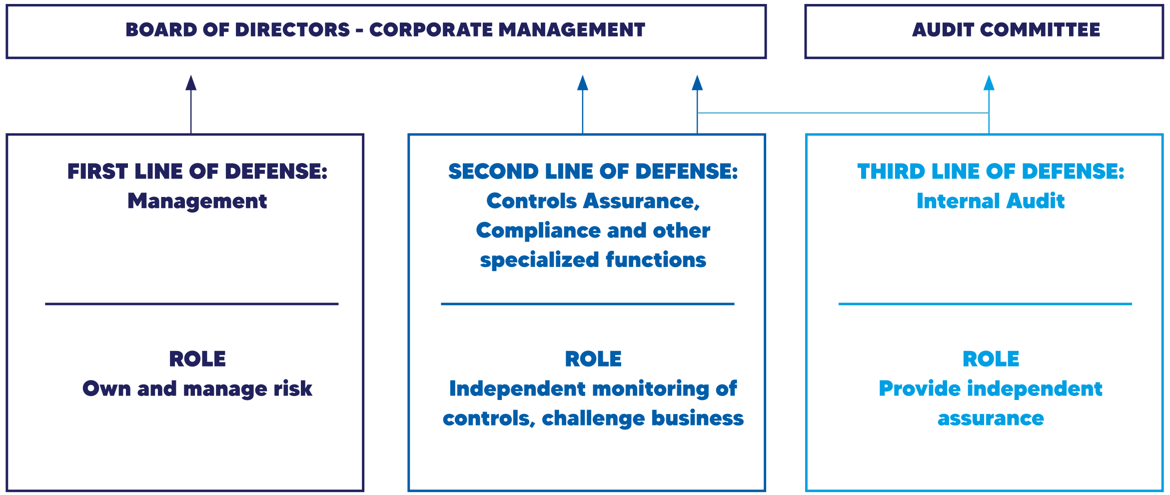
The Board and management seek to manage risks consistently within the risk appetite. UMG’s risk appetite differs depending on the type of risk, ranging from averse to a seeking approach. We believe we must operate within the dynamics of the music industry and take risks needed to ensure we continually revitalize our offerings for our artists and the way we work. At the same time, UMG attaches prime importance to integrity, sustainability and compliance with laws and regulations. Risk appetite for the four main risk categories is visualized below.

UMG does not classify these risks in order of importance.

Governance, Risk and Compliance

The Company has an Internal Control Framework (ICF) modelled upon the COSO (Committee of Sponsoring of the Treadway Commission) 2013 framework. The ICF incorporates risk assessment, control activities and monitoring into our business practices at entity wide and functional levels.

For the organization of risk management and internal control systems, we have adopted a ‘Three lines of defense’ model (see chart below) to provide reasonable assurance that risks to achieving important objectives are identified and managed. To enhance and coordinate risk assurance across the company, a Governance, Risk and Compliance working group has been established in 2022 that has continued to meet on a periodic basis since inception to review and monitor UMG's risk and control environment.



Monitoring and Assurance

A key element of our ICF is monitoring and assurance. The Company uses a comprehensive business planning and performance review process to monitor the Company's performance. This process covers the adoption of strategy, budgeting and the reporting of current and projected results. The company assesses business performance according to both financial and non-financial (including sustainability) targets.

All our businesses are required to maintain and manage a sound internal control environment with robust policies, procedures and controls and strong financial discipline.

In order to meet business needs and the requirements of the Dutch Corporate Governance Code, the Company has a Group-wide management certification process in place, which requires that the designated executive management team member at each of the reporting entities send attestation letters on a periodic basis to both the Corporate Financial Reporting Group (quarterly) and the Controls Assurance Function (semi-annually). Summarized, these letters confirm whether the reporting entities have incorporated the ICF in the local control policies and procedures and where deficiencies, non-adherence or breaches to the controls and/or procedures were found, that these have been reported and that the necessary remedial action has been undertaken to ensure that the internal control systems remain effective.

Both the Controls Assurance and Internal Audit functions help to ensure that the Company maintains and improves the integrity and effectiveness of the system of risk management and internal control.

The ICF is being monitored by the second line of defense Controls Assurance function through controls testing and other monitoring activities. Internal Audit undertakes regular risk-based audits in accordance with the audit plan as approved by the UMG Audit Committee.

Continuous ICF Improvements

Management continues to invest in the further improvement of the risk and internal control systems in the Company. Through upgrading its systems (including computer hardware infrastructure), adding additional financial and management controls as well as enhancing reporting systems and procedures. Management will continue to make further improvements in 2025, which will be aimed at, amongst other things:

- Enhancing program management controls for companywide IT system implementations.
- Optimizing the risk and control framework related to non-financial reporting (i.e. ESG).
- Deploying initiatives aimed at standardizing and automating processes and controls.
- Optimizing the level of monitoring of the risk and control systems, including enterprise risk management and a coordinated risk assurance process.
- Continue improving the quality and in particular the level of documentation of key controls across primary business processes.

Compliance and Integrity

As the world's leading music company, UMG recognizes that we have a responsibility to lead by example and ensure that all of our actions and decisions are based on honesty and integrity. UMG's global Code of Conduct sets our foundation that how we conduct business is as important as our results. The Code of Conduct outlines the key responsibilities for all our employees, officers, members of the board of directors, and (where permitted) third party consultants and advisors or representatives and requires:

- Honesty in all of our actions and decisions.
- Treating everyone with respect.
- Following the law and UMG policies when conducting company business.
- Seeking guidance when we are not certain about the right thing to do.
- Speaking up when we see a problem.

We meet these requirements by focusing on four key principles:

1. **SETTING THE RIGHT TONE WITH OUR PEOPLE** by valuing a diverse workforce; promoting a respectful, safe and healthy workplace; and by protecting human rights.
2. **SETTING THE RIGHT TONE FOR OUR COMPANY** by properly disclosing or avoiding any conflicts of interests and monitoring the receipt of gifts.
3. **SETTING THE RIGHT TONE IN THE MARKETPLACE** by following laws and regulations related to bribery and corruption; marketing and advertising; fair purchase practices and international trade regulations.
4. **SETTING THE RIGHT TONE IN OUR COMMUNITIES** by protecting the environment and contributing to our communities.

The Code of Conduct provides all employees a road map of how to make ethical choices and how to comply with our legal and regulatory obligations. Most importantly, it provides guidance on when and where to seek guidance or to report a potential compliance breach. All UMG employees are trained on the Code of Conduct annually and must certify compliance with the Code of Conduct on an annual basis. The Code of Conduct is available in the investor relations section of UMG's public website.

Our compliance obligations are overseen by our Compliance department as well as our Control Assurance department, Internal Audit department and our Finance department. An internal control framework, including policies, procedures and financial discipline underpins our risk management.

Corruption and Bribery

UMG is committed to complying with all applicable laws in each of the countries in which we operate, including compliance with laws relating to anti-corruption and bribery. UMG does not tolerate any form of corruption or bribery within its organization. Non-compliance with laws and regulations, including anti-corruption, bribery and related laws could expose the Group to legal liability and may negatively impact the Company's reputation, financial position, results of operations and/or prospects. These risks may manifest themselves in interactions with government bodies, trade associations, and in the merchandising division.

The Company has implemented a number of measures to counter the aforementioned risks. UMG's stance against, and prohibition of, corruption and bribery is covered not only in its Code of Conduct but also in its global stand- alone anti-corruption and lobbying policy, which applies globally to all of UMG's employees and its directors. In addition to the annual Code of Conduct training, all employees in all UMG territories are periodically expected to complete training specifically on the topic of anti-corruption.

UMG's anti-corruption compliance program provides risk mitigation guidance on matters including, but not limited to: interactions with government officials; conflicts of interest; political contributions/ lobbying activities/charitable giving; gifts/travel and entertainment; and proper maintenance of books and records. Employees are offered a multitude of ways to raise any concerns of anti-corruption and bribery, including dedicated reporting channels for conflicts of interest and gifts/ hospitality, in addition to the option to use UMG's dedicated whistleblower reporting line or by making direct reports to supervisors, the General Counsel, or the Chief Compliance Officer.

Where relevant, UMG will take appropriate action in response to any allegations or reports of misconduct, including investigations, disciplinary action and/or criminal or civil procedures. The compliance department and internal audit department regularly monitor the effectiveness of the company's anti- corruption and bribery compliance program. UMG has a dedicated ethics committee to ensure compliance with the Code. The Chief Compliance Officer provides regular reports to the ethics committee of any material potential violations of the Code, including anti-corruption and bribery, the status of any investigations, and the outcome of any investigations. The ethics committee and the internal audit department will further notify the audit committee of

the Board and the Board, itself, as required, depending on the circumstances of the potential violation. In 2024, no reports were received related to bribery or corruption and there were no known instances of bribery or corruption.

Fraud Risk

The Company maintains a global fraud risk register that summarizes risks and compensating measures. The global fraud risk assessment is an annual process and was performed in the last quarter of 2024.

The Company's stance with regard to integrity is clearly outlined in its Code of Conduct, as also explained in this Risk Management chapter. Any incidents of fraud and theft within the Company will be promptly investigated, reported and, where appropriate, lead to disciplinary actions (from warnings to immediate terminations). In addition, we carry out in-depth investigations of (possible) fraud cases, which may lead to an intermediate update of the fraud risk assessment.

Whistleblowing Policy and Reporting

UMG's Code of Conduct and our standalone Whistleblowing Policy (which can also be found in the investor relations section of UMG's public website: https://investors.universalmusic.com/governance) provide numerous options for employees to seek guidance and report potential breaches of the Code of Conduct, including contacting the company's Chief Compliance Officer or General Counsel directly. Additionally, UMG provides a global reporting line, through a third-party provider. The global compliance and ethics hotline is available 24 hours a day, seven days a week via telephone or the internet. Reports can be made in all the languages in which we do business and may be made anonymously in those jurisdictions which permit anonymous reporting. The whistleblower hotline is available not only to UMG employees but third parties as well. Reports are maintained as confidentially as possible (or fully confidentially as may be required by law) and are investigated.

In 2024, there were no substantiated reports of significant financial reporting, accounting, fraud or ethical (including human rights) violations.

Additionally, the Compliance Department maintains and monitors email boxes dedicated to reporting potential conflicts of interest.

Prohibition Against Retaliation

In order to encourage reporting of potential breaches of the Code of Conduct or other company policies, we prohibit retaliation of any kind against anyone who makes a complaint or report of a potential violation of law or policy in good faith. Engaging in retaliation is itself a violation of our Code and may result in disciplinary action, up to and including termination of employment.

Risk factors

UMG's business and the industry in which it operates, are subject to a number of risks. UMG believes that the risk factors as set out below, are the key risks and uncertainties concerning UMG's business and industry, 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.

In making this selection, UMG has considered circumstances such as the probability of the risk materializing on the basis of the current state of affairs, the potential impact which the materialization of the risk could have on the Group's business, results and financial position, and the attention that management would, on the basis of current expectations, have to devote to these risks if they were to materialize.

RISK AND RISK MANAGEMENT

While UMG believes that the risks and uncertainties described below are the key material risks and uncertainties concerning its business and industry, they are not the only risks and uncertainties relating to UMG.

Other risks, events, facts or circumstances not presently known to UMG, or that UMG currently deems to be immaterial could, individually or cumulatively, prove to be important and may have a significant negative impact on its business, results and financial position. The risk factors below have been divided into categories; however, some risk factors appear in more than one category.

Risk	Likelihood	Impact
Challenge to attract, sign and retain successful artists a in a highly competitive and evolving industry	High	Moderate
Decline in streaming revenue, subscription adoption and digital marketshare	Moderate	Moderate
Digital service provider dependency	Moderate	Moderate
Competition in evolving markets	High	Moderate
Inability to timely adapt to trends and developments in the markets in which UMG operates	Moderate	Low
Content protection and piracy	High	High
Generative AI	High	High
Challenge to attract and retain internal talent	Moderate	Moderate
Cybersecurity	High	High
Changes in global economic and financial conditions	High	Moderate
Geopolitical Instability	High	Moderate
Dependency on information technology systems	Moderate	Moderate
Restructuring and reorganization	Moderate	Moderate
Acquisitions and other investments	Low	Moderate
Access to and cost of financing	Low	Low
Currency fluctuations	Moderate	Low
Changes in tax laws	Moderate	Moderate
Loss of intellectual property rights	Low	High
Data protection compliance	Moderate	High
Governmental and regulatory challenges	High	Moderate
Changes in laws and regulations	Moderate	High

For each of the risks set out below, UMG has indicated examples of the programs, processes and controls which are designed to help manage and mitigate the risks. These risk responses are designed to manage risks towards, and should be read in conjunction with, the Risk Appetite as described above.

It is however possible that these initiatives may not be successful in limiting fully or partly the occurrence and impact of the risks on UMG's business, results and financial position.

Strategic risks

Challenge to attract, sign and retain successful artists in a highly competitive and evolving industry.
UMG may be unable to compete successfully in the highly competitive industry and markets in which it operates and UMG's business may be adversely affected if UMG fails to identify, attract, sign and retain successful recording artists and songwriters or by the absence of superstar releases.

The industry in which UMG operates is highly competitive, influenced by consumer preferences and rapidly evolving. UMG's competitive position is dependent on identifying, attracting, signing and retaining recording artists and songwriters who are or will become commercially successful, who have long-term potential, whose music is well received, whose subsequent music is demanded by consumers and whose music will continue to generate sales as part of its catalog for years to come.

UMG is also dependent on signing and retaining songwriters who are capable of writing songs that will be the popular hits of today and the classics of tomorrow. UMG's competitive position is dependent on its continuing ability to attract and develop such recording artists and songwriters whose work can achieve a high degree of popularity and thereafter continue to create music and songs to retain, engage and expand their fan base.

UMG uses external sources of data provided by streaming platforms or other external providers. Limitations to access of such data could adversely impact UMG's capability of identifying future talents and therefore negatively affect its business. While UMG is required to devote significant time and investment to signing, retaining and developing artists, the returns on these activities are influenced by a number of factors, including factors outside of the control of UMG, and are uncertain at the time of investment. To the extent that the expected returns from these activities fail to materialize or are not in line with expectations, this may negatively impact UMG's results and financial position.

UMG's competitors may become more successful at signing, marketing and promoting recording artists, for example if UMG's competitors increase the amounts they spend to discover, or to market and promote, recording artists and songwriters or reduce the prices of their music in an effort to expand market share, which may adversely impact UMG's business, results and financial position.

UMG's recorded music business is to a large extent dependent on rapid and significant technological developments in order to remain competitive, including access to, selection and viability of new technologies, and UMG's recorded music business is subject to potential pressure from competitors as a result of technological developments modifying the nature of UMG's competition.

UMG also faces competition from traditional music industry players as well as new entrants, including investment funds whose investment thesis includes making acquisitions of collections of musical compositions, or "catalog acquisitions".

In addition, changing business practices, particularly due to the emergence of new technologies and access to a global network of consumers, has and could further result in artists choosing to make content available to consumers directly without being affiliated with a label or an intermediary, or could result in music services playing some of the roles that UMG has traditionally played. In this regard, UMG also competes with certain of the music distribution platforms who distribute the works of artists and songwriters without the involvement of labels or intermediaries.

Adapting to, and competing with, rapid technological advancements require substantial investment of time and resources; however, such investment does not guarantee UMG's success in developing, implementing, transitioning to, competing with, utilizing or defending against new technology. Any failure by UMG to accurately anticipate customers' changing needs and emerging technological trends could significantly harm UMG's competitive position and results of operations.

Furthermore, if UMG fails to keep pace with rapidly evolving technological developments in artificial intelligence, its competitive position and business results may suffer. UMG's competitors or other third parties may incorporate artificial intelligence in a similar or different manner and may do so more quickly or more successfully than UMG.

Risk response
With regard to the development of recording artists and songwriters, UMG believes that traditional, high-touch, full-service label deals with its portfolio of world- renowned labels provide the most long-term value to an artist and greatly increase the commercial success, consumer base and longevity potential for artists at every stage of their careers. These deals provide for the full suite of professional expertise and global resources of a major label, including a comprehensive approach to content creation, organic artist development, timing, marketing, promotion, financial investment, and forward planning.

UMG is pioneering partnerships with new platforms, continuing the decades-long fight for copyright protections all around the world while combatting piracy in its many forms and creating commercial environments for artists in countries where commerce in music was basically non-existent; UMG continues investing in the next generation of creative leaders.

UMG has consistently demonstrated the value it represents to an artist's success. Producing and marketing music successfully requires significant upfront investment and involves collaborating with the best writers and producers. UMG invests more money and expertise through its staff of industry specialists than any other recorded music company in signing and developing talent. Combining these investments and expertise with UMG's excellence in marketing and in promoting artists globally, enables UMG to consistently lead the industry in breaking artists.

With respect to technological advancements as it relates to AI, UMG collaborates with responsible and ethical AI thought leadership and pursues the establishment of legislative and regulatory "guardrails" for AI. We are vigorously advocating for public policies furthering Responsible AI with governments around the globe, including through multi-stakeholder coalitions and trade bodies, as well as on our own.

UMG's diverse range of artists and labels helps the business consistently cater to changing consumer trends. As a result of having such a broad array of artists and labels, UMG is not reliant on one artist, or on a small number of artists, to generate revenue in any given year.

Decline in streaming revenue and/or subscription adoption and/or digital market share
UMG's business may be adversely affected should streaming and subscription adoption revenue or UMG's digital market share fail to grow or grow less rapidly than UMG anticipates.

Revenues from subscription music services are important to UMG because they represent a significant area of UMG's recorded music business and offset declines in downloads and physical sales. In 2024, UMG generated €6,038 million of revenue from subscription music services and ad-supported streaming, as compared to €5,700 million in 2023.

Consumption formats in the music industry are susceptible to technological advancements and changing consumer preferences around how music is accessed, as illustrated in recent years by the global decline in revenue derived from CD sales, and subsequently downloads. Technological developments, and other factors, may in the future negatively impact streaming or otherwise disrupt, the music industry.

Vast quantities of uploads with no meaningful engagement, including non-artist noise content delivered daily to digital platforms (including via the use of generative AI) increase the challenges for marketing music to fans and policing infringements. Additionally, technology around streaming manipulation, fraud and hacking is becoming increasingly refined and subscription streaming services are vulnerable which could undermine consumer confidence and cause revenue loss.

If UMG's subscription or streaming revenue or UMG's digital market share fail to grow, grow less rapidly than it has over the past several years or declines, UMG's recorded music business may experience reduced levels of revenue and operating income. Additionally, slower growth in streaming adoption or revenue is also likely to have a negative impact on UMG's music publishing business, which generates a significant portion of its revenue from sales and other uses of recorded music.

Risk response

UMG continues to actively and successfully work with existing and new streaming and subscription partners (global, regional and local) to develop existing and create new revenue streams. UMG also spearheaded the re-imagining of the subscription streaming model, encouraging digital partners to tackle streaming manipulation and fraud, and to evolve the revenue model to reward real artists that drive engagement and retention on streaming platforms. UMG plays an active role in promoting the continued development of new digital services and consumer offerings in order to support a competitive, healthy and increasingly global market, as well as in developing and growing new categories for exploitation of digital music, including fitness and wellness. UMG has agreements with several hundred global, regional and local digital service providers around the world, growing legal consumption of music and legitimate commercial outlets in markets with high levels of piracy, including the high-growth countries Brazil, India, China, Latin America, Africa, the Middle East, Eastern Europe and Southeast Asia. These services have made music more accessible to fans, offering a free-to-use option for consumers as an alternative to pirated content, with additional upsell opportunities created.

The result of UMG's leadership position, as well as its willingness to embrace new business partners and spearhead the development of new business models around the world, has resulted in an expanded market for music consumption and monetization, benefiting artists, fans, platform partners and music companies.

Digital service provider dependency

UMG relies on digital service providers for the online distribution and marketing of its music on the basis of contractual terms that are subject to change.

UMG derives increasing revenues from the distribution of music through digital distribution channels and partners with several hundred music services around the world. In 2024, the top 50 music services accounted for 98% of UMG's recorded music digital revenue, as compared to 98% in 2023. In 2024, 70% of UMG's recorded music revenue was derived from digital channels, as compared to 70% in 2023.

UMG currently enters into relatively short-term agreements with digital music streaming services in order to allow flexibility and enable adaptation to the rapidly evolving market. There can be no assurance that UMG will be able to renew agreements on the same terms or enter into new agreements with any digital music service. The terms of these agreements, including the rates that UMG receives pursuant to them and the basis for calculation of those rates, may change as a result of changes in the industry or changes in the law, or for other reasons. Decreases in rates or changes to other terms of agreements with digital music streaming services, or the inability to come to terms with services leading to removal of our music, could adversely impact UMG's business, prospects, financial condition and results of operations.

UMG's music is also promoted by the digital music services on playlists curated by such services or generated from their algorithms (or a combination of both). Any unfavorable changes made by such service providers to their algorithms or to the terms on which they market or promote UMG's music could adversely affect UMG's revenues, operating results and financial position.

Risk response

While a number of digital service providers compete with each other in the music industry around the world, they all seek to work closely with UMG, the largest supplier of content to all of the digital service providers. This is because UMG's artist content is a key driver of customer acquisition and retention for all of these platforms. UMG's world-renowned catalog, which is continuously growing through UMG's proven ability to develop and break new artists, makes UMG an important partner for platforms. The introduction of new products, services and revenue streams across segments spanning voice, fitness, wellness, social media, gaming, live streaming, brand partnerships, start-ups and other categories helps to further mitigate the reliance on a limited number of digital service providers.

Competition in evolving markets

UMG may be unable to compete successfully in the evolving markets in which it operates or unable to execute its business strategy.

UMG expects to increase revenues and cash flow through a business strategy which requires, among other things, continuing to maximize the long-term value of its music by expanding the licensing partners with which UMG works. UMG's strategy also includes continued diversification of its revenue streams by partnering with an increasing array of new businesses that benefit from the use of music content to engage consumers, including fitness and video games, and through business arrangements with non-traditional partners, including social media platforms.

UMG has also in the past completed and, as part of its business strategy, will continue, from time to time, to grow revenues and cash flow through strategic transactions, including acquisition(s) of business(es) in high potential markets, other acquisitions, combinations or dispositions of businesses or assets, or strategic alliances or joint ventures with companies engaged in music entertainment, investing or other businesses. See the "Acquisitions and other investments" risk factor for more information on perceived risks associated with acquisitions as well as UMG's risk response.

UMG may incur significant costs deploying its business strategy, and there can be no assurance that UMG will be successful in addressing risks or problems encountered in connection with strategic transactions or will be capable of executing or furthering its business plans during economic downturns, and UMG may not be able to recoup investments it has made in developing its business activities. UMG faces competition from traditional music industry players as well as new entrants and may not be able to execute its business strategy because of a failure to promote innovative products and/or to keep pace with market evolutions and, as a result, may lose market share to existing or new competitors.

Furthermore, the success of UMG's initiatives relies on adequate third-party support and requires UMG to accurately forecast and keep up with technological developments and consumer preferences relating to platforms and may require UMG to implement new business models or adapt to new distribution platforms. If UMG is unable to implement its strategy successfully or properly react to changes in consumer preference, then its financial condition, results of operations and cash flows could be adversely affected.

Risk response

UMG is a key promotor of innovation across the digital ecosystem through partnerships in new product categories and through proactive efforts to cause its partners to evolve and innovate. UMG maximizes opportunities to introduce new products, services and revenue streams in various segments spanning voice, fitness, wellness, social media gaming, live streaming, brand partnerships, start-ups and other categories. As discussed above, UMG also spearheaded the re-imagining of the subscription streaming model.

Inability to timely adapt to trends and developments in the markets in which UMG operates

UMG operates in many jurisdictions around the world and therefore is subject to a variety of trends, developments and limitations in those jurisdictions, which could affect it adversely.

UMG has offices engaged in recorded music, music publishing, merchandising and audiovisual content in more than 60 territories around the world. UMG's local presences have become increasingly important as the popularity of music originating from a country's own language and culture is very significant, and more countries around the world have developed legitimate business models to monetize music. In addition, UMG's business model is increasingly focused on developing business in new high-potential music markets. For example, in 2024, we strengthened our global presence through new activities, acquisitions, label launches and key partnerships in Nigeria and

Thailand. However, if UMG's music does not continue to have appeal in various countries, UMG's results of operations could be adversely impacted and its investments in new jurisdictions could fail to generate returns for UMG in line with expectations. Additionally, UMG may not be successful in identifying and signing the most promising artists in these markets, which may negatively impact UMG's competitive position in these geographies, its prospects and its ability to generate returns in these markets.

In countries in which UMG currently conducts, or may in the future conduct, its businesses, UMG's operations, growth strategy and development may be negatively impacted as a result of less developed digital, internet and mobile network infrastructure. UMG's success, particularly streaming revenues, depend on the continued development and use of internet by consumers to access music as well as increasing high-speed internet and smartphone penetration. If internet access or smartphone penetration in these markets develops slower than expected, or is stalled, UMG's growth strategy could be adversely affected.

Further, depending on the customs and norms in various markets, UMG's presence in and generation of revenues from other countries may require UMG to accept longer accounts receivable settlement cycles and may subject UMG to difficulties in collecting its accounts receivables.

Risk response

UMG is committed to shaping culture through artistry and is responsive to the needs and ambitions of local talent. In 2024, 62% of UMG's physical & digital recorded music revenues came from local repertoires in their own countries, as compared to 62% in 2023. Prior to entering a new market, UMG teams carefully identify areas of risk and develop a business case and strategic plan.

Content protection and piracy

Piracy continues to adversely impact UMG's business and content protection is a key focus of UMG's business.

Technological advances and the conversion of music into digital formats have made it easy to create, transmit and distribute high-quality unauthorized copies of music in a manner that does not provide an economic return for UMG or its artists and songwriters.

Streaming fraud involves the creation of artificial 'plays' on digital music streaming services that do not represent genuine listening. This activity constitutes fraud and damages the fan experience, distorting charts and playlists. The impact of streaming fraud and piracy on legitimate music revenues and subscriptions is hard to quantify, but UMG believes that illegal file sharing and other forms of unauthorized activity, including stream manipulation, have a substantial negative impact on music revenues.

IFPI conducted one of the largest music consumer studies in the world with over 43,000 music fans across 26 countries, where authorisation for the use of music was seen as extremely important; 76% felt that an artist's work should not be used without their permission and 73% agreed that an AI system should clearly list the music it has used.

If UMG is not successful in its content protection efforts, its business, results of operations, financial condition and prospects may suffer.

Risk response

UMG invests significant resources in combatting the many forms of piracy of its music including through litigation, lobbying and interdiction. UMG also encourages its digital partners to support UMG's content protection efforts by taking direct action against unauthorized activity on their platforms.

Generative AI

While UMG embraces responsible and innovative artificial intelligence and is optimistic about the potential benefits and opportunities brought by AI, technology to create AI-generated music and images has introduced new challenges for the protection of intellectual property and artist rights.

The unauthorised reproduction of copyrighted works to train AI technology that creates AI-generated content infringes intellectual property rights and embodies unauthorised and/or fraudulent renditions of artist voices, images and likenesses. Such infringing AI-generated content, unlicensed training on UMG's catalog of copyright-protected artists content, and fraud could create vast quantities of new musical works to compete with and dilute the impact of UMG's copyright-protected material on digital music services, which could adversely affect UMG's results.

UMG believes that AI can be used to enhance human creativity in music, enriching aspects of what UMG does for artists and their fans. For that reason, UMG has been exploring the opportunities emerging from this technology for many years, applying AI for advances in data analytics, marketing tools, enhanced studio and audio production, while working to protect the long-term value of artistic content. If UMG fails to keep pace with rapidly evolving technological developments in AI, its competitive position and business results may suffer. In addition, UMG's competitors or other third parties may incorporate artificial intelligence in a similar or different manner and may do so more quickly or more successfully than UMG.

Risk response

UMG has articulated the importance of establishing effective tools, incentives and rewards that enable us to limit AI's potential downside while promoting its promising upside. UMG supports the Human Artistry Campaign ('HAC') and its principles – the HAC is a global initiative formed in early 2023 to protect creators' rights in the age of AI, with more than 170 supporting organizations from 40+ countries.

In addition to responsible and ethical AI industry collaborations and thought leadership, UMG is pursuing the establishment of legislative and regulatory "guardrails" for AI, including backing legislation that, if enacted, would establish a federal right of publicity in the United States to help protect Americans' image, likeness and voice – and helping to prevent deepfakes. We are vigorously advocating for public policies furthering Responsible AI with governments around the globe, including through multi-stakeholder coalitions and trade bodies, as well as on our own.

In addition, we are protecting creators' rights in the AI environment through litigation. For example, UMPG, alongside two other music publishers, filed a copyright infringement lawsuit against Anthropic for its large-scale, wholesale copying of copyrighted lyrics. UMG with other record companies also filed cases for copyright infringement against two prominent music AI companies, Suno and Udio.

Operational risks

Challenge to attract and retain internal talent

UMG's ability to operate effectively could be impaired if it fails to attract and retain its executive officers and other key personnel.

UMG's success depends, in part, upon the continuing contributions of its executive officers and key operational and creative personnel, led by its Chairman and Chief Executive Officer. These executive officers and key personnel possess significant experience within the music industry and their established personal connections and relationships in the music industry are important to the UMG's operations. UMG competes with other music and entertainment companies, record labels, digital service providers, technology companies and other companies for top talent, including executive officers and other key personnel.

If UMG were to unexpectedly lose a member of its key management, its business activities, results of operations, financial position and prospects could be materially and adversely affected.

Risk response
UMG is an established brand with both an attractive name and business reputation in the talent market. UMG has taken proactive and preventative measures to attract and retain talent.

UMG has added more offerings geared towards equitable professional development across UMG's diverse employee community. These include tailored programming and resources, such as renowned guest instructors, and executive coaches to prepare employees for the next level of their career at UMG. The initiatives are geared towards incentivizing early and mid-career employee retention, which are the groups most susceptible to risk.

In addition, in 2022, UMG established an Equity Plan to provide long-term incentives to senior employees which are linked to value creation and designed to attract, retain and motivate the best possible workforce.

Restructuring and reorganization activities

UMG has engaged in effective restructuring and reorganization activities in the past, is currently engaged in an Organizational Redesign and may need to implement further restructurings and reorganizations in the future.

UMG's business has been, and may continue to be, impacted by significant ongoing changes in the entertainment industry. In response, it has sought, and will continue to actively seek, to adapt its operations and cost structure to the changing economics of the industry and to capitalize on growth opportunities. For example, while physical sales are still significant in some markets, music consumption has shifted from an ownership model, whereby consumers purchase vinyl or CDs, to an access model that includes subscription and ad-supported streaming formats.

In February 2024, UMG announced that it is engaged in an organizational redesign of its global structure, which is expected to enhance UMG's capabilities in the areas most critical to its future growth and success while providing its labels with enhanced capabilities to deepen artist and fan connections via new, experiential, commerce and content offerings (the "Organizational Redesign").

UMG may also in the future be required to implement further restructuring activities, make additions or other changes to its management or workforce based on other cost reduction measures or changes in the markets and industry in which it competes, including the evolving skill sets required from its employees. UMG's inability to implement the Organizational Redesign successfully or to structure its operations based on evolving market conditions could impact its business. Restructuring activities can also create unanticipated consequences and negative impacts on its business, and UMG cannot be certain that any ongoing or future restructuring efforts will be successful or generate expected cost savings.

Risk response
UMG has engaged in effective restructuring and reorganization activities in the past. UMG's executives have a broad range of experience that provides the discipline for effective execution of the restructuring plans.

Acquisitions and other investments

Where UMG acquires, combines with or invests in other businesses or joint ventures, UMG will face risks inherent in such transactions.

UMG has in the past completed and, as part of its business strategy, will continue, from time to time, to consider strategic transactions, which could involve acquisitions, combinations or dispositions of businesses or assets, or strategic alliances or joint ventures with companies engaged in music entertainment, investing or other businesses. For example, Virgin Music Group, the global independent music division of UMG, announced in December 2024 that it had entered into a definitive agreement to acquire Downtown Holdings LLC. The acquisition, which is subject to regulatory approvals, is expected to close in the second half of 2025. In addition, in 2024, UMG acquired a stake in (i) Chord Music Partners ("Chord"), pursuant to a long-term strategic partnership with Chord's other shareholders to actively manage Chord through UMG's global network and further develop its catalogue of music and intellectual property and (ii) NTWRK, a premium live-video shopping platform and curated marketplace serving buyers and sellers.

UMG may not be successful in addressing any risks or problems encountered in connection with any strategic transactions. UMG cannot assure that if it makes any future acquisitions, investments, strategic alliances or joint ventures or enters into any business combination that they will be completed in a timely manner, or at all, that they will be structured or financed in a way that will enhance its creditworthiness or that they will meet its strategic objectives or otherwise be successful. In addition, if any new business in which UMG invests or which it attempts to develop does not progress as planned, it may not recover the funds and resources it has expended.

Furthermore, UMG faces risks in successfully integrating any businesses that it might acquire, and these risks may be magnified by the size and number of transactions executed. Ongoing business may be disrupted, and management's attention may be diverted by acquisition, investment, transition or integration activities. In addition, UMG may need to dedicate additional management and other resources, and it could be difficult for us to efficiently integrate acquired businesses into our ongoing operations and assimilate and retain employees of those businesses into UMG's culture and operations. The loss of key executives, employees, customers, suppliers, vendors and other business partners of businesses acquired may adversely impact the value of the assets, operations or businesses.

Additionally, UMG has made investments into joint ventures with third parties in certain jurisdictions and it may in the future enter into additional such joint ventures as a means of conducting its business in various jurisdictions. While UMG seeks to ensure that it has appropriate rights when entering into joint ventures, in the future other investors in the joint venture may have or require certain rights under the terms of the joint venture, and therefore, UMG may not be able to unilaterally make significant decisions or take timely actions with respect to its joint ventures. UMG's inability to take decisive unilateral action in respect to its joint ventures could have a material adverse impact on UMG's results of operations.

Risk response

UMG has defined pre-acquisition due diligence procedures in place that enables informed decision making, as well as post-acquisition integration procedures geared towards timely and effective integration of acquired companies.

Cybersecurity

Cybersecurity presents ongoing risks that could adversely impact UMG's global data and operations. UMG's systems may be vulnerable to damage from cybersecurity attacks.

UMG processes personal data related to customers, employees, business partners, artists, and vendors. UMG also maintains sensitive confidential business information of itself and, in some cases, counterparties, as well as intellectual property including rights in music recordings and compositions that in some cases are not yet released. UMG relies on both its computer systems and those of its service providers for day-to-day operations and to manage these kinds of critical business data. No computer system is immune from attacks or other incidents, and UMG's system may be vulnerable to, or may have suffered unknown, security breaches by computer hackers and others that attempt to penetrate or otherwise defeat the security measures that it has in place. A compromise of its security systems that results in the loss or exposure of personal data, confidential information, or intellectual property could lead to operational disruptions and significant expenditures to address the incident. Such a compromise could lead to the loss of competitively sensitive information, theft of funds, reputational harm, litigation and investigations, legal expenses, liability, penalties, or the imposition of ongoing monitoring or audit requirements which may create operational disruptions and/or significant expenditures. Any of the foregoing may adversely impact UMG's business, results of operations, financial position, and prospects.

Risk response

UMG employs multiple layers of cybersecurity defenses to protect assets, systems, and employees from cyberattacks. These controls include broad deployment of advanced authentication controls including multi-factor authentication, deprecation of privileged service accounts, active network and system monitoring, centralized logging, and incident response and business continuity planning.

UMG has further implemented controls to enhance remote access security, augment visibility to network behavior, and improve cybersecurity control governance. It has implemented a cross-functional process to identify and improve incident response procedures and increase testing for evolving attack vectors such as social engineering.

UMG conducts regular security training including regular phishing training of all employees and a blend of online and in-person training covering general security as well as application and developer security. It has implemented additional non-technical measures including cyber insurance policies, security incident simulations, and audits to mitigate the risks of an adverse cybersecurity event.

UMG has also advanced security detection technology installed on all workstations and servers that allows for rapid detection of ransomware and other common security issues, allowing for swift isolation of potentially affected systems for review and remediation.

Changes in global economic and financial conditions

A weakening of anticipated global economic growth, a return to sustained high inflation rates or other periods of declining economic conditions, either globally or in any of the markets in which UMG operates, could adversely affect UMG's results from operations, cash flows and financial conditions.

Economic growth and consumer confidence are important for UMG's growth and strategy. A significant portion of UMG's revenue relies on consumers spending discretionary funds on leisure activities, such as music subscriptions, CDs, vinyl albums and artist merchandise. Factors like political uncertainty, and the state of the economy, including issues such as inflation, recession, the availability of consumer credit, taxation and unemployment can influence the prevailing macroeconomic conditions and affect UMG's business.

While U.S. and other countries' inflation rates continued to fall in 2024, a number of countries, including many major economies in Europe, have reported high inflation. Concurrently, central banks in such countries have raised or discussed the possibility of further increases of interest rates in the future. Such increases in interest rates may reduce growth or result in a global or regional recession. Further market volatility may occur if inflation increases again and markets respond to the interest rate increases and the cessation of quantitative easing programmes by major central banks. Increased inflation may impact the disposable income and shopping habits of our customers which may in turn affect the demand for our products and services and our ability to maintain our revenues in line with targets and expectations. Each of these events may negatively impact discretionary funds available to consumers for leisure activities, and as a result may negatively impact UMG's revenues.

Risk response

UMG benefits from a diverse set of growth drivers, such as DSP penetration growth, social media platforms, health/fitness applications, gaming, and Audio Video, among others, which makes UMG less dependent on any one particular growth driver.

Furthermore, music consumption is relatively inexpensive compared to other forms of media entertainment, and DSP providers generally make all content available, thus not requiring multiple subscriptions. In the past, music consumption has proven to be resilient to macro-economic downturns and so far we have not seen any material impact from any global economic downturn on UMG's results (despite lower advertising-funded streaming income growth, as the advertising industry was impacted by the difficult economic environment).

Geopolitical instability

UMG's results of operations, cash flows and financial condition may be adversely affected by geopolitical instability. Unfavorable conditions can depress revenues in affected markets and prompt actions that adversely affect our business and/or financial performance.

The 24 February 2022 invasion of Ukraine by Russian military forces has resulted in sustained conflict and disruption in the region. In addition, an armed conflict in Israel and Gaza is ongoing, after the 7 October 2023 attacks led by Hamas against Israel. Sanctions and other measures imposed in response to these conflicts have increased global economic and political uncertainty. Although

Russia, Ukraine and Israel each represented less than 1% of UMG's total revenues and EBITDA for the year ended 31 December 2024 and, as such, have not constituted (and do not currently constitute) a material part of UMG's business, armed conflicts between Russia and Ukraine and between Hamas and Israel, could escalate. The significant escalation of these conflicts could increase economic instability and disruption both inside those countries and across their regions. The extent and duration of the military action, sanctions and resulting market disruptions could be significant and could potentially have substantial impact on the global economy for an unknown period of time. As a result of UMG's revenue profile being very geographically diverse, any such downturn in the global economy that reduces the disposal income of UMG's customers may in turn have a negative impact on UMG's revenues.

Risk response
UMG's operation in Russia have been suspended since 8 March 2022, as per our public announcement on that date.

UMG monitors political and general societal changes and, where necessary, develops response strategies to such events. Furthermore, music consumption has proven to be resilient in macro-economic downturns in the past and so far UMG has not experienced any material impact arising from the effect of international sanctions. Consequently any extension of sanctions would likely only have a minimal impact on UMG's results from operations.

Dependency on information technology systems

UMG's operations are dependent on its information technology and information systems, and any disruption to, or failure in, UMG's IT system could adversely impact UMG's operations.

The integrity, reliability and operational performance of UMG's information technology (IT) infrastructure and technology network are critical to its operations. UMG relies upon the capacity, reliability, and security of its IT hardware and software infrastructure and its ability to expand and update this infrastructure in response to changing needs.

Certain elements of the IT systems infrastructure on which UMG depends are outsourced to third parties. The services and functions provided by these third parties are critical to UMG's business and include (but are not limited to) storage, data processing and network.

The availability of UMG's IT platforms and other services may be interrupted by damage or disruption to the UMG's or UMG's third-party service providers' IT systems, which may be caused by, for example hardware or software defects, human error, unauthorized access, fire, power loss, natural hazards, the impact of war and terrorism, disasters or similarly disruptive events, as well as planned upgrades and improvements which may be subject to developmental delay or fail to be effective.

While UMG has in place business continuity procedures, there can be no assurance that these will be fully successful in preventing all disruptions to the availability of UMG's IT platforms or other services. To the extent UMG outsources its business continuity or disaster recovery operations, it is at risk of the vendor's unresponsiveness in the event of breakdowns in UMG's systems, which could cause delays in recovering service.

Furthermore, performance issues, system interruptions or other failures in the UMG's IT systems could expose UMG to potential liability to pay damages as well as reputational harm, additional operating expenses to remediate the IT failures and exposure to other losses or other liabilities, all of which could have a material adverse effect on UMG's business, financial condition and results of operations.

Risk response
UMG continues to invest in the maintenance, upgrading and testing of its IT infrastructure and technology network, in addition to maturation of failover and overall Tech recovery plans to minimize the risk impact of disruption. While UMG's insurance coverage may not cover all of the costs and liabilities it incurs as the result of any such interruptions or failures of its IT systems, UMG maintains what it considers to be an appropriate level of insurance against some of these risks.

Financial risks

Access to and cost of financing

Risks related to access to and cost of financing are assessed based on UMG's capacity in the coming twelve months to have ready access to cash and cash equivalents and available confirmed credit facilities and to generate sufficient cash flows and proceeds from sales to cover debt repayments, dividend payouts and financial commitments.

Risk response

UMG has access to a €2 billion confirmed syndicated financing package (RCF) which provides the necessary funds to cover UMG's financial requirements and is used as back up for a €2 billion NEU commercial paper program. The RCF was extended from April 2026 to April 2028. In addition, UMG issued successfully in 2022 two tranches of bonds, including a €500 million tranche with a maturity in 2027 and another €500 million tranche with a maturity in 2032. UMG also issued successfully in 2023 a €750 million bond with a 2031 maturity and a JPY 7 billion private placement with a 15- year maturity (2038).

UMG's average debt maturity is 4.5 years, its liquidity remains above € 1billion, and the fixed-rate net debt ratio remains above 75%.

Currency fluctuations

Unfavorable currency exchange rate fluctuations could adversely affect UMG's results of operations.

A significant portion of UMG's assets, liabilities, revenues and costs are denominated in currencies other than Euros, in particular U.S. Dollars. To prepare UMG's Financial Statements, UMG must translate those assets, liabilities, revenues and expenses into Euros from such currencies at then-applicable exchange rates. Consequently, increases and decreases in the value of the Euro as compared to such other currencies will affect the amount of these items in the UMG Financial Statements, even if their value has not changed in their original currency. These translations could result in significant changes to its results of operations from period to period. In addition, exchange rate fluctuations could cause expenses to increase as a percentage of net sales, affecting profitability and cash flows.

Risk response

From time to time, UMG enters into foreign exchange contracts to hedge the risk of unfavorable foreign currency exchange rate movements. UMG seeks to hedge currency transaction risks by offsetting opposing cash flows (natural hedging) and using derivative hedges.

Changes in tax laws

Changes in tax laws or challenges to UMG's tax position could adversely affect UMG's results of operations and financial condition.

Given the international footprint of the UMG's operations globally, UMG is subject to tax laws and regulations in more than 60 countries where it operates. Adverse developments in applicable tax laws or regulations, or any change in the position by the relevant tax authorities or tax courts regarding the application, administration or interpretation of any applicable tax laws or regulations, could subject UMG to additional or increased tax payments, and in turn have a material adverse effect on UMG's business, financial condition and results of operations. If UMG's tax positions are challenged by tax authorities, the potential imposition of additional or increased taxes could require UMG to pay taxes that UMG currently does not collect or pay or increase the costs of UMG's services to track and collect such taxes, which could in turn increase UMG's costs of operations or the UMG's effective tax rate and have a negative effect on UMG's business, financial condition and results of operations.

Moreover, any change in the tax law, such as an increase of tax rate or a change in determination of tax basis, could have a material adverse impact. Given the international nature of UMG's operations, UMG may be particularly impacted by changes to regulations relating to transfer pricing and withholding taxes on the repatriation of funds.

Risk response

The Tax Policy supervised and approved by the Audit Committee states that UMG has a very low tolerance to tax risk. The application of this guidance alleviates the potential adverse impact of any change either in the application, administration or interpretation by tax administration or tax courts. Moreover, as positions taken either for transactions, compliance and accounting purposes are conservative any change in tax rates or tax basis might be mitigated.

Therefore, UMG's tax procedures follow this governance and there is a process in place to implement and monitor compliance with them. These procedures comply with tax rules in countries where UMG operates as well as with requirements enacted by supra-national organizations, such as OECD and the European Union. These procedures take into account the spirit of the laws and are updated as necessary in order to incorporate any change of tax law or tax regulation impacting UMG. The Group Tax Department and finance teams are in charge of establishing, maintaining and overseeing these policies. The aim is to file all the required tax-relevant returns with the appropriate Tax Authorities in a correct, timely and complete manner. To ensure this happens, (tax) compliance & reporting processes are monitored through the Tax Risk and Control Framework which sets out the controls established to assess and monitor tax risk for direct and indirect taxes (e.g., corporate income tax, transfer pricing, VAT, wage tax and tax accounting).

The Group Tax Department monitors proposed changes in taxation legislation and ensures these are taken into account when considering the operations and compliance. For this purpose, the Group Tax Department employs qualified tax professionals who follow carefully any change in tax law or tax regulations, with the assistance of qualified and reputable external advisors with requisite qualifications and reputation.

Laws and regulations

Loss of intellectual property rights

The success of UMG's business depends on its ability to obtain, maintain, protect and enforce its trademarks, copyrights and other intellectual property rights around the world.

UMG's intellectual property rights, as well as its ability to enforce such rights depend on the laws and regulations of the many jurisdictions in which it conducts business, which are not consistent across jurisdictions. An inability to obtain, maintain, protect or enforce its intellectual property rights could harm UMG's brand or brand recognition and adversely affect its business, prospects, financial condition and results of operations.

In addition, if UMG is alleged to have infringed, misappropriated or otherwise violated the intellectual property rights of a third party (even where such claims are without merit), any litigation to defend the claim could be costly and would divert the time and resources of management, regardless of the merits of the claim and whether the claim is settled out of court or determined in its favor.

There can be no assurance that UMG will be able to successfully obtain, protect, maintain or enforce its intellectual property rights in every instance or would prevail in any such litigation. If UMG were to lose a litigation relating to intellectual property (even if the claim is without merit), in addition to the potential reputational damage, it could be forced to pay monetary damages, to obtain a license, or to cease using certain intellectual property or technologies.

Additionally, artists signed by UMG may seek to challenge and dispute the scope or term of intellectual property rights under their contracts entered into with UMG, including potential disputes as to the application and effect of technological developments and new formats to access music.

Furthermore, notwithstanding any potential benefit of AI, new challenges for protecting our intellectual property and other rights of our artists and songwriters may also arise from AI generated music. See the "Generative AI" risk factor above.

Any of the foregoing may cause UMG to suffer economic loss and reputational damage, which would adversely affect UMG's business, results of operations, financial condition and prospects.

Risk response

In order to obtain, maintain, protect and enforce its intellectual property rights, UMG takes a variety of measures, including maintaining a staff of senior intellectual property and litigation lawyers, engaging lawyers in different jurisdictions covering different fields of law and if necessary, conducting litigation or proceedings before courts, governmental authorities or administrative bodies. UMG also has a content protection unit tasked with leading and coordinating take downs of content that infringes its intellectual property rights. UMG also engages in advocacy (both directly and through trade associations) to influence any changes so that they do not negatively affect the business or broader music industry and its stakeholders.

Data protection compliance

UMG's business is subject to an increasing number of global laws, regulations, rules, and other obligations governing data protection in addition to contractual obligations to business partners.

These restrictions and obligations govern the collection, use, retention, disclosure, transfer, and security of data by UMG and its subsidiaries. Operations impacted by these laws include consumer-facing operations such as eCommerce, online advertising, direct marketing, website operation, and social media activities, as well as internal operations such as human resources activities, management of royalties and artist relations, IT activities, and transfers of data among UMG's subsidiaries.

Regulatory, media, and political scrutiny of data protection compliance continues to grow. This attention is further intensified by the emergence of powerful artificial intelligence tools that create legal, ethical, and societal risk.

The legal landscape is also becoming more complex, with an ever-evolving landscape of laws and regulations. Major legislation by US states, the European Union, and China among others has further increased the complexity and risk of data protection laws. These laws, and the ways in which authorities interpret and enforce them, may differ from jurisdiction to jurisdiction. Complying with changing requirements may cause UMG to incur substantial costs, change its business practices, modify its product and service offerings, and forego business opportunities.

In particular, the United States has seen a significant emergence of state-level privacy laws as well as increased enforcement by federal agencies such as the Federal Trade Commission. California, where UMG's operational headquarters are located, continues to implement the strictest privacy requirements in the United States, including the DELETE Act. A number of US states have passed privacy laws that are either in effect or will be in the near future. These state laws are similar but not identical, creating additional sources of complexity and potential costs to UMG.

Any perceived or actual failure by UMG, including its third-party service providers, to protect confidential data or any material noncompliance with data protection laws could reduce UMG's ability to attract and retain customers, artists, and other business relationships and counterparties and result in litigation or other actions being brought against UMG. Lastly, if third parties with whom UMG works, such as UMG's suppliers, violate applicable laws or UMG's policies, such violations may also put UMG data at risk and could in turn have an adverse impact on UMG's business, prospects, financial condition and results of operations.

Noncompliance, or even allegations of noncompliance, with these laws or UMG's public statements or contracts in these areas, could lead regulators or private actors to institute investigations into or proceedings against UMG. These investigations or proceedings may entail legal costs and reputational harm for UMG, and if defense of such proceedings is unsuccessful even in part, UMG may face significant penalties, liability, or ongoing monitoring or audit requirements.

Risk response

UMG maintains a global data protection compliance program including personnel dedicated to managing data protection risk. UMG's data protection team partners with personnel throughout the organization to identify and mitigate data protection risks.

Recent initiatives include updates or improvements to privacy disclosures, governance and data management processes, data subject rights processes, employee training, cross-border data transfer agreements, supplier contract terms, internal audit procedures, and incident response processes.

UMG's data protection compliance program prioritizes streamlined global rules and processes to manage increasingly complex requirements. This improves the efficiency of compliance efforts and reflects the interconnected nature of UMG's artists, fans, and business operations.

The company advocates (both directly and through trade associations) to influence any changes to the law so that they do not negatively affect the business or broader music industry and its key stakeholders.

Governmental and regulatory challenges

A significant portion of UMG's revenues are subject to regulation either by government entities or by local third-party collecting societies throughout the world and rates on other income streams may be set by governmental proceedings or be subject to legislative intervention, which may limit its profitability.

Mechanical royalties and performance royalties (on both physical and digital sales) are two of the main sources of income for UMG's music publishing business, accounting for 14% of UMG's revenue in 2024 (2023: 14%), and mechanical royalties are an expense for its recorded music business (except in instances when digital service providers pay such mechanical royalties directly to publishers), representing 0.7% of UMG's revenue in 2024 (2023: 0.8%). In the United States, compulsory mechanical royalty rates are set every five years pursuant to an administrative process under the U.S. Copyright Act, unless rates are determined through industry negotiations, and performance royalty rates are most commonly, but not exclusively, determined by negotiations by performing rights organizations, which in the U.S. include American Society of Composers, Authors and Publishers (ASCAP), Broadcast Music, Inc. (BMI), the Society of European Stage Authors and Composers (SESAC), and Global Music Rights, LLC (GMR). ASCAP and BMI are subject to a consent decree rate-setting process if negotiations are unsuccessful.

The Antitrust Division of the U.S. Department of Justice (the DOJ) has previously reviewed its consent decrees with ASCAP and BMI and, while in January 2021, the DOJ announced that it would take no further action to modify or terminate such decrees, there is no guarantee that the DOJ will not choose to review such decrees in the future. Changes to the mechanical royalty rate, the performance royalty rates or consent decrees governing the U.S. performing rights organizations could potentially impact the profitability of UMG's music publishing business.

Outside of the United States, mechanical rates are typically negotiated on an industry-wide basis (or for multi-territorial online licensing, on a repertoire- specific basis but still necessarily in partnership with collecting societies as rights holders) and may be subject to mandatory collecting regimes. In most territories outside the United States, mechanical royalties are typically based on a percentage of wholesale prices for physical products and based on a percentage of consumer prices for digital formats. Performance royalty rates are typically negotiated between the collecting society and the individual licensee. The mechanical and performance royalty rates set pursuant to such processes may adversely affect UMG by limiting its ability to increase the profitability of its music publishing and/or recorded music businesses.

The performance royalty rates received by UMG's recorded music business in the United States for statutory webcasting and satellite radio are set every five years by an administrative process under the U.S. Copyright Act unless rates are determined through industry negotiations. In most jurisdictions outside the United States, UMG's recorded music business receives payment for the public performance and broadcast of its sound recordings via collecting societies, with rates generally set by industry agreement or rate setting tribunal. In certain jurisdictions, governments either have, are proposing or face certain pressure to introduce legislation which may introduce and/or extend mandatory collective licensing and direct remuneration claims for certain rights, such as (but not limited to) the introduction of an additional remuneration right for performers for the so-called "making available" of sound recordings on digital services.

As revenues continue to shift from physical to diversified distribution channels, it is important that UMG receives fair value for all of the uses of its intellectual property as its business model now depends upon multiple revenue streams from multiple sources. To the extent that the rates set for recorded music and music publishing income sources through collecting societies or legally prescribed rate-setting processes are set at levels which are not favorable or economically viable for UMG, this could have an adverse impact on its business, prospects, financial condition and results of operations.

Risk response

We participate and work with qualified counsel to build the best case in rate setting proceeding that impact the industry. We educate stakeholders and advocate for policies that ensure music is appropriately valued. The diversified nature of UMG's business between types of sources of income and geographies mitigates the impact to UMG in case any individual country were to implement laws that could adversely affect the income that flows to UMG.

Changes in laws and regulations and legal proceedings

Changes in laws and regulations and legal proceedings that UMG is, or to which it could become party, may have an adverse effect on UMG's business.

UMG's business is subject to a variety of laws, regulations and other public policies in jurisdictions around the world, including those relating to intellectual property, content regulation, user privacy, data and consumer protection, antitrust and competition, and ESG, among others.

Various governments currently have under consideration, and may in the future adopt, new laws, regulations and policies regarding a wide variety of matters that could directly or indirectly affect UMG's business and operations, the ownership of UMG's content assets or UMG's ability to maintain, protect or enforce its intellectual property rights. Furthermore, UMG's licensing agreements, including with streaming services, satellite radio, and web-based services may be subject to regulatory scrutiny and might be the subject of regulatory action or antitrust litigation.

Furthermore, laws in various jurisdictions differ from each other in significant respects, and the enforcement of such laws can be inconsistent and unpredictable. This could affect UMG's ability to operate its business in various jurisdictions and undertake activities that UMG believes is beneficial to its business. For example, several countries, including the United Kingdom, Japan, China and Hong Kong are considering proposals for Text and Data Mining (TDM) copyright exceptions for purposes of permitting generative AI companies to use copyright-protected content without authorization in order to build their platforms. Singapore has enacted such a policy. If enacted, such policies would significantly reduce music companies' ability to maintain the levels of investment necessary to foster a robust local music ecosystem in the relevant territories.

UMG could also be adversely affected by new laws and regulations, by the threat that additional laws or regulations may be forthcoming and by changes in existing laws or changes in interpretation of existing laws by courts and regulators. For example, changes in the area of copyright law, in particular, could directly or indirectly affect UMG's operations, the ownership of UMG's content assets or UMG's ability to maintain, protect or enforce its intellectual property rights.

In addition, UMG's operations are subject to a growing number of rules and regulations regarding ESG. While there is growing demand for increased disclosure and transparency, UMG must balance new disclosure requirements against the ability to provide relevant, standardized and accurate data given the guidance available. In many cases, sustainability regulations and their related guidance are new and continue to evolve. The growing number of environmental regulations, their increased rigor and granularity, and in many cases their lack of interoperability, could result in substantial costs of compliance. Furthermore, any failure of UMG to comply with such rules and regulations due to UMG's inability to adapt to changes to applicable regulations could lead to fines and other penalties, as well as result in publicity which may impact UMG's brand reputation.

UMG is also regularly involved in lawsuits, disputes or investigations initiated by consumers, business partners, competitors, artists, governmental entities, tax authorities and third parties. Such lawsuits, disputes or investigations may relate to, inter alia, copyright infringement, contractual disputes, employment disputes, antitrust and tax disputes. For example, on May 13, 2021, individual and putative class action claims were filed against UMG Recordings, Inc. in the U.S. District Court for the Central District of California for breach of contract and fraud related to certain royalty calculations. Litigation and proceedings before courts or governmental authorities, whether or not UMG is involved in such proceedings, may serve as precedents that could adversely affect UMG's operations, ownership of content assets or intellectual property rights. UMG could incur substantial costs to comply with new or modified laws and regulations or substantial penalties or other liabilities if it fails to comply. UMG could also be required by such laws to change or limit certain of its business practices, which could impact its ability to generate revenues.

Any of the foregoing may adversely impact UMG's business, prospects, financial condition and results of operations. See Note 26 "Litigation" in the Notes to the Consolidated Financial Statements for additional information on legal proceedings.

Risk response

The company advocates (both directly and through trade associations) to influence any changes to the law so that they do not negatively affect the business or broader music industry and its key stakeholders. UMG has a structure to oversee the company's compliance with relevant laws and changes in laws, including with respect to ESG. See also "Corporate Governance" for additional information regarding the roles and responsibilities of individuals in our sustainability management function.

In addition, UMG maintains a staff of senior litigation lawyers and may engage external lawyers to assist with lawsuits, investigations and disputes. To the extent that changes in laws are the result of litigation, UMG has a program of strategic litigation, both at the trade association and direct level, to help build good precedents and avoid bad ones.

SUSTAINABILITY STATEMENT

GENERAL INFORMATION

General disclosures (ESRS 2)

General basis for preparation (BP-1)

The information contained in this Sustainability Statement has been prepared on a consolidated basis and comprises Universal Music Group N.V. and its subsidiaries. Capitalized terms used but not defined herein shall have the meaning assigned to them in the European Sustainability Reporting Standards (ESRS).

Unless otherwise indicated, data is consolidated as of December 31, 2024. The scope of consolidation is the same as the scope of consolidation for the Financial statements, unless stated otherwise.

This Sustainability Statement has been prepared to align with the ESRS on the assumption that the Company will be bound by Dutch law requirements implementing obligations introduced by the Corporate Sustainability Reporting Directive (CSRD). However, as the CSRD has not been transposed into Dutch law as of the date of this Annual Report, this Sustainability Statement is provided on a strictly voluntary basis.

This Sustainability Statement has been prepared to align with the requirements of the ESRS, taking account of relevant CSRD-related requirements and guidance published by the European Commission, the European Financial Reporting Advisory Group, and related regulators on or before December 31, 2024. Given that such guidance has been published on an ongoing basis during this early period of the CSRD implementation, it is possible that this Sustainability Statement may not reflect guidance or other requirements published since that date. We expect to refine our methodologies and significant assumptions, including for comparative figures, in future reporting periods as more relevant information becomes available. In accordance with ESRS 1 section 10.3, we have not provided comparative figures in this first year of CSRD reporting.

Our materiality assessment of impacts, risks, and opportunities (IROs) included considerations of our upstream and downstream value chain, including through our products and services, as well as through our business relationships. The extent to which applicable policies, actions, targets, or metrics extend to our value chain is described in each applicable topical section of this Sustainability Statement.

We have not exercised the option to omit information corresponding to intellectual property, know-how, or the results of innovation as set forth in the ESRS 1 section 7.7.

The information in this Sustainability Statement is subject to limited assurance. See p. 267 for the limited assurance report. Except as stated otherwise, no external body has validated the metrics in this Sustainability Statement other than the independent assurance provider.

Disclosures in relation to specific circumstances (BP-2)

Time horizons

Short, medium, and long-term time horizons are defined in line with ESRS 1 stipulations (i.e., one year or less, one to five years, and over five years, respectively).

Value chain estimation, sources of estimation, and outcome uncertainty

UMG follows the Greenhouse Gas (GHG) Protocol throughout our emissions calculations and target-setting process, and we adhere to the GHG Protocol's five core principles: Relevance, Completeness, Consistency, Transparency, and Accuracy. With respect to accuracy, UMG follows the GHG Protocol guidance: "Ensure that the quantification of GHG emissions is systematically neither over nor under actual emissions, as far as can be judged, and that uncertainties are reduced as far as practicable. Achieve sufficient accuracy to enable users to make decisions with reasonable assurance as to the integrity of the reported information[1]."

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[1] GHG Protocol Corporate Accounting and Reporting Standard

UMG collects primary emissions data from suppliers, where possible, for our scope 3 GHG emissions calculations. Where emissions data is not available, primary activity data (i.e., distance, spend, units) is used to calculate emissions. In some cases, where primary data is not available for the complete boundary of UMG activity, secondary data may be used to fill data gaps (i.e., extrapolations, benchmarks). In 2024, approximately 9% of our total scope 3 emissions were calculated using primary emissions data obtained from suppliers or other value chain partners.

UMG's scope 3 emissions calculations include estimates using indirect sources, such as sector-average data or other proxies. All of UMG's reported scope 3 categories utilize industry average emission factors from databases such as CEDA EEIO, DESNZ/BEIS, and ecoinvent LCA.

UMG performed a screening on the following scope 3 categories due to limited data availability. Therefore, these categories are subject to a high level of measurement uncertainty:

- **Downstream transportation and distribution (category 9)** – Data on downstream transportation organized by customers is geographically limited; therefore, available data has been extrapolated to ensure global estimation of this emissions source.
- **Franchises (category 14)** – Data on the retail value of licensed merchandised products is geographically limited; therefore, available data has been extrapolated to ensure global estimation of this emissions source.
- **Investments (category 15)** – Data on the operations (and therefore scope 1 & 2 emissions) of investees is limited; therefore, available data has been extrapolated to ensure complete coverage of UMG's portfolio of investments in equity affiliates.

UMG seeks to collect more primary emissions and activity data each year to improve our data quality and inform our emission reduction strategies and initiatives. For more information on our scope 3 calculations, see "GHG emissions methodology" in the Environmental information section of this Sustainability Statement.

Incorporation by reference

DISCLOSURE REQUIREMENTS			Section	Chapter	Additional information, if any	Page
ESRS 2		General Disclosures				
GOV-1		**The role of the administrative, management and supervisory bodies**				
	21 a	The number of executive and non-executive members	Board Report	Corporate Governance, The Board, Composition		60
	21 b	Information about representation of employees and other workers	Board Report	Corporate Governance, The Board, Composition	None of the Non-Executive Directors represents the Company's employees and other workers.	60
	21 c	Experience relevant to the sectors, products and geographic locations of the undertaking	Appendix	Biographies of the Corporate Executives, Biographies of the Board of Directors		272–279
	21 d	Percentage by gender and other aspects of diversity	Board Report	Corporate Governance, Diversity and Inclusion, Overview		64
			Non-Executive Directors' report	Non-Executive Directors' Report, Diversity and Inclusion		154–155
	21 e	The percentage of independent board members	Board Report	Corporate Governance, The Board, Composition	% of independent board members is 50%, calculated based on independent non-executive directors (pg. 156), and board members (pg. 60)	60
			Non-Executive Directors' report	Non-Executive Directors' Report, Independence		155–156
	22 a	The identity of the administrative, management and supervisory bodies (such as a board committee or similar) or individual(s) within a body responsible for oversight of impacts, risks and opportunities	Board Report	Corporate Governance, The Board, Sustainability management		69–70
	22 b	How each body's or individual's responsibilities for impacts, risks and opportunities are reflected in the undertaking's terms of reference, board mandates and other related policies	Board Report	Corporate Governance, The Board, Board committees		67
	22 c	A description of management's role in the governance processes, controls and procedures used to monitor, manage and oversee impacts, risks and opportunities, including:	Board report	Corporate Governance, The Board, Sustainability management		69–70

SUSTAINABILITY STATEMENT

DISCLOSURE REQUIREMENTS		Section	Chapter	Additional information, if any	Page
22 c i	Whether that role is delegated to a specific management-level position or committee and how oversight is exercised over that position or committee	Board report	Corporate Governance, The Board, Board committees		67
22 c ii	Information about the reporting lines to the administrative, management and supervisory bodies	Board report	Risk and Risk Management, Governance, Risk and Compliance		82-83
22 c iii	Whether dedicated controls and procedures are applied to the management of impacts, risks and opportunities and, if so, how they are integrated with other internal functions	Board report	Risk and Risk Management, Governance, Risk and Compliance		82-83
			Risk and Risk Management, Monitoring and Assurance		83
22 d	Disclosure of how administrative, management and supervisory bodies and senior executive management oversee setting of targets related to material impacts, risks and opportunities and how progress towards them is monitored	Board report	Corporate Governance, The Board, Sustainability management		69-70
23	Disclosure of how administrative, management and supervisory bodies determine whether appropriate skills and expertise are available or will be developed to oversee sustainability matters	Board report	Corporate Governance, The Board, Board committees, Nomination committee		68-69
		Non-Executive Directors' Report	Non-Executive Directors' Report, Education	Non-Executive Directors are required to follow an induction program aimed at addressing any gaps in his or her knowledge.	157
23 a	The sustainability-related expertise that the bodies, as a whole, either directly possess or can leverage, for example through access to experts or training; and	Appendix	Biographies of the Corporate Executives, Biographies of the Board of Directors		272-279
		Non-executive Directors' report	Non-executive Directors' report, Education		157
		Board report	Organizational and Reporting Structure, Corporate Executives		46-49
23 b	How those skills and expertise relate to the undertaking's material impacts, risks and opportunities	Appendix	Biographies of the Corporate Executives, Biographies of the Board of Directors		272-279
		Non-executive Directors' report	Non-executive Directors' report, Education		157

SUSTAINABILITY STATEMENT

DISCLOSURE REQUIREMENTS			Section	Chapter	Additional information, if any	Page
			Board report	Organizational and Reporting Structure, Corporate Executives		46-49
GOV-2		**Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies**				
	26 a	Disclosure of whether, by whom and how frequently administrative, management and supervisory bodies are informed about material impacts, risks and opportunities, implementation of due diligence, and results and effectiveness of policies, actions, metrics and targets adopted to address them	Board report	Corporate Governance, The Board, Sustainability management		69-70
	26 b	Disclosure of how administrative, management and supervisory bodies consider impacts, risks and opportunities when overseeing strategy, decisions on major transactions and risk management process	Board report	Corporate Governance, The Board, Sustainability management		69-70
	26 c	Disclosure of list of material impacts, risks and opportunities addressed by administrative, management and supervisory bodies or their relevant committees	Board report	Corporate Governance, The Board, Sustainability management		69-70
GOV-3		**Integration of sustainability-related performance in incentive schemes**				
	29	Incentive schemes and remuneration policies linked to sustainability matters for members of administrative, management and supervisory bodies exist	Board report	Corporate Governance, The Board, Remuneration	Incentive plans for the Executive Directors do not currently incorporate key performance indicators linked to sustainability matters.	66
GOV-5		**Risk management and internal controls over sustainability reporting**				
	36 b	The risk assessment approach followed, including the risk prioritization methodology	Board report	Risk and Risk Management, Risk Appetite	UMG's risk appetite differs depending on the type of risk, ranging from averse to a seeking approach.	82
	36 e	Description of periodic reporting of findings of risk assessment and internal controls to administrative, management and supervisory bodies	Board report	Corporate Governance, The Board, Sustainability management Risk and Risk Management, Governance, Monitoring and Assurance	All our businesses are required to maintain and manage a sound internal control environment with robust policies, procedures and controls and strong financial discipline.	69-70 83

SUSTAINABILITY STATEMENT

DISCLOSURE REQUIREMENTS			Section	Chapter	Additional information, if any	Page
SBM-1		**Strategy, business model and value chain**				
	40 b	Total revenue	Board report	Financial review, Consolidated statement of profit and loss	Revenues	50
	42 a	Description of inputs and approach to gathering, developing and securing inputs	About UMG	How UMG adds value	Input	24
	42 b	Description of outputs and outcomes in terms of current and expected benefits for customers, investors and other stakeholders	About UMG	How UMG adds value	Output	24
ESRS E1		Climate Change				
E1.GOV-3		**Integration of sustainability-related performance in incentive schemes**				
	13	Disclosure of whether and how climate-related considerations are factored into remuneration of members of administrative, management and supervisory bodies	Board report	Corporate Governance, The Board, Remuneration	Incentive plans for the Executive Directors do not currently incorporate key performance indicators linked to sustainability matters.	66
ESRS S1		Own Workforce				
S1-6		**Characteristics of the undertaking's employees**				
	50f	Disclosure of cross-reference of information reported under paragraph 50 (a) to most representative number in financial statements	Financial statements	Notes to the consolidated statements, Costs of revenues and selling, general and administrative expenses		204-205
S1-9		**Diversity metrics**				
	66 a	The undertaking shall disclose the gender distribution in number and percentage at top management level	Board report	Corporate Governance, The Board, Diversity and Inclusion	The senior management, Overview	64
S1.MDR-T		**Minimum disclosure requirements - Targets**				
	80 a	A description of the relationship of the target to the policy objectives	Board report	Corporate Governance, The Board, Diversity and Inclusion	The senior management	62-65
	80 b	The defined target level to be achieved, including, where applicable, whether the target is absolute or relative and in which unit it is measured;	Board report	Corporate Governance, The Board, Diversity and Inclusion	The senior management	62-65
	80 c	The scope of the target, including the undertaking's activities and/or its upstream and/or downstream value chain where applicable and geographical boundaries;	Board report	Corporate Governance, The Board, Diversity and Inclusion	The senior management	62-65

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DISCLOSURE REQUIREMENTS			Section	Chapter	Additional information, if any	Page
	80 e	The period to which the target applies and if applicable, any milestones or interim targets;	Board report	Corporate Governance, The Board, Diversity and Inclusion	The senior management	62-65
	80 f	The methodologies and significant assumptions used to define targets, including where applicable, the selected scenario, data sources, alignment with national, EU or international policy goals and how the targets consider the wider context of sustainable development and/or local situation in which impacts take place;	Board report	Corporate Governance, The Board, Diversity and Inclusion	The senior management	62-65
	80 j	The performance against its disclosed targets, including information on how the target is monitored and reviewed and the metrics used, whether the progress is in line with what had been initially planned, and an analysis of trends or significant changes in the performance of the undertaking towards achieving the target.	Board report	Corporate Governance, The Board, Diversity and Inclusion	The senior management	62-65
S1.MDR-P		**Minimum disclosure requirements - Policies**				
	65 a	Description of key contents of policy	Board report	Corporate Governance, The Board, Diversity and Inclusion	The senior management	62-65
	65 b	Description of scope of policy or of its exclusions	Board report	Corporate Governance, The Board, Diversity and Inclusion	The senior management	62-65
	65 c	The most senior level in the undertaking's organisation that is accountable for the implementation of the policy	Board report	Corporate Governance, The Board, Diversity and Inclusion	The senior management	62-65
	65 d	Disclosure of third-party standards or initiatives that are respected through implementation of policy	Board report	Corporate Governance, The Board, Diversity and Inclusion	The senior management	62-65
ESRS G1		Business Conduct				
G1.GOV-1		**The role of the administrative, management and supervisory bodies**				
	5 a	Disclosure of role of administrative, management and supervisory bodies related to business conduct	Board report	Corporate Governance, The Board, Board committees	Among other responsibilities, Audit committee supervises the effect of the Code of Conduct.	67
	5 b	Disclosure of expertise of administrative, management and supervisory bodies on business conduct matters	Appendix	Biographies of the Corporate Executives, Biographies of the Board of Directors		272-279

Governance

Statement on due diligence (GOV-4)

Core elements of due diligence	Relevant disclosures
(a) Embedding due diligence in governance, strategy, and business model	GOV-2 GOV-3 SBM-3
(b) Engaging with affected stakeholders in all key steps of the due diligence	GOV-2 SBM-2 IRO-1 G1-2 S1-1 S1-2
(c) Identifying and assessing adverse impacts	IRO-1 SBM-3 G1-2 S1-2
(d) Taking actions to address those adverse impacts	S1-3
(e) Tracking the effectiveness of these efforts and communicating	E1-4 E1-6 S1-4 S1-5 S1-6 S1-16

Risk management and internal controls over sustainability reporting (GOV-5)

Sustainability internal control environment

For all quantitative sustainability disclosures, UMG utilizes a global data collection and consolidation platform for environmental and social demographics reporting. The platform is designed to include mathematical coherency and checks to ensure data consistency and flag any potentially abnormal variation during the input process. Each reporting entity conducts an initial validation and consistency check of their submission. The ESG department performs a second coherency check and validation during the consolidation process. Lastly, the ESG department conducts a trend analysis, validates the results of this analysis with business unit leaders, and evaluates and documents explanations for variances. For all qualitative sustainability disclosures, UMG maintains a centralized database for gathering, reviewing, and verifying information.

In 2024, we updated our sustainability-related controls to capture new data points required under CSRD. In designing these controls, UMG considered risks such as the completeness and integrity of the data, the accuracy of estimation results, the availability of upstream and downstream value chain data, and the timing of the availability of the information.

We continue to work towards the full implementation of these controls. In 2025, we intend to make further improvements aimed at optimizing the risk and control framework, including improving the documentation of controls.

Risk management and internal controls over sustainability reporting

As described in "Description of the process to identify and assess material impacts, risks, and opportunities (IRO-1)", our DMA (as defined therein) considered the results of our latest annual risk assessment and consulted our risk management team and senior leadership. We incorporated the inputs of our latest risk assessment into our DMA through a series of validation exercises and workshops. In the future, we intend to assess the extent to which our sustainability reporting processes may be further integrated into and aligned with our general risk management processes as part of our overall management process. For more information on our process to identify, assess, prioritize, and monitor risks that may have financial effects, as well as our risk assessment process, see the Risk and Risk Management section of the Board report.

Strategy

Strategy, business model, and value chain (SBM-1)

Our DMA process, described in detail in "Description of the process to identify and assess material impacts, risks, and opportunities (IRO-1)", identified the sustainability matters that are most important to our business and to our stakeholders. The resulting identified material topics are representative of the ways in which our business and sustainability strategies are connected.

As discussed in the Strategy section of the Board report, UMG's creative and commercial foundation is built on a set of key focal points, each of which is linked with our material sustainability matters, as set forth below. As we work towards developing a comprehensive sustainability strategy and further defining our sustainability goals, we will seek to further align our business strategy with sustainability considerations, creating value for stakeholders while addressing the environmental and social challenges inherent in the music industry.

- **Strategic focus:** Continuing our mission of discovering and breaking new artists and songwriters and supporting them at every stage of their career to help them achieve their greatest creative and commercial potential.

  Related sustainability matters: As further described in "Attraction and retention of artists" in the Social information section of this Sustainability Statement, artists are at the core of our business and of our ability to generate positive cultural impacts.

  Through our DMA process, we homed in on the interconnected nature of our material sustainability matters. To successfully continue to discover, attract, retain, and support artists and songwriters, we recognize the importance of successfully attracting and retaining top-tier talent and continuing to foster a culture of belonging throughout our operations. For more information on our management of our material topics of "Attraction and retention of employees", "Gender and gender equality", and "Diversity, inclusion, and belonging", see "S1: Own workforce" in the Social information section of this Sustainability Statement.

- **Strategic focus:** Maximizing and protecting the value of our extraordinary catalog, both now and into the future.

  Related sustainability matters: We are committed to proactively protecting our intellectual property and using it to create socioeconomic value for our artists. We continue to face longstanding challenges, such as streaming fraud and illegal file-sharing, as well as new challenges, such as intellectual property infringement using AI. Our dedicated Content Protection team continues to address these challenges. Our approach to the challenges and our key actions to protect our intellectual property are described in further detail in "Intellectual property, piracy, and content protection" in the Governance information section of this Sustainability Statement.

- **Strategic focus:** Driving growth in subscription and ad-supported streaming revenue around the world and expanding our capabilities and repertoire in high-growth markets.

  Related sustainability matters: We are committed to expanding our presence and accelerating our growth in both high-growth markets and far-reaching regions to discover exciting new music and artists globally, expand our catalog and repertoire, create opportunities to connect with local music fans, help introduce new music to global audiences, and increase market share. As markets grow in emerging territories, so does the challenge of leaks in those regions. As further described in "Intellectual property, piracy, and content protection" in the Governance information section of this Sustainability Statement, we continue to partner with our international trade organizations to build content protection strategies and workstreams that support the development of emerging music markets.

- **Strategic focus:** Building partnerships with innovators to explore how technology can be used to drive engagement and discovery, as well as to create new commercial opportunities for artists.

  Related sustainability matters: As a corollary to building partnerships for innovation, we continue to collaborate with our partners to protect the value of our artists' work. We continue to work with our licensed service partners to share intelligence and introduce workflows to counter the threat of streaming fraud, among other challenges. We are also taking steps to advocate and fight for the responsible use of AI. For more information, see "Intellectual property, piracy, and content protection" in the Governance information section of this Sustainability Statement.

- **Strategic focus:** Working to maximize the power, influence, and impact of music to drive social conversation, discovery, engagement, and further fuel fandom and music consumption.

  Related sustainability matters: We believe that our purpose – to shape culture through the power of artistry – includes supporting action on climate change. We are committed to reducing our GHG emissions, underscoring our dedication to meaningful change. To support this commitment, we set science-based targets and report our scope 1, 2, and 3 emissions annually.

  Challenges to reducing our scope 1 and 2 emissions include the availability of renewable energy solutions in markets where we operate; barriers to purchasing renewable energy for small, leased facilities; and potential increased costs for renewable energy solutions. Challenges to reducing our scope 3 emissions include the breadth of supplier engagement required to measure and reduce environmental impacts across our value chain; the availability of innovative, scalable solutions and their associated potential costs; and the ability to collect complete, accurate, and timely supplier data. We are developing strategies and initiatives to address these challenges and will continue to share our progress for reducing our emissions. For more information on this topic, see our Environmental information.

- **Strategic focus:** Advancing data and insights to help fuel discovery and inform our ability to connect our artists with their fans.

  Related sustainability matters: As discussed further in the Strategy section of the Board report, our data and analytics team comprises analysts, data scientists, and coders who develop algorithms to help UMG identify talent faster and more efficiently than our competition, supporting our ability to attract artists, as further described in "Attraction and retention of artists" in the Social information section of this Sustainability Statement. As we continue to leverage data, we recognize that the ethical and compliant collection, use, and sharing of data is essential to maintaining the trust of our stakeholders. To this end, our global data protection compliance program includes governance and data management processes, data subject rights processes, privacy disclosures, employee training, cross-border transfer agreements, supplier contract terms, internal audit procedures, and incident response processes. For more information on this topic, see "Privacy and cybersecurity" in the Governance information section of this Sustainability Statement.

- **Strategic focus:** Enhancing our capabilities to comprehensively serve and maximize the value of superfans through D2C, eCommerce, and product development and increasing monetization.

  Related sustainability matters: In recent years, the launch of UMG's own dynamic global eCommerce platform has enabled our D2C, digital goods, merchandise, and eCommerce divisions to accelerate and amplify artists' ability to create experiential, commerce, and content offerings for their fans. This is economically vital to our artists, as further described in "Attraction and retention of artists" in the Social information section of this Sustainability Statement.

  As we continue to explore ways to strengthen and better serve the artist-fan relationship through superfan experiences and products, we seek to partner with suppliers who share our vision for a sustainable future. To support this goal, we incorporate our Supplier Social Responsibility Policy into all global manufacturing agreements, have developed targeted, ongoing sustainability strategies for the product development teams for Bravado, UMG's merchandising arm, and Universal Music Manufacturing & Logistics (UML), and implemented our Environmental Exhibit to drive our suppliers to set and validate their own science-based targets to further reduce GHG emissions, among other efforts. For more information, see "Supply chain management" in the Governance information section of this Sustainability Statement.

For a description of the key elements of our general strategy that relate to or affect sustainability matters, as well as additional information regarding the key elements of our business model and value chain, see the Strategy section of the Board report.

For employee headcount breakdowns by geographical area, pursuant to SBM-1 40(a) iii, see the Social information section of this Sustainability Statement.

The current ESRS definitions of industry sectors do not include industry sectors that are applicable to UMG.

SUSTAINABILITY STATEMENT

STAKEHOLDER AND VALUE CHAIN MAP

UPSTREAM

ARTISTS AND SONGWRITERS
Artists and songwriters are at the heart of everything we do at UMG. Focused on their long-term development, our company is built to serve artists' unique needs throughout their careers. UMG invests in music production and marketing as well as global artist promotion.

SHAREHOLDERS AND CREDITORS
UMG's corporate interests extend to the interests of all of the company's stakeholders.

GOVERNMENT AND ELECTED OFFICIALS
Government and elected officials monitor and enforce laws, regulations, and policies that UMG must comply with, including intellectual property rights, trade policies, and free expression.

TRADE ASSOCIATIONS
UMG is a member of trade associations, such as the IFPI and RIAA, which represent the interests of the music industry and protect music and creators' rights.

OWN OPERATIONS

RECORDED MUSIC
The recorded music business discovers and develops recording artists, marketing, and promoting their music across a wide array of formats and platforms.
Its activities also extend to other areas, such as live events, sponsorship, film, and television.

MUSIC PUBLISHING
The music publishing business discovers and develops songwriters and owns and administers the copyright for musical compositions used in recordings, public performances, and related uses, such as films and advertisements.

MERCHANDISING
The merchandising business produces and sells artist-branded and other branded products through multiple sales channels, including fashion retail, concert touring, and the internet. Its activities also extend to other areas, such as brand rights management.

UNIVERSAL MUSIC GROUP

DOWNSTREAM

CONTENT PUBLISHERS, COLLECTION SOCIETIES, PERFORMANCE RIGHTS OWNERS
UMG's revenues are subject to regulation either by government entities, industry negotiations, and/or by local third-party collecting societies throughout the world.

DIGITAL SUPPLY CHAIN
UMG enters into agreements with digital music services to make our music and audiovisual content available for access in digital formats, such as streaming and downloads. Our music is streamed on an ad-supported and paid subscription basis through streaming services. Digital service providers include Spotify, Apple, and Amazon.

PHYSICAL SUPPLY CHAIN & LOGISTICS
UMG generates revenue through the physical sales of UMG-produced content in partnership with our global network of manufacturing partners. Physical recorded music products include CDs, vinyl records, cassette tapes, DVDs, and Blu-Ray discs, and merchandise. Products are sold through retailers and wholesalers both in-store and online. We also sell our products directly to customers via our UMG websites and affiliate channels. UMG utilizes logistics partners for air, ocean, and road transport of our physical products.

FANS
Fans engage with UMG artists and music, purchase products, and participate in consumer experiences such as live events.

Interests and views of stakeholders (SBM-2)

Stakeholder Engagement

We actively engage with our stakeholders regarding our strategic direction and seek their input when evaluating our sustainability matters (see "Our Double Materiality Assessment" for further information). As applicable, stakeholder input is shared with our management or Board through various channels, including through our Investor Relations team, as part of our DMA process and through regular internal periodic reporting.

UMG has six key stakeholder groups with whom we engage as set forth in the table below and, as applicable, pursuant to our DMA process. For information about how our administrative, management, and supervisory bodies are informed about the interests of our stakeholders with respect to sustainability matters, see "Corporate Governance—Sustainability management" in our Board report.

Stakeholder group	How we engage	Purpose and outcome of engagement
Artists	■ Maintaining close direct connections with artists at every label and division of the company, including through A&R, marketing, and merchandising teams ■ Interacting with our artists indirectly through their advisors ■ Offering artists a full range of services	■ Investing in continued artist development at all stages of their careers ■ Fostering creative expression and collaboration within our diverse roster of artists ■ Partnering with an expansive network of distribution partners so that artists can share their work with a growing global fan base ■ Working with distribution partners and regulators to achieve fair compensation for music content ■ Embracing new technologies that can increase music consumption and fan engagement ■ Creating new and exciting experiences for artists to engage with their fans
Fans	■ Direct-to-fan communications through email, SMS, and community platforms ■ Facilitating new experiences for fans to engage with their favorite artists and music ■ Promoting direct connections between artists and fans	■ Meeting fan product demands, including developing premium products for super fans ■ Helping fans engage with their favorite artists in new and exciting ways ■ Driving technological innovation to improve the creative process, and artist- fan connections ■ Partnering with an expansive network of distribution partners and retailers to facilitate access to our artists' music and merchandise ■ Enabling D2C sales through ecommerce and merchandising opportunities ■ Creating premium consumer products via our production, manufacturing and distribution arms ■ Tailoring and personalizing fan experiences ■ Further developing artists' relationships with their fans and deepening their connections
Employees	■ Written and in-person communications from our PIC team ■ Formal and informal feedback channels to encourage open dialogue ■ Online resources to answer employee questions quickly and easily ■ Regularly assessing the employee experience and culture including by conducting lifecycle and pulse surveys	■ Measuring each employee's individual experience at various stages of the employee lifecycle (first week new hire, 90-day new hire, and exit) ■ Building a culture in which all employees feel safe, seen, heard, respected, and connected ■ Working together to improve learning, diversity, and inclusion, engagement, retention, and wellbeing ■ Tapping into innovation, collaboration, creativity, and artistry across UMG's businesses

Stakeholder group	How we engage	Purpose and outcome of engagement
	■ Holding employee forums, resource groups, and events	■ Encouraging a growth mindset through mentoring and programs that support a culture of innovation ■ Investing in employee training programs to support learning and development
Distribution partners	■ Ongoing dialogue with our digital and corporate business development teams ■ Regular product innovation discussions, data and analysis sessions, and deal negotiations	■ Developing content and marketing plans aligned with growing engagement on partners' platforms ■ Investing in talent in both developed and emerging music markets ■ Promoting all UMG artists to fans around the world ■ Embracing technological advancements that improve the sound quality of our historic catalog
Public officials	■ Responding to formal information requests (such as public hearings and consultations) ■ Convening and participating in educational and advocacy meetings ■ Advocating for public policies that protect and grow the music ecosystem ■ Joining music industry trade organizations and non-government organizations, and contributing to their published products and educational and advocacy efforts ■ Ongoing dialogue with our public policy team	■ Educating public officials about how proposed policies would impact our business and industry ■ Creating employment and generating economic benefits for the communities in which we operate ■ Supporting culture through the creation and distribution of great music and associated content ■ Operating at the highest ethical standards that comply with all applicable laws and regulations ■ Adhering to business practices that treat artists and songwriters and all creators fairly
Shareholders	■ Conversing directly via investor meetings and teleconferences with our Investor Relations (IR) team and management ■ Publishing interim and Annual Reports ■ Presenting quarterly financial results webcasts with management Q&A sessions ■ Holding Annual General Meetings ■ Disseminating notable developments via public press releases ■ Maintaining UMG corporate and IR websites ■ Responding to all queries via a dedicated IR email address ■ Participating in financial and industry conferences	■ Providing updates on the competitive landscape, strategy, and growth drivers across the business ■ Furnishing details on our capital allocation priorities and rationale ■ Disclosing our sustainability progress

Material impacts, risks, and opportunities and their interaction with strategy and business model (SBM-3)

Except as otherwise indicated, information regarding our material IROs is presented in the table below and in each applicable topical section of this Sustainability Statement.

Unless stated otherwise, the policies, actions, metrics, and targets presented in each topical section of this Sustainability Statement are applicable to the IROs pertaining to the material topics addressed in each such section. UMG did not identify any material risks or opportunities for which there is a significant risk of a material adjustment within the next annual reporting period.

Material topic	I/R/O	IRO description	Actual or potential	Value chain location	Time horizon (Short-, Medium-, Long- term)	Discussion of effects on business model, value chain, strategy, decision-making (page)
Attraction and retention of artists	I (+)	Supporting talented artists can generate socioeconomic and cultural benefits throughout the music ecosystem	Actual	Upstream, own operations, downstream	S	147-148
	R	UMG's business may be adversely affected if UMG fails to identify, attract, sign, and retain successful recording artists and songwriters or by the absence of superstar releases	Actual	Upstream, own operations	S	147-148
	O	Our artists' success directly financially benefits UMG, generates long-term value to artists, and greatly increases the commercial success, consumer base, and longevity potential for artists at every stage of their careers	Actual	Upstream, own operations	L	147-148
Attraction and retention of employees	I (+)	Attraction and retention of skilled employees may increase morale, job satisfaction, and employee well-being	Actual	Own operations	L	142-145
	I (+)	Retention of skilled employees may create reputational benefits, furthering the ability to attract greater talent	Potential	Own operations	L	142-145
	I (+)	Attraction and retention of skilled employees may increase the ability to attract and retain artists	Actual	Own operations	L	142-145
	I (-)	Failure to attract or retain talent may result in reputational damage and/or decreased morale, job satisfaction, and/or wellbeing among existing workforce	Potential	Own operations	M	142-145
Diversity, inclusion, and belonging	I (+)	Diverse talent and points of view can increase our resilience as a company as well as the creativity behind our products and services	Actual	Own operations, downstream	S	143-145
Gender equality and equal pay	I (+)	Equal pay for equal work may positively impact employees by promoting fairness and reducing discrimination, leading to more socioeconomic benefits for employees and their communities	Actual	Own operations	S	147

Material topic	I/R/O	IRO description	Actual or potential	Value chain location	Time horizon (Short-, Medium-, Long- term)	Discussion of effects on business model, value chain, strategy, decision-making (page)
Intellectual property, piracy, and content protection	I (+)	Protecting intellectual property rights encourages creators to invest time, resources, and effort into developing new ideas, inventions, and artistic works and incentivizes innovation and creativity.	Actual	Upstream	S	150-152
	I (+)	UMG encourages its digital partners to support content protection by taking direct action against unauthorized activity on their platforms	Actual	Downstream	M	150-152
	I (-)	UMG's failure to manage this topic could result in brand exposure challenges for artists, for instance, where poor quality bootlegs are illegally released	Potential	Upstream	M	150-152
	I (-)	UMG's failure to manage this topic could result in harm to creators' rights, including through intellectual property infringement through the unauthorized reproduction of copyrighted works to train AI technology, which in turn enables the creation of AI generated works that infringe intellectual property rights and embody unauthorized renditions of artist voices, images, and likenesses	Potential	Upstream	M	150-152
	I (-)	UMG's failure to manage this topic could deprive artists of their ability to authentically share their art and connect with their fans	Potential	Upstream	S	150-152
	R	Piracy, including stream manipulation, enables the distribution of music in a manner that does not provide an economic return for UMG or its artists and songwriters	Actual	Upstream, own operations	M	150-152
	R	Sales of counterfeit merchandise may undermine UMG's brand value, interfere with marketing strategies of our artists, and divert potential customers from legitimate purchases, which may directly impact UMG's revenue growth	Actual	Upstream, own operations	M	150-152
	O	A substantial number of tracks uploaded to digital streaming platforms (DSPs) are frequently misattributed or intentionally mislabeled, preventing UMG from earning revenue from the creative works of artists and labels. UMG's ability to detect and accurately attribute these tracks presents a financial opportunity for the business	Actual	Upstream, own operations	M	150-152
Privacy and cybersecurity	I (-)	Failure to manage this topic may result in harm to other members of our value chain whose data and content we protect	Actual	Upstream	S	152
	I (-)	The availability of UMG's IT platforms and other services may be interrupted by damage or disruption to UMG or UMG's third-party service providers' IT systems. While UMG has in place business continuity procedures, there can be no assurance that these will be fully successful in preventing all disruptions to the availability of UMG's IT platforms or other services	Potential	Upstream, own operations	M	152

Material topic	I/R/O	IRO description	Actual or potential	Value chain location	Time horizon (Short-, Medium-, Long- term)	Discussion of effects on business model, value chain, strategy, decision-making (page)
	R	Noncompliance, or even allegations of noncompliance, with data protection laws could lead government entities, supervisory authorities, or private actors to institute investigations into or proceedings against UMG that may entail legal costs and reputational harm, and if defense of such proceedings is unsuccessful even in part, UMG may face significant penalties, liability, or ongoing monitoring or audit requirements	Actual	Own operations	S	152
	R	Any perceived or actual failure by UMG, including its third-party service providers, to protect confidential data could reduce UMG's ability to attract and retain customers	Potential	Own operations	M	152
	R	If third parties that UMG works with, such as UMG's suppliers, violate applicable laws or UMG's policies, such violations may also put UMG data at risk and could in turn have an adverse impact on UMG's business, prospects, financial condition, and results of operations	Potential	Own operations, downstream	M	152
Supply chain management	I (+)	Actively managing our supply chain may allow UMG to promote innovation, promote human rights and local economies, and have a positive environmental impact	Actual & potential	Upstream, downstream	M	149-150
GHG emissions	I (-)	UMG has GHG emissions which negatively impact the environment	Actual	Downstream	M	132-141

Impact, risk, and opportunity management

Description of the process to identify and assess material impacts, risks, and opportunities (IRO-1)

Our Double Materiality Assessment Process

In 2022, we conducted our first materiality assessment to identify the ESG topics most material to UMG. Topics were evaluated based on their importance to the business as well as their importance to stakeholders, and the potential impacts of each topic were considered across the broader economy, environment, and society at large. In 2023, we further validated our material topics with subject matter experts and a cross-functional group of over 100 UMG leaders across our business operations.

As part of our preparation of this Sustainability Statement and in accordance with the requirements of the CSRD, we refreshed our materiality assessment methodology and undertook an updated assessment process. We expect to continue to refine our methodology as further guidance emerges and additional information becomes available.

To determine the materiality of sustainability matters and identify our material IROs, UMG applied the principle of double materiality. Double materiality incorporates an assessment of UMG's actual and potential impacts on sustainability matters (impact materiality) alongside an evaluation of the actual and potential financial effects of various sustainability matters on our enterprise value (financial materiality).

Impact Materiality

As part of our Double Materiality Assessment (DMA) process, we considered the material actual or potential, positive or negative impacts on sustainability matters within the meaning of the CSRD and ESRS over the short-, medium-, or long-term. Such impacts include those connected with our own operations, upstream, and downstream value chain, including through our products and services, as well as through our business relationships.

When evaluating actual negative impacts, we considered the severity of the impact, meaning the scale, scope, and irremediable character of the impact. For potential negative impacts, we considered the severity and likelihood of the impact. For our evaluation of actual positive impacts, we considered the scale and scope of the impact. For potential positive impacts, we considered the scale, scope, and likelihood of the impact.

Financial Materiality

To evaluate financial materiality, we considered the sustainability matters that generate risks or opportunities that have a material influence, or could reasonably be expected to have a material influence, on our development, financial position, financial performance, cash flows, access to finance, or cost of capital over the short-, medium-, or long-term. This included information on material risks and opportunities attributable to our business relationships.

As part of this process, we leveraged our annual risk assessment process and consulted our risk management team and senior leadership. We incorporated the inputs of our latest risk assessment into our DMA through a series of validation exercises and workshops. In the future, we intend to assess the extent to which our DMA process may be further integrated into and aligned with our general risk management processes as part of our overall management process. For more information on our process to identify, assess, prioritize, and monitor risks and opportunities that may have financial effects, as well as our risk assessment process, see the Risk and Risk Management section of the Board report.

Identifying Our Material Impacts, Risks, and Opportunities

Using the definitions for impact and financial materiality described above, we performed our DMA in the following steps:

1. **Understand Our Activities, Value Chain and Business Relationships**
   Developed an overview of our business activities and relationships, including the activities, products, and services within our own operations as well as our upstream and downstream value chain across geographies. For more information on our value chain, please see p. 114 of this Sustainability Statement.

2. **Identify Sustainability Matters**
   Generated an extensive list of potentially material sustainability matters composed of those listed in Application Requirement (AR) 16 of ESRS 1, as well as additional matters based on industry and geographical research, sustainability frameworks and standards, consultation with independent third-party advisors, and our prior year materiality assessment. In advance of the stakeholder engagement described in step 3, below, the ESG team, with the guidance and input of each of the Steering Committee (SteerCo) and an independent third-party consultant, performed an initial relevance screening of these matters as well as a side-by-side evaluation against the original list of potentially material matters to review and validate the basis for exclusion for each matter.

3. **Assess Impact and Financial Materiality**
   Engaged internal and external stakeholders to assess and refine our understanding of UMG's IROs from across our activities, business relationships, and geographies. Internal stakeholders included a broad array of UMG employees across various business units, internal roles, and geographies, among other factors, who were consulted directly through open-ended interviews. These stakeholders assessed each of the financial and impact materiality of the potentially material matters. External stakeholders included artists, shareholders, and distribution partners. These stakeholders were consulted, by proxy, through interviews and survey questions tailored to each type of stakeholder. Additionally, the ESG team and SteerCo each performed an independent assessment of each sustainability matter. The results of all assessment methods were then consolidated and presented to the SteerCo for review, discussion, and validation, as described in step 4, below. For more information on our key stakeholders and our methods of stakeholder engagement, see "Interests and views of stakeholders (SBM-2)" in this Sustainability Statement.

4. **Validate Material Topics**
   Conducted internal working sessions with senior leadership, the SteerCo, and subject matter experts to review, analyze, and assess the results of step 3. This process included cross-checking the results of UMG's financial risk assessment as described in the Risk and Risk Management section of the Board report, discussing potential connections between impacts and dependencies with the risks and opportunities that may arise from those impacts and dependencies, and evaluating factors that could potentially give rise to a heightened risk of adverse impacts. Following these working sessions, the SteerCo and ESG team validated and approved a final list of material topics and underlying IROs. The final list was then presented to the Audit Committee for review.

Identification of Impacts, Risks, and Opportunities Related to Specific Topical Standards

Climate Change

In addition to our general DMA process described above, our process to identify and assess climate-related IROs includes assessment of our GHG footprint in accordance with the GHG Protocol, including scope 1 emissions, scope 2 location-based emissions, scope 2 market-based emissions; and scope 3 emissions for the following categories: purchased goods and services (category 1); capital goods (category 2); fuel- and energy-related activities not included in scope 1 or scope 2 (category 3); upstream transportation and distribution (category 4); waste generated in operations (category 5); business travel (category 6); employee commuting (category 7); downstream transportation and distribution (category 9); end-of-life treatment of sold products (category 12); franchises (category 14); and investments (category 15). For additional information, see the Environmental information section of this Sustainability Statement.

In 2022, we conducted our first TCFD-aligned analysis to provide a qualitative review of UMG's potential climate-related physical and transition risks, inform strategic planning, and enhance transparency with respect to climate risk disclosures. The analysis concluded that there were no climate-related risks resulting in high or critical impact to UMG's operations or value chain across the evaluated scenarios and time horizons. The full analysis is available in our TCFD report, as presented in our 2023 Annual Report. Relevant sections of the climate scenario analysis have been included in the Environmental information section of this Sustainability Statement. Since the analysis was completed, there have been no changes to our business that would materially impact this analysis.

Other Topical Standards

As described above, as part of our DMA process, we generated an extensive list of potentially material sustainability matters. This list included potentially material IROs at the sub-topic level, including for pollution, water and marine resources, biodiversity and ecosystems, resource use and circular economy, and business conduct. We conducted our DMA as described above and did not perform additional screening of assets or activities, assessment of site locations, or conduct local engagement at site locations with respect to these topics. Except as otherwise indicated in this Sustainability Statement, we did not identify these topics as material.

Because our DMA did not identify biodiversity as a material topic, we do not currently conduct biodiversity and ecosystems scenario analysis. In the event that our DMA identifies biodiversity as a material topic in the future, we may conduct such analysis.

Disclosure Requirements in ESRS covered by our sustainability statement (IRO-2)

The following content index indicates the Disclosure Requirements we have identified to be material as a result of our DMA process, as described above. For an explanation of how we determined the material information to be disclosed in relation to our identified IROs, see "Description of the process to identify and assess material impacts, risks, and opportunities (IRO-1)".

Topical Standard	Material Topic	ESRS	Disclosure Requirement	Derived from other EU legislation[1]	Page
ESRS E1 Climate Change	GHG emissions	E1-1	Transition plan for climate change mitigation		136
		E1-2	Policies related to climate change mitigation and adaptation		136
		E1-3	Actions and resources in relation to climate change policies		136
		E1-4	Targets related to climate change mitigation and adaptation	x	136-137
		E1-6	Gross scopes 1, 2, 3 and total GHG emissions	x	137-141
		E1-7	GHG removals and GHG mitigation projects financed through carbon credits		136
		E1-8	Internal carbon pricing		136
ESRS S1 Own Workforce[2]	Attraction and retention of employees	S1-1	Policies related to own workforce	x	142
	Diversity, inclusion and belonging	S1-2	Processes for engaging with own workforce and workers' representatives about impacts		142-143
	Gender equality and equal pay	S1-3	Processes to remediate negative impacts and channels for own workforce to raise concerns	x	143
		S1-4	Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions		143-144
		S1-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities		144

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Topical Standard	Material Topic	ESRS	Disclosure Requirement	Derived from other EU legislation[1]	Page
		S1-6	Characteristics of the undertaking's employees		144-146
		S1-9	Diversity metrics		64, 146
		S1-16	Remuneration metrics	x	147
ESRS G1 Business Conduct	Supply chain management	G1-2	Management of relationships with suppliers		149-150
Entity-specific	Attraction and retention of artists	Entity-specific	Attraction and retention of artists		147-148
Entity-specific	Privacy and cybersecurity	Entity-specific	Privacy and cybersecurity		152
Entity-specific	Intellectual property, piracy, and content protection	Entity-specific	Intellectual property, piracy, and content protection		150-152
ESRS 2 General Disclosures	General disclosures	BP-1	General basis for preparation of sustainability statements		103
		BP-2	Disclosures in relation to specific circumstances		103-104
		GOV-1	The role of the administrative, management and supervisory bodies	x	105-107
		GOV-2	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies		107
		GOV-3	Integration of sustainability-related performance in incentive schemes		107
		GOV-4	Statement on due diligence	x	110
		GOV-5	Risk management and internal controls over sustainability reporting		107 110-111
		IRO-1	Description of the process to identify and assess material impacts, risks and opportunities		120-122
		IRO-2	Disclosure requirements in ESRS covered by the undertaking's sustainability statement		122-123
		SBM-1	Strategy, business model and value chain		111-114
		SBM-2	Interests and views of stakeholders		115-116
		SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model		117-119

1 The table includes all data points that derive from other EU legislation as listed in ESRS 2 Appendix B, which are material for UMG, indicating where the data points can be found in the report. Other data points which are not included in the table above, are considered not material.

2 Except as expressly stated otherwise, UMG's material impacts on our own workforce are limited to UMG employees.

ENVIRONMENTAL INFORMATION

Disclosures pursuant to Article 8 of Regulation 2020/8526 (Taxonomy Regulation)

The European Commission has set ambitious sustainability targets with the overarching aim to be a net zero continent by 2050. An important component of the EU Action Plan on Sustainable Finance, which supports this ambition, is to steer cash flows toward sustainable investments.

In accordance with European Regulation 2020/852 of June 18, 2020 and 'Besluit bekendmaking niet-financiële informatie', UMG is obligated to disclose the Taxonomy-eligible, Taxonomy non-eligible, and Taxonomy-aligned turnover, capital expenditures, and operating expenditures for economic activities relating to the Taxonomy's six environmental objectives.

EU Taxonomy Objectives and Scope

The EU Taxonomy Regulation serves as a standardized and mandatory classification system to determine which economic activities are considered environmentally sustainable in the EU. The results of this classification are reported annually on a company-specific basis.

Article 9 of the EU Taxonomy regulation identifies six (6) environmental objectives:

1. Climate change mitigation (CCM)
2. Climate change adaption (CCA)
3. Sustainable use and protection of water and marine resources (WTR)
4. Transition to a circular economy (CE)
5. Pollution prevention and control (PPC)
6. Protection and restoration of biodiversity and ecosystems (BIO)

Regarding the classification of an activity as environmentally sustainable, the EU Taxonomy Regulation distinguishes between Taxonomy-eligible and Taxonomy-aligned activities:

- Activities are **Taxonomy-eligible** if they match the description of the activity included in Delegated Acts supplementing Regulation (EU) 2020/852 of the European Parliament, irrespective of whether they fulfill the alignment criteria.
- Activities are **Taxonomy-aligned** if they fulfill the technical screening criteria for the activity. In this case, they make a substantial contribution to the respective environmental objective (fulfill the substantial contribution criteria), cause no significant harm to any of the other environmental objectives (Do No Significant Harm, DNSH), and observe and comply with the minimum safeguards for human rights, corruption, taxation, and fair competition (MS).

EU Taxonomy disclosure requirements for 2024 reporting are:

- The proportion of Taxonomy-eligible, Taxonomy non-eligible and Taxonomy-aligned economic activities in Key Performance Indicators (as identified in Delegate Regulation (EU) 2021/2139, Delegated Regulation (EU) 2022/1214, Delegated Regulation (EU) 2023/2485, and Delegated Regulation (EU) 2023/2486.
- Qualitative information relevant for disclosures, including accounting policy, assessment of compliance with Regulation (EU) 2020/852, and contextual information about KPIs (Disclosures Delegate Act (EU) 2021/2178, Article 10).

Accounting Policies

The table on the following page provides the basis for the numerator and denominator of EU Taxonomy-eligibility and alignment for Turnover, CapEx, and OpEx as defined in the Delegated Regulation (EU) 2021/2178 (Annex I, Section 1.1).

	Turnover	CapEx[1]	OpEx[1]
Numerator	Revenue derived from products and/or services associated with EU Taxonomy-eligible/aligned activities.	Capital expenditures that are related to assets or processes associated with EU taxonomy-eligible/aligned activities.	Operating expenses that are related to assets or processes associated with EU Taxonomy-eligible/aligned activities.
Denominator	Revenue recorded in the consolidated financial statements under IFRS as per Revenue Accounting policy described in the consolidated financial statements.	Additions to tangible and intangible assets recorded in the consolidated financial statements under IFRS during the financial year, considered before depreciation, amortization, and any re-measurements.	Direct non-capitalized costs recorded in the consolidated financial statements under IFRS that relate to R&D, building renovation measures, short-term leases, maintenance and repair (excluding expenses reported as cost of sales), and any other direct expenditures relating to the day-to-day servicing of PPE assets.

[1] There are no capital or operating expenditures related to a capital plan or purchase of output from Taxonomy-aligned economic activities such as individual measures enabling target activities to become low-carbon, activities leading to GHG emissions reductions, or individual renovation measures planned to be implemented and operational within eighteen (18) months.

The financial information for calculating the metrics was gathered from UMG's financial reporting system, excluding intercompany transactions. Eligible economic activities are identified for CapEx KPI, under CCM and CE objectives. Where an activity contributes to several environmental objectives, UMG includes all activity codes, and highlights the most relevant one in bold. UMG considers the allocation of revenues and expenditures to the numerator for only one environmental objective per objective, to avoid double counting.

In 2024, UMG did not issue sustainability-linked bonds or debt securities.

Assessment of Compliance with Regulation (EU) 2020/852

For 2024, UMG assessed eligibility and alignment under each KPI and concludes as follows, with subsequent explanations for each KPI.

- Turnover: No revenue activities are considered eligible and therefore also not aligned.
- CapEx: Taxonomy-eligible CapEx is calculated at 23%, however, it does not meet the substantial contribution criteria, and therefore Taxonomy-aligned CapEx is 0%.
- OpEx: Taxonomy OpEx is calculated at 1% of the total cost of sales and is not considered material.

Turnover KPI

The basis of the turnover KPI covers UMG business activities as of December 31, 2024. The turnover denominator is reconciled with the revenue recorded in Note 3 of the Consolidated Financial Statements under IFRS as per the revenue accounting policy described in the Notes to the Consolidated Financial Statements. It consists of revenue from Recorded Music, Music Publishing, Merchandising, and Other.

Eligibility Assessment

Management analyzed the activities 13.1. Creative, arts and entertainment activities, and 13.3. Motion picture, video and television programme production, sound recording and music publishing activities considering EU Taxonomy Regulation text, the EU Taxonomy Climate Delegated Act, including supplemental notices in the form of FAQs, approved by the EU Commission, publications by the Platform on Sustainable Finance, and peer disclosures to test whether these activities should be considered eligible under CCA objective. Based on the EU Commission notice C/2023/305 these activities are considered as "adapted-enabling activities" and require becoming adapted themselves (adapted activity) and enabling other activities to make a substantial contribution (enabling activity). UMG has not carried out a climate risk and vulnerability assessment to evaluate the adapted activity criteria. However, UMG's Turnover activities, sound recording and music publishing, do not directly enable other activities to make a substantial contribution. Therefore, even if UMG's Turnover activities were to be adapted in the future, the criteria for enabling activity would not be met. Management continues to monitor relevant developments and guidance and will revisit this analysis as new information becomes available. Based on the performed analysis, UMG's eligible Turnover, CapEx or OpEx in relation to the environmental objective CCA amounts to zero.

The percentage for Taxonomy-eligible Turnover amounts to zero. There are no Turnover activities eligible and assessed for alignment.

CapEx KPI

Under the EU Taxonomy Regulation, the total CapEx covers additions to tangible and intangible assets during the financial year considered before depreciation, amortization, and any re-measurements recognized by UMG according to IAS16, IFRS16, and IAS38, including those resulting from revaluations and impairments for the relevant financial year and excluding fair value changes. Total CapEx (denominator) can be reconciled with the sum of the lines 'Additions' disclosed in Note 10 Changes in content assets and other intangibles (excluding royalty advances), Note 11 Property, Plant and Equipment (PPE), and Note 12 Leases within the consolidated financial statements.

Eligibility Assessment

For UMG, most of the CapEx relates to additions to catalogs and other intangibles, which are not eligible. The eligible CapEx comes from the capitalized cost of renovations and leased assets (EU Taxonomy activities under CCM: 7.2 Renovation of existing buildings, 7.7 Acquisition and ownership of buildings, and CE: 3.2 Renovation of existing buildings.).

The breakdown by type of eligible CapEx is as follows:

	CCM 7.2, CE 3.2 Renovation of existing buildings[1]		CCM 7.7 Acquisition and ownership of buildings	
(in millions of euros)	2024	2023	2024	2023
Additions to PPE, leases, and intangible assets	56	40	85	46
Acquisitions through business combinations	0	0	0	0
Expenses incurred for Taxonomy-aligned activities and as part of CapEx plan	0	0	0	0
Total Taxonomy-eligible CapEx	56	40	85	46

1 To avoid double counting, the most relevant activity (CCM 7.2) has been indicated in bold.

Alignment Assessment

7.2 and 3.2 Renovation of existing buildings

UMG has assessed the substantial contribution criteria and evaluated that the leasehold improvements are conducted to meet UMG's business needs and do not meet the substantial contribution criteria for CCM under Activity 7.2, and CE under Activity 3.2.

7.7 Acquisition and ownership of buildings

For 2024, ten (10) leased locations were identified as eligible under the substantial contribution criteria for CCM. While UMG developed a validation approach using internationally recognized energy certificates and primary energy demand (PED) measures, there was insufficient national and regional data for the ten (10) locations to determine energy performance. Therefore, the new leases did not meet the energy performance requirements under substantial contribution criteria for CCM and are not further assessed for alignment.

The percentage for Taxonomy-aligned CapEx amounts to zero.

OpEx KPI

The OpEx denominator includes direct, non-capitalized costs for research and development expenses, building renovation measures, short-term leasing, maintenance and repair expenses, and any other direct expenditure relating to the day-to-day servicing of assets of property, plant, and equipment necessary to ensure the continued and effective functioning of such assets.

For UMG, most of the Taxonomy OpEx relates to the maintenance of buildings, assets used in business operations, and short-term leases.

The nature of UMG's business model relates to people and the arts and is not centered around tangible assets. In 2024, UMG calculated Taxonomy OpEx at 1% of the total of selling, general and administrative expenses and cost of revenues. Management concludes that Taxonomy OpEx is not material for UMG's business model. UMG makes use of the materiality exemption per the Disclosure Delegated Act Annex I, Section 1.1.3.2, doesn't assess eligibility and alignment of OpEx, and discloses the numerator as equal to zero.

EU Taxonomy KPI Disclosure Tables

The KPI tables below summarize the outcome of UMG's Turnover, CapEx and OpEx assessment.

SUSTAINABILITY STATEMENT

Proportion of Turnover from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2024

Financial year 2024	Year			Substantial Contribution Criteria						DNSH criteria (“Does Not Significantly Harm”) (h)									
Economic Activities (1)	Code (2)*	Turnover (3)	Proportion of Turnover, year 2024 (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy aligned (A.1.) or -eligible (A.2.) turnover, year 2023 (18)	Category enabling activity (19)	Category transitional activity (20)
Text		*millions of euros*	*%*	*Y; N; N/EL* (b) (c)	*Y; N; N/EL* (b) (c)	*Y; N; N/EL* (b) (c)	*Y; N; N/EL* (b) (c)	*Y; N; N/EL* (b) (c)	*Y; N; N/EL* (b) (c)	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*%*	*E*	*T*
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
No activities	N/A	€ 0	0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0%	N/A	N/A
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**€ 0**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**0%**		
Of which enabling		€ 0	0%	0%	0%	0%	0%	0%	0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0%	E	
Of which transitional		€ 0	0%	0%						N/A	N/A	N/A	N/A	N/A	N/A	N/A	0%		T
A.2. Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (g)																			
				EL; N/EL (f)	*EL; N/EL* (f)	*EL; N/EL* (f)	*EL; N/EL* (f)	*EL; N/EL* (f)	*EL; N/EL* (f)										
No activities	N/A	€ 0	0%	N/A	N/A	N/A	N/A	N/A	N/A								0%		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		€ 0	0%	0%	0%	0%	0%	0%	0%								0%		
A. Turnover of Taxonomy eligible activities (A.1 + A.2)		€ 0	0%	0%	0%	0%	0%	0%	0%								0%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities		€ 11,834	100%																
TOTAL		**€ 11,834**	**100%**																

SUSTAINABILITY STATEMENT

Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2024

Financial year 2024	Year			Substantial Contribution Criteria						DNSH criteria ("Does Not Significantly Harm") (h)									
Economic Activities (1)	Code (2)*	CapEx (3)	Proportion of CapEx, year 2024 (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy aligned (A.1.) or -eligible (A.2.) CapEx, year 2023 (18)	Category enabling activity (19)	Category transitional activity (20)
Text		*millions of euros*	*%*	*Y; N; N/EL* (b) (c)	*Y; N; N/EL* (b) (c)	*Y; N; N/EL* (b) (c)	*Y; N; N/EL* (b) (c)	*Y; N; N/EL* (b) (c)	*Y; N; N/EL* (b) (c)	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*%*	*E*	*T*
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
No activities	N/A	€ 0	0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0%	N/A	N/A
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**€ 0**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**0%**		
Of which enabling		€ 0	0%	0%	0%	0%	0%	0%	0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0%	E	
Of which transitional		€ 0	0%	0%						N/A	N/A	N/A	N/A	N/A	N/A	N/A	0%		T
A.2. Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (g)																			
				EL; N/EL (f)	*EL; N/EL* (f)	*EL; N/EL* (f)	*EL; N/EL* (f)	*EL; N/EL* (f)	*EL; N/EL* (f)										
Renovation of existing buildings	**CCM 7.2**/ CE 3.2	€ 56	9%	**EL**	N/EL	N/EL	N/EL	EL	N/EL								8%		
Acquisition and ownership of buildings	CCM 7.7	€ 85	14%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								9%		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		€ 141	23%	100%	0%	0%	0%	0%	0%								17%		
A. **CapEx of Taxonomy eligible activities (A.1 + A.2)**		€ 141	23%	100%	0%	0%	0%	0%	0%								17%		
B. **TAXONOMY-NON-ELIGIBLE ACTIVITIES**																			
CapEx of Taxonomy-non-eligible activities		€ 479	77%																
TOTAL		€ 620	100%																

SUSTAINABILITY STATEMENT

Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2024

Financial year 2024	Year			Substantial Contribution Criteria						DNSH criteria ("Does Not Significantly Harm") (h)									
Economic Activities (1)	Code (2)*	OpEx (3)	Proportion of OpEx, year 2024 (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy aligned (A.1.) or -eligible (A.2.) OpEx year 2023 (18)	Category enabling activity (19)	Category transitional activity (20)
Text		*millions of euros*	*%*	*Y; N; N/EL* (b) (c)	*Y; N; N/EL* (b) (c)	*Y; N; N/EL* (b) (c)	*Y; N; N/EL* (b) (c)	*Y; N; N/EL* (b) (c)	*Y; N; N/EL* (b) (c)	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*%*	*E*	*T*
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
No activities	N/A	€ 0	0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0%	N/A	N/A
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**€ 0**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**0%**		
Of which enabling		€ 0	0%	0%	0%	0%	0%	0%	0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0%	E	
Of which transitional		€ 0	0%	0%						N/A	N/A	N/A	N/A	N/A	N/A	N/A	0%		T
A.2. Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (g)																			
				EL; N/EL (f)	*EL; N/EL* (f)	*EL; N/EL* (f)	*EL; N/EL* (f)	*EL; N/EL* (f)	*EL; N/EL* (f)										
No activities	N/A	€ 0	0%	N/A	N/A	N/A	N/A	N/A	N/A								0%		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		€ 0	0%	0%	0%	0%	0%	0%	0%								0%		
A. OpEx of Taxonomy eligible activities (A.1 + A.2)		€ 0	0%	0%	0%	0%	0%	0%	0%								0%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities		€ 108	100%																
TOTAL		€ 108	**100%**																

SUSTAINABILITY STATEMENT

Proportional overview of KPIs

	Proportion of Turnover/Total Turnover	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0%	0%
CCA	0%	0%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

	Proportion of OpEx/Total OpEx	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0%	0%
CCA	0%	0%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

	Proportion of CapEx/Total CapEx	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0%	23%
CCA	0%	0%
WTR	0%	0%
CE[1]	0%	0%
PPC	0%	0%
BIO	0%	0%

1 UMG has 9% of activities that are eligible to make a substantial contribution for both CCM 7.2 and CE 3.2. To avoid double counting, only activities for the most relevant activity (CCM 7.2), are included in the table.

Nuclear and fossil gas related activities

Row	Nuclear energy related activities	No
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	No
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	No

Row	Fossil gas related activities	No
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	No
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	No
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	No

Prospects

Not all sustainability efforts are recognized yet under the EU Taxonomy Regulation. For more information about UMG’s sustainability initiatives, including our commitment to support industry transformation and the validation of our science-based targets, see Climate Change (E1) in Environmental information section of this Sustainability Statement.

Management is committed to monitoring EU Taxonomy developments closely and to assessing new requirements as the basis for UMG's annual disclosures.

Climate change (E1)

Climate scenario analysis (E1.IRO-1, E1.SBM-3)

In connection with our TCFD-aligned analysis in 2022, UMG conducted a climate scenario analysis by applying multiple, varying future emissions scenarios to allow a comprehensive exploration of risks and opportunities for the business. Four climate scenarios from two leading organizations, the Intergovernmental Panel on Climate Change (IPCC) and the International Energy Agency (IEA), were selected to provide consistency and comparability in the analyses and disclosure. We note that these scenarios are subject to inherent assumptions and uncertainties, including uncertainty regarding the ways in which these scenarios will develop.

For transition risks and opportunities, UMG applied:

- A low emissions, net-zero aligned scenario of 1.5°C temperature rise (IEA Net Zero by 2050)

For physical risks, UMG applied:

- A low emissions scenario of 1.8°C temperature rise (IPCC SSP1-2.6)
- A mid-range scenario of 2.7°C temperature rise (IPCC SSP2-4.5)
- A worst-case scenario of 4.6°C temperature rise (IPCC SSP5-8.5)

For each scenario, three time horizons were considered:

- Short-term (2023-2026)
- Medium-term (2027-2034)
- Long-term (2035-2050)

These time horizons were defined in accordance with IPCC and IEA scenario analyses in order to evaluate direct impacts of the climate and weather system on UMG's facilities and potential impacts of carbon prices and supply chain readiness on UMG's business. Our science-based targets are aligned with these time horizons. We note that these time horizons differ from those used in our DMA process, which were defined in accordance with ESRS 1. For more information, see "Disclosures in relation to specific circumstances (BP-2)" in the ESRS 2 General information section of this Sustainability Statement.

Climate-related risks were identified and assessed in terms of exposure level and severity. UMG's business resiliency and existing mitigation measures were also considered to determine the business impact for each risk. Risks that have a low impact imply that these are already sufficiently managed as part of existing processes and/or UMG's exposure level is low. Risks identified with higher impact may require additional mitigation or adaptation strategies.

Each risk was assessed based on three criteria:

- Likelihood of occurrence: determined for each time frame, estimated based upon current trajectory of regional and global developments.
- Severity of impact: potential worst-case influence of the hazard independent of likelihood and assuming no relevant business, strategy, and financial planning.
- Existing resiliency measures: based on the current resiliency measures in place including relevant business, strategy, and financial planning.

The levels of impact are defined as follows:

- Low impact: risks are managed as part of existing processes.
- Moderate impact: risks require additional adaptation planning and mitigation responses.
- High impact: risks are likely to require significant pivot of business strategy or operational protocols.
- Critical impact: risks require major pivot to business, strategy, or financial planning.

The impact assessment of UMG's risks identified only Low and Moderate-level impacts. There were no risks resulting in High or Critical impact to UMG's operations across all scenarios and time horizons. Climate-related opportunities were also identified to highlight potential benefits to UMG's profitability and reputation. The list of Transition Risks, Physical Risks, and Climate-related Opportunities may be found in Tables 1, 2, and 3 below, respectively.

For more information on results of the assessment and impact on business, see "Identification of Impacts, Risks, and Opportunities Related to Specific Topical Standards, Climate Change" in the ESRS 2 General information section of this Sustainability Statement.

Table 1 - Transition Risks

Category	Risk	Short	Medium	Long
Policy & Legal	*Increased overall operational costs due to direct GHG emissions related compliance and other indirect effects of regulations.* The introduction of GHG emissions reporting requirements, mandated emissions reductions requirements, and/or mandatory carbon pricing in regions where UMG operates, may result in increased operational costs of data collection or resources required to comply with GHG emissions requirements. Additional indirect policy & regulation may lead to financial and/or reputational consequences — both the EU and the U.S. have proposed laws and/or documentation updates to restrict the use of unsubstantiated claims around product or company sustainability (e.g., greenwashing or green labeling), and may require that companies show evidence against standard frameworks or requirements for any claims that are made.	Low	Moderate	Moderate
Policy & Legal	*Financial, legal, and reputational impacts from any failure or alleged failure to comply with climate-related laws or regulations.* Failure to comply with climate-related laws or regulations may result in fines and affect UMG's ability to sell products and services or operate in specific markets. It may also deteriorate UMG's brand perception. In the EU specifically, penalties for noncompliance include public declaration of noncompliance and administrative financial sanctions.	Low	Low	Low
Policy & Legal	*Impact on operational efficiencies and financial burden due to regional differences in regulations across regions.* Due to the vast nature of the global regulatory landscape, UMG may be required to align with multiple regulations. This may require additional resources and operational adjustments to comply. Specifically, when comparing U.S. and EU regulations, there are varying levels of disclosure related to scope 3 emissions and differing requirements around materiality assessments. For example, the State of California will be requiring all plastic packaging to be recyclable or compostable by 2032, while the UK instituted a plastic packaging tax, and the EU is requiring increased recyclability of plastic packaging. These differences and potential conflicts in regional regulations pose an operational and financial risk.	Low	Low	Low
Technology/ Market	*Increased costs to transition to more sustainable materials and technologies.* Shifting to increasingly sustainable alternative materials and manufacturing processes for UMG's products may increase capital and operational costs. This shift may arise from changing consumer and artist demand toward sustainable products and may also affect UMG's revenue from physical products.	Low	Moderate	Moderate
Reputation	*Reputational or legal implications around failure to meet environmental targets or other sustainability goals.* UMG has set near-term science-based targets. Inability to act or lack of progress toward this or other voluntary or mandated sustainability goals, including making misleading claims (e.g., greenwashing or green labeling), may impact shareholder and stakeholder concerns in material ESG topic areas, such as attraction and retention of artists and employees. Customer brand perception may also be adversely affected, which can influence UMG's ability to sell products and services and may erode shareholder value.	Low	Low	Moderate

Table 2 – Physical Risks

		Time Horizon		
Category	Risk	Short	Medium	Long
Acute/Chronic	*Business interruption and increased CapEx due to physically damaged facilities and production shutdowns.* Climate events and storms may cause business interruption losses and increased CapEx due to physically damaged facilities, personal injuries of employees, interruption of energy power systems, and shutdowns leading to production interruption and inability to respond to demand for an indefinite period.	Low/ Moderate depending on hazards	Low/ Moderate depending on hazards	Low/ Moderate depending on hazards
Acute/Chronic	*Impact on operations due to disruptions in the supply chain.* Disruptions in the supply chain due to climate-related events may impact UMG as we are highly dependent on our suppliers to meet the needs of stakeholders. If significant disruptions occur in the supply chain, UMG may be at risk of revenue loss and reputational issues resulting from stakeholder expectations not being met. Customer brand perception may also be adversely affected which can influence UMG's ability to sell our products and services and may erode shareholder value.	Moderate	Moderate	Moderate
Acute	*Increased operational costs from cooling load.* Higher average temperatures and increased frequency of heat waves as a result of climate change may require an increased need for cooling for the safety of UMG's workforce and preservation of products and equipment, leading to higher operational costs.	Low	Low	Moderate

Table 3 - Transition Opportunities & Time Horizons

Category	Opportunity	Time Horizon
Resource Efficiency	*Decreased operational costs from resource efficiency.* Investing in updated assets and technology may result in reduced operational costs, improved energy efficiency of facilities, decreased energy usage, and reduced emissions for UMG. Across our global portfolio, UMG continues to pursue powering our global portfolio with electricity from renewable sources. In addition, UMG actively pursues internationally recognized environmental certifications, such as BREEAM, LEED, and ENERGY STAR.	Medium- to long-term
Energy Source	*Decreased operational costs from switching to renewable energy sources.* Shifting to renewable energy sources such as wind and solar may result in financial savings and emissions reductions. Experts anticipate that renewable energy rates will follow a downward trend as access to renewable generation increases and fossil fuels become more expensive.	Short- to long-term
Products and Services	*Increased revenue from sustainable products and services.* Investing in and helping to advance sustainability-related research (including finding alternatives to energy intensive distribution modes and products), may allow UMG to get ahead of trends, innovate, and develop more sustainable products and services (e.g., increased regional sourcing, using a higher percentage of reground vinyl, designing eco-friendly packaging, developing an alternative to jewel cases, and circular opportunities to reduce product waste), and drive demand for these products, leading to increased revenues and positive reputational impacts.	Medium- to long-term
Market	*Increased revenue from stakeholder engagement and collaboration.* Engaging with stakeholders on sustainability initiatives may increase positive perception of UMG compared to competitors and position our artists and labels as a sustainable and responsible choices. Pursuing collaboration opportunities (with peers, artists, partners, and vendors) may also create more sustainable processes and products for the industry as a whole and help to drive wider behavioral change with respect to the cultural norms, thinking, and politics surrounding climate change.	Medium- to long-term
Market	*Decreased supply chain disruption due to sustainability engagement.* Engaging vendors to increase sustainability and transparency through the supply chain may result in decreased emissions and build resilience against potential physical climate risks. For UMG, this may include incorporating sustainability criteria into third party management processes from RFP through contract language and inviting our tier one strategic partners to set science-based targets.	Medium- to long-term

The analysis was extended to the value chain by assessing the climate maturity for six key suppliers. Three of these suppliers were observed to be advanced in their climate-risk consideration. Those requiring additional engagement and communication to align with and support UMG's climate goals were also identified. UMG may model future value chain engagement strategies on successful efforts working with our top suppliers on sustainability topics.

Climate change requires collective action. We believe that our purpose, to shape culture through the power of artistry, includes supporting collective action on climate change. Achieving reductions in our own GHG emissions is an important demonstration of our commitment to meaningful change. To support this commitment, we measure and mitigate our environmental footprint, as discussed below.

Transition plan, policies, and key actions (E1-1, E1-2, E1-3, E1-7, E1-8)

UMG is developing a climate transition plan, which we aim to adopt by 2027. UMG has not yet established formal climate change mitigation and adaptation policies or actions, as these will be developed as part of our climate transition plan. The initial steps we have taken in laying the groundwork for the development of our climate transition plan include:

- We conducted our first TCFD-aligned analysis in 2022 (see "Identification of impacts, risks, and opportunities related to specific topical standards");
- We set science-based targets which were approved by the Science-Based Targets initiative (SBTi) in 2023, aligned with limiting global warming to 1.5ºC (see "Science-based targets", below);
- We continued to meet with ESG working groups to collaborate on initiatives related to our material scope 3 categories and supply chain engagement (for more information on our ESG working groups, see the "Sustainability Management: Roles & Responsibilities" in the Corporate Governance section of the Board report and "Supply Chain Management" in this Sustainability Statement);
- We continued to engage with key stakeholders to evaluate activities that could have an impact on actual and potential future GHG emissions; and
- We continued our renewable energy transition analysis in partnership with Procurement in 2024.

We are in the process of refining our overarching environmental strategy. We intend to adopt an environmental policy that aligns with and supports this overall strategy in 2025.

UMG does not have internal carbon pricing schemes, GHG removals and storage, or GHG mitigation projects financed through carbon credits. UMG is not excluded from the EU Paris-aligned Benchmarks.

Targets related to climate change mitigation and adaptation (E1-4)

In 2023, UMG became the first major standalone music company to announce science-based targets approved by the SBTi. We committed to reduce:

- Absolute scope 1 and 2 GHG emissions 58% by 2032 from a 2019 base year, an ambition which is in line with a 1.5ºC trajectory; and,
- Scope 3 GHG emissions from purchased goods and services, capital goods, fuel- and energy-related activities, upstream transportation and distribution, waste generated in operations, business travel, and employee commuting by 62% per EUR value added[1] within the same timeframe.

UMG's ESG team developed the science-based targets based on the GHG Protocol and the SBTi Criteria and Recommendations Version 5.0[2]. Our science-based targets cover all seven GHGs, where relevant: carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFC), perfluorocarbons (PFC), sulfur hexafluoride (SF_6), and nitrogen trifluoride (NF_3). Our science-based targets are aligned with the boundaries of our GHG Inventory (see "GHG emissions methodology", below) – we ensure this consistency by following the GHG Protocol for our emissions calculations and target-setting process, and through the SBTi validation. Our science-based targets align with the climate scenario

[1] "Value added" is defined as EBITDA plus all personnel costs. EBITDA is defined in the Appendix to the Annual Report.

[2] SBTi Criteria and Recommendations V5.0

laid out in the Paris Agreement – limiting global warming to 1.5°C above pre-industrial levels. Our science-based targets were not derived using a sectoral decarbonization approach.

With regard to our target base year, the SBTi allows flexibility in base year selection to consider circumstances that may make a given year's emissions unrepresentative. At the time of our assessment, UMG considered 2019 as the most representative year of normal operations prior to the effects of the COVID-19 pandemic, so we selected 2019 as the base year for our science-based targets.

UMG reports our scope 1, 2, and 3 emissions and our progress towards achieving our science-based targets annually (see "Science-based targets progress" and "Gross scopes 1, 2, 3 and total GHG emissions", below). UMG is developing the expected decarbonization levers and their overall quantitative contributions to achieve our science-based targets as part of our climate transition plan. We have not set 2030 emissions reduction targets as our SBTi approved targets were set in advance of the implementation of the CSRD.

Science-based targets progress (E1-4)

Target	Base Year 2019	2024	Reduction from 2019-2024	Reduction Target by 2032
Scope 1 & 2 (market-based) (absolute tCO_2e)	11,454	8,265	-28%	-58%
Scope 3 (tCO_2e per million EUR value added)[1,2]	200	124	-38%	-62%

1 Our scope 3 target covers the following emissions categories: purchased goods and services, capital goods, fuel- and energy-related activities, upstream transportation and distribution, waste generated in operations, business travel, and employee commuting.

2 "Value added" is defined as EBITDA plus all personnel costs. EBITDA is defined in the Appendix to the Annual Report.

GHG emissions methodology (E1-6)

Overview

UMG follows the GHG Protocol, a globally recognized framework for measuring and reporting emissions. Our GHG inventory includes our relevant scope 1, scope 2 location-based, scope 2 market-based, and scope 3 emissions sources.

Reporting scope

The reporting scope for scope 1 and 2 emissions is primarily driven by the status of UMG's owned and leased properties. In 2024, the reporting scope applied to 57 countries and 177 properties, which represents 98% of our property portfolio and all properties where there is employee headcount. Properties in scope for environmental reporting include UMG offices, studios, and facilities with active leases in the reporting year. Properties are considered out of scope if they meet one of the following criteria: the property closed prior to the reporting year and UMG does not have an active lease; the property is under construction; or the property is land.

UMG collects actual global data for our scope 3 emissions to the fullest extent possible. For a limited number of subcategories, global data collection is infeasible. For these subcategories, UMG collects data from our top five territories (United States, United Kingdom, Japan, Germany, and France) and estimates for rest of world emissions.

Methodology

Scope 1 emissions are direct GHG emissions that occur from sources that are owned or controlled by UMG. This includes emissions from the consumption of natural gas and domestic heating fuel, the leakage of refrigerants during normal air-conditioning operation, and consumption of fuel from mobile sources, such as directly owned vehicles and vehicles on long-term leases. Emission factors were obtained from the UK Department for Energy Security and Net Zero (DESNZ)/Department for Business, Energy & Industrial Strategy (BEIS) Conversion Factors.

Scope 2 emissions are indirect GHG emissions resulting from the use of purchased electricity, steam/imported heat, and cooling. As per the GHG Protocol, UMG considers both location-based and market-based scope 2 emissions:

- Scope 2 location-based method reflects the average emissions intensity of grids on which energy consumption occurs. These emissions are calculated based on the grid emissions factor for the geographic location of the site from which electricity, steam/imported heat, or cooling is purchased. Emission factor sources include International Energy Agency (IEA) Emission Factors, United States Environmental Protection Agency (EPA) eGrid Factors, and DESNZ/BEIS Conversion Factors.
- Scope 2 market-based method reflects emissions from electricity that UMG has specifically chosen, including the use of certified renewable electricity through contractual instruments or onsite generation. Emission factor sources include IEA Emission Factors, DESNZ/BEIS Conversion Factors, Association of Issuing Bodies Residual Mix (AIB) Factors, and Green-e Residual Mix Factors. In the case of the supplier sourcing energy from renewable sources, the emission factor applied is 0 kgCO_2e/kWh.

Scope 3 includes external indirect GHG emissions from non-owned sources within UMG's value chain. These include emissions from the following scope 3 categories:

- Purchased goods and services (category 1) includes all upstream (i.e., cradle-to-gate) emissions from the production of products purchased or acquired by UMG in the reporting year. This category includes emissions associated with indirect spend across our global operations that are not otherwise captured in UMG's GHG Inventory; manufacturing of physical audio and merchandise products; use of third-party recording studios; use of third-party cloud service providers; and consumption of water at UMG properties. Emissions were calculated using the supplier-specific method, hybrid method, and spend-based method. Emission factor sources include the CEDA EEIO database, ecoinvent LCA database, and DESNZ/BEIS Conversion Factors.
- Capital goods (category 2) includes all upstream emissions from the production of capital goods purchased or acquired by UMG in the reporting year. Emissions were calculated using the spend-based method and emission factors were obtained from the CEDA EEIO database.
- Fuel- and energy-related activities (category 3) includes emissions related to the production of fuels and energy purchased and consumed by UMG in the reporting year that are not included in scope 1 or scope 2. This category is comprised of well-to-tank (WTT) and transportation and distribution (T&D) loss emissions. Emissions were calculated using the fuel-based method and emission factors were obtained from DESNZ/BEIS Conversion Factors and IEA Emission Factors.
- Upstream transportation and distribution (category 4) includes emissions related to the transportation and distribution of products purchased by UMG between our tier 1 suppliers and own operations in vehicles and facilities not owned or controlled by the reporting company. Additionally, this category includes emissions related to third-party transportation and distribution services purchased by UMG in the reporting year (either directly or through an intermediary), including inbound logistics, outbound logistics, and third-party transportation and distribution between our own facilities. Emissions are calculated using the distance-based method and emission factors were obtained from the DESNZ/BEIS Conversion Factors. Emissions calculated include both WTT and tank-to-wake (TTW) emissions, and account for the effects of radiative forcing in air freight.
- Waste generated in operations (category 5) includes emissions from third-party disposal and treatment of waste that is generated in UMG's owned or controlled operations in the reporting year. This category includes general waste generated at our owned and leased properties, electronic waste reported by our third-party treatment provider, and Bravado merchandise scrap waste collected by our third-party recycling partner. Emissions were calculated using the waste-type-specific method and emission factors were obtained from DESNZ/BEIS Conversion Factors.
- Business travel (category 6) includes emissions from the transportation and lodging of UMG employees for business-related activities in vehicles or assets owned or operated by third parties. This category includes air, road, rail, business jet, and hotel activity that is booked by UMG across our global operations; artist travel that is booked by an artist management company is excluded from these calculations. Emissions were calculated using the distance-based method and spend-based method, and emission factors were obtained from DESNZ/BEIS Conversion Factors and the CEDA EEIO database.
- Employee commuting (category 7) includes emissions from the transportation of UMG employees between their home and their worksites. This category includes emissions related to the

commuting of employees across UMG's global operations. Emissions were calculated using the average data method and distance-based method, and emission factors were obtained from DESNZ/BEIS Conversion Factors.

- Downstream transportation and distribution (category 9) includes emissions from the transportation and distribution of products sold by UMG in the reporting year between our operations and retail stores (if not paid for by UMG), in vehicles and facilities not owned or controlled by UMG. This calculation is currently classified as a "screening" due to the high level of estimation utilized due to limited data availability (see "Value chain estimation, sources of estimation, and outcome uncertainty"). Emissions were calculated using the average data method and distance-based method, and emission factors were obtained from DESNZ/BEIS Conversion Factors.
- End-of-life treatment of sold products (category 12) includes emissions from the waste disposal and treatment of products sold by UMG in the reporting year, at the end of their life. The category includes the total expected end-of-life emissions from all physical audio and merchandise products sold in the reporting year. Emissions were calculated using the waste-type-specific method and emission factors were obtained from DESNZ/BEIS Conversion Factors.
- Franchises (category 14) includes emissions associated with UMG's licensing of sold merchandise. This calculation is currently classified as a "screening" due to the high level of estimation utilized due to limited data availability (see "Value chain estimation, sources of estimation, and outcome uncertainty"). Emissions were calculated using the spend-based method and emission factors were obtained from the CEDA EEIO database.
- Investments (category 15) includes emissions associated with the UMG's investments in the reporting year that are not included in scope 1 or scope 2. This calculation is currently classified as a "screening" due to the high level of estimation utilized due to limited data availability (see "Value chain estimation, sources of estimation, and outcome uncertainty"). Emissions were calculated using the spend-based method and emission factors were obtained from the CEDA EEIO database.

The following scope 3 categories are excluded from our GHG inventory because they are not relevant to UMG:

- Upstream leased assets (category 8) – emissions from leased assets are reported in scope 1 and scope 2.
- Processing of sold products (category 10) – UMG does not sell intermediate products.
- Use of sold products (category 11) – UMG does not sell products with direct use-phase emissions.
- Downstream leased assets (category 13) – UMG does not lease assets to other entities.

Estimations

For our GHG emissions calculations, data is generally requested for Q1-Q3 and estimates are applied for Q4 to allow time for data validation, consolidation, and reporting. Estimation of emissions follows one of the two methodologies:

1. Historical Average: uses quarterly activity data for previous years to calculate the historical average ratio of total Q1-Q3 to Q4 activity data. This ratio is then applied to the Q1-Q3 activity data in the current year to estimate for Q4.
2. Current Year Average: estimates Q4 activity volume using the average quarterly activity volume for Q1-Q3 in the current year.

The Historical Average method[1] accounts for seasonal differences in business activity and is applied when data is available at quarterly granularity, at a minimum, in previous years. The calculated average ratio considers data from as many previous years as possible, with the average ratio weighted by total activity per year. For emissions sources where previous year data is not available at quarterly granularity, a Current Year Average[2] is applied.

Structural changes – such as mergers, acquisitions, and divestments – that occur during the reporting year are reflected in UMG's scope 3 emissions using actual data, where available. In select instances where actual data is not available, UMG estimates emissions data. In 2024, UMG estimated emissions data for [PIAS].

[1] The Historical Average method is used in the emissions calculations for scope 3 categories 1 and 4.

[2] The Current Year Average method is used in the emissions calculations for scope 1, scope 2 (location-based), scope 2 (market-based), and scope 3 categories 1, 3, 4, 5, 6, 9, 12, and 14.

Gross scopes 1, 2, 3 and total GHG emissions (E1-6)[1]

	Retrospective				Milestones and target years	
	2019 (Base Year)	2023	2024	% 2024 / 2023	2032 (Target Year)	Annual % target / 2019
Scope 1 GHG emissions						
Gross scope 1 GHG emissions (tCO_2e)	4,441	1,945	1,797	-8	1,865	4.46[2]
Percentage of scope 1 GHG emissions from regulated emission trading schemes (%)	0	0	0	–	–	–
Scope 2 GHG emissions						
Gross location-based scope 2 GHG emissions (tCO_2e)[3]	8,342	8,272	8,816	7	–	–
Gross market-based scope 2 GHG emissions (tCO_2e)	7,013	5,627	6,467	15	2,945	4.46[2]
Significant scope 3 GHG emissions						
Total gross indirect (scope 3) GHG emissions (tCO_2e)[4]	530,824	469,588	619,156	32	–	–
1 Purchased goods and services	330,041	287,537	327,454	14	–	–
2 Capital goods	36,510	19,948	32,153	61	–	–
3 Fuel and energy-related activities (not included in scope 1 or scope 2)	3,167	3,443	2,789	-19	–	–
4 Upstream transportation and distribution[5]	39,495	51,419	90,880	77	–	–
5 Waste generated in operations	230	493	556	13	–	–
6 Business travel	67,888	53,718	50,967	-5	–	–
7 Employee commuting	9,651	6,036	5,823	-4	–	–
9 Downstream transportation and distribution	1,346	1,910	3,616	89	–	–
12 End-of-life treatment of sold products	2,698	4,454	5,608	26	–	–
14 Franchises	22,639	8,218	6,052	-26	–	–
15 Investments	17,159	32,412	93,257	188	–	–
Total GHG emissions[6]						
Total GHG emissions (location-based) (tCO_2e)	543,607	479,805	629,769	31	–	–
Total GHG emissions (market-based) (tCO_2e)	542,278	477,160	627,420	31	–	–

1 Due to rounding, amounts may not add up precisely to the totals provided.
2 UMG's target is to reduce absolute scope 1 and 2 GHG emissions 58% by 2032 from a 2019 base year; the annual reduction rate required to achieve this target is 4.46%.
3 UMG does not have a target covering scope 2 location-based emissions; therefore, there is no data in the 'Milestones and target years' columns.
4 UMG does not have an absolute scope 3 target; therefore, there is no data in the 'Milestones and target years' columns. See "Science-based targets progress" for relevant data on UMG's science-based scope 3 intensity target.
5 Category 4 reported emissions represent approximately 95% of global activity.
6 UMG does not have a target covering total GHG emissions; therefore, there is no data in the 'Milestones and target years' columns.

GHG emissions per net revenue (E1-6)[1]

Metric	2024
Total GHG emissions (location-based) per net revenue (tCO_2e/million EUR)	53.2
Total GHG emissions (market-based) per net revenue (tCO_2e/million EUR)	53.0

Scope 1 and 2 GHG emissions breakdown

	2024
Scope 1 GHG emissions	1,797
Mobile sources (tCO_2e)	1,058
Stationary sources (tCO_2e)	739
Of which refrigerants	35
Of which domestic fuel oil	1
Of which natural gas	703
Scope 2 GHG emissions (location-based)	8,816
Electricity (tCO_2e)	7,620
Steam/imported heat (tCO_2e)	1,196
Scope 2 GHG emissions (market-based)	6,467
Electricity (tCO_2e)	5,271
Steam/imported heat (tCO_2e)	1,196

[1] See "Consolidated Statement of Profit or Loss" in the Board report.

SOCIAL INFORMATION

Own workforce (S1)

Policies related to our workforce (S1-1)

Code of Conduct and Whistleblowing Policy

UMG's Code of Conduct, implemented by our Chief Compliance Officer, is applicable to every person conducting business for UMG, including employees, interns, officers, members of the board of directors, and third parties such as consultants, independent contractors, and company advisors or representatives. Relevant aspects of our Code of Conduct are described further below.

To achieve the standards set out in our Code of Conduct, our Board adopted a standalone Whistleblowing Policy, implemented by our Chief Compliance Officer. The purpose of our Whistleblowing Policy, discussed further below, is to encourage all employees and other stakeholders (e.g. shareholders, suppliers, and customers) to report genuine concerns or complaints about unethical behavior, malpractices, illegal acts or failure to comply with regulatory requirements without fear of reprisal should they act in good faith when reporting such concerns or complaints.

Human rights commitments

At UMG, we believe that respecting human rights is essential to fostering a workplace where individuals can thrive creatively and professionally. UMG's Code of Conduct includes a zero-tolerance policy towards harassment, discrimination, violence, child labor, slavery, human trafficking, and unsafe working conditions. These values are reflected across our operations and we only conduct business with partners, suppliers, and customers who share our commitment to protecting human rights. We also empower employees to speak up if they witness or suspect any human rights violations. Our Code of Conduct is consistent with the United Nations Guiding Principles on Business and Human Rights.

Our Code of Conduct also covers our approach to workplace safety, security and the health of our employees, as well as procedures to help us to create a safe work environment.

Anti-discrimination and inclusion

Our Code of Conduct encourages an inclusive environment that promotes individual expression, creativity, innovation, and achievement and emphasizes that within UMG diverse backgrounds and skills are valued as well as individual differences in race, ethnicity, gender or gender identity, sexual orientation, disability, religious affiliation, age, experience, and thought.

Our Board also adopted a separate diversity and inclusion policy (the D&I Policy) as per articles 2:142b and 2:166 of the Dutch Civil Code and best practice provision 2.1.5 of the Code, laying down the elements of a diverse and inclusive composition of the Board and senior management as well as appropriate and ambitious aspirations in this respect. The D&I Policy is detailed in the Corporate Governance section of the Board report.

Processes for engaging with own workforce and workers' representatives about impacts (S1-2)

UMG maintains a dedicated Employee Listening program. Employee Listening is how we pass the mic –to hear thoughts and opinions on the employee experience at UMG. Our strategy consists of a series of surveys that follow the employee lifecycle to measure each employee's individual experience, and company-wide surveys to pulse where we are at in meeting our objectives. The Strategy, Insights & Planning Team, within our People, Inclusion & Culture Department under the oversight of our Executive Vice President, Chief People and Inclusion Officer, is responsible for our workforce surveys. In the U.S., Korea, and Southeast Asia, with a planned global expansion in coming years, we continuously run Lifecycle Surveys (first week new hire, 90-day new hire, and exit surveys) to capture key information along the employee journey. Globally, we run engagement or pulse surveys on an as-needed basis to measure progress on our objectives. Additionally, our labels leverage our Strategy, Insights & Planning team to gather enterprise and label-specific insights.

As described in this Sustainability Statement, we also directly consult our employees as part of our DMA process and ongoing employee engagement. See "Description of the process to identify and assess material impacts, risks, and opportunities (IRO-1)" and "Interests and views of stakeholders (SBM-2)" in ESRS 2 General information for more information.

Processes to remediate negative impacts and channels for own workers to raise concerns (S1-3)
UMG addresses material negative impacts on our own workforce through a global framework overseen by the Compliance and People, Inclusion and Culture Departments using a multi-pronged approach and consistent with local laws: (1) training and guidance to our workforce as to their rights and obligations while working at UMG; (2) multiple channels to raise questions, needs, concerns, or allegations of impropriety; (3) a system to investigate any allegations requiring review; (4) prohibition against retaliation for raising good faith concerns; and (5) periodic assessments to ensure the processes are effective. Any material negative impacts to UMG's own workforce are also addressed within the Company's internal Ethics and Compliance Committee and, where appropriate, raised to UMG's Board.

As set forth in our Code of Conduct and Whistleblowing Policy, UMG provides multiple channels for our workforce and anyone conducting business for UMG to raise questions or voice concerns. They can also address their needs and concerns through direct communication with their supervisor or department leadership or by contacting the People, Inclusion & Culture department, legal counsel, General Counsel or Chief Compliance Officer and through our Global Compliance and Ethics hotline (the "Hotline"). The Hotline, supported by a third-party provider, permits employees to raise concerns 24 hours a day, seven days a week via telephone or the internet. Additionally, such concerns may be made anonymously where permitted by local law.

UMG's grievance and complaint mechanisms are described in our Code of Conduct, Whistleblowing Policy, and territory-specific grievance procedures as may be required by local law. UMG takes each report of suspected violations seriously, regardless of how the matter is disclosed to the company. Pursuant to our Code of Conduct, all reports of misconduct must be investigated promptly, thoroughly, and objectively. Depending on the nature of the complaint, UMG determines how the complaint should be investigated, considering such factors as whether the investigation should be conducted internally or using external resources, whether forensic expertise will be required, language issues. Complaints are communicated to appropriate internal parties on a need-to-know basis, whether to selected executive in the region where the report originated, the Ethics Committee or the Board. Confidentiality is maintained to the fullest extent possible and as required by applicable local laws. Upon conclusion of an investigation, if misconduct is found, UMG administers appropriate discipline to those involved, consistent with local laws. Our Whistleblowing Policy prohibits retaliation against anyone who reports a concern in good faith.

UMG seeks to ensure that our workforce is aware of the multiple channels to ask questions and report concerns by: (1) issuing our Code of Conduct and Whistleblowing Policy to all employees globally every year and ensuring acknowledgement and understanding of these policies by each employee; (2) ensuring that all global training courses include the methods by which to ask questions/report concerns; (3) emailing information regarding the Hotline to all employees; and (4) conducting periodic workforce surveys, which include issues related to knowledge of the reporting channels and likelihood of use of the channels.

Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions (S1-4)

Diversity, inclusion, and belonging and gender equality
Cultivating work environments that are welcoming, inclusive, free of discrimination, and that promote a diversity of perspectives and backgrounds can increase our resilience as a company as well as the creativity behind our products and services.

In 2024, we continued to act on this belief through continued investment in our talent and by working to cultivate a culture of belonging.

Internally, Employee Resource Groups (ERGs) provide a platform for employees to network, share experiences, and influence employee programming. All employees are encouraged to become members and participate. Our ERGs include:

- BLACK LABEL: Fosters community and cultivates leaders at UMG, while celebrating Black culture across the music industry.
- CULTURA: Celebrates the diversity and unity of Latinx and Hispanic people by promoting cultural awareness, supporting Latinx communities, and empowering current and future Latinx and Hispanic leaders at UMG.
- PRISM: Cultivates a space to build community and celebrate LGBTQ+ identifying individuals and allies within UMG and across the music industry.
- UTOPIAA: Provides a community and platform for employees that identify as Asian American & Pacific Islander (AAPI) and their allies.
- WOMEN'S NETWORK: Serves to advance the position of women in the music industry by providing a support system that allows members to express themselves and realize their goals – both professional and personal.

Attraction and retention of employees

UMG is powered by the talents of our people. We recognize that our ability to attract and retain talented employees is closely tied to our business model, particularly to the extent that a failure to attract and retain employees could negatively impact our ability to attract and retain artists. The management and advancement of employee wellbeing, development, compensation and benefits, and engagement strengthen our workforce by attracting and retaining top talent at all levels.

To attract the next generation of talent, UMG hosts internship programs for students across a variety of institutions. To continue to foster talent throughout all career levels, UMG maintains various training programs. Our "The 6" series of development programs aims to equip employees with essential skills for career growth and effective team management. In 2024, we conducted training programs tailored to cohorts of people managers, director-level leaders, and senior-level leaders, respectively. UMG also maintains a global job architecture project, launched in 2023, to standardize career leveling and remuneration, addressing concerns related to compensation disparities and supporting retention, particularly for early and mid-career employees who are most vulnerable to turnover.

Globally, our employee benefits are suited for the diverse needs of our workforce and support a company-wide culture of physical health, mental health awareness, and overall wellbeing. In addition to competitive compensation structures, our total rewards program is central to our strategy for enhancing our appeal as an employer and creating a positive, healthy workplace. While specific benefits vary by region, in the United States, for instance, UMG's medical plans provide unlimited access to mental health services at no cost when using in-network providers; includes comprehensive family support programs and prioritize women's health through targeted benefits; includes 12 weeks of paid family leave time to care for loved ones; and covers travel for employees and eligible dependents for fertility-related medical care.

Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities (S1-5)

As enshrined in our D&I policy, we are committed to improving the gender diversity among our senior managers and to promoting diversity and inclusion in the boardroom. Our specific aspirations pertaining to these commitments, which were developed with input from our senior management and unanimously approved by our Board, are discussed in further detail in the Corporate Governance section of the Board report.

Methodology (S1-6, S1-9, S1-16)

The reporting scope covers all UMG employees and data is collected from our global human resource platform. For the calculations of pay gap and annual total remuneration ratio, data is also collected from our local payroll systems. UMG defines an "employee" as an individual who (i) works for UMG and (ii) is in a contractual relationship with UMG.

Headcount-related indicators are expressed in number of employees as of December 31, 2024. Headcount by gender is based on the gender indicated by employees in our global human resource platform. Employees that selected they prefer not to disclose their gender are reported under 'other'. Employees that did not select a gender are reported under 'not reported'.

For the employee turnover calculation, the numerator of the rate is the aggregate of the number of employees who leave voluntarily or due to dismissal, retirement, or death in service. The denominator of the rate is the total number of employees during the reporting period.

Top management comprises: (i) the executive directors of the Board, including the Chairman and CEO, (ii) the Chairman and CEO's direct reports who lead a label or business or with a primary function, (iii) for other key labels or businesses, their leaders and in some instances, certain of their direct reports, and (iv) key large function leaders.

The pay gap is calculated using the following formula: (Average gross hourly pay level of male employees – average gross hourly pay of female employees) / Average gross hourly pay level of male employees) x 100.

The annual total remuneration ratio is calculated using the following formula: Annual total remuneration of the highest paid individual / Median employee annual total remuneration (excluding the highest paid individual).

The pay gap and annual total remuneration ratio calculations include the following:

1. Base salary, which is the sum of guaranteed, short-term, and non-variable cash compensation;
2. Benefits in cash, which is the sum of the base salary and cash allowances, bonuses, commissions, cash profit-sharing, and other forms of variable cash payments; and
3. Direct remuneration, which is the sum of benefits in cash, and total fair value of all annual long-term incentives.

Because this is the first year in which UMG has calculated these metrics, UMG has not developed targets relating to pay gap or the annual total remuneration ratio.

Employee headcount by gender (S1-6)

Gender	Number of employees (headcount)
Male	4,955
Female	5,370
Other	6
Not reported	15
Total employees	**10,346**

Employee headcount by country (S1-6)

Country	Number of employees (headcount)
United States	3,512
United Kingdom	1,562
Other countries	5,272
Total employees	**10,346**

Pursuant to ESRS S1-6 50(a), employee headcount breakdowns are reported by country for countries in which UMG has 50 or more employees representing at least 10% of our total number of employees

Employee headcount by geographical area (SBM-1)

Geographical area	Number of employees (headcount)
APAC	1,504
EMEA	4,512
LATAM & Iberia	615
North America	3,715
Total employees	**10,346**

Pursuant to ESRS SBM-1 40(a) iii, employee headcount breakdowns are reported by geographical area.

Employees by contract type, broken down by gender (S1-6)

Contract type	Female	Male	Other	Not reported	Total
Permanent employees	4,918	4,703	6	9	9,636
Temporary employees	452	252	0	6	710
Total employees	**5,370**	**4,955**	**6**	**15**	**10,346**

Employee turnover (S1-6)

Turnover rate by type	2024
All employees	22%
Permanent employees	17%
Temporary employees	6%
Voluntary turnover	**9%**

In 2024, the total number of departures was 2,265. "Voluntary turnover" refers to employees who initiated termination of employment with UMG. Of the above indicators, only turnover of all employees is required by the ESRS.

Employee headcount by age group (S1-9)

Age group	2024
Under 30 years old	2,450
30-50 years old	5,553
Over 50 years old	2,313
Not reported	30
Total employees	**10,346**

Remuneration metrics (S1-16)

In 2024, UMG's pay gap was 44.68%. UMG acknowledges that there is room for improvement, including with regards to gender diversity at the top management level. Although such improvement cannot happen overnight, UMG has the aspiration that by December 31, 2026, at least 20% of the senior managers is female. For more information, see "Diversity and inclusion" in the Corporate Governance section of the Board report.

In 2024, UMG's total remuneration ratio was a factor of 720.59. For additional information on UMG's remuneration, including remuneration policies, key remuneration elements and approach to the remuneration for 2024, and remuneration and company performance development, see our Remuneration Report.

UMG is actively preparing for the new EU Directive on Pay Transparency, which will take effect in 2026, and we see the directive as an aid for us to further evaluate this topic.

Attraction and retention of artists

Artists are at the core of our business. Our traditional full-service A&R approach, portfolio of world-renowned labels, diversity of genres, and robust content and copyright protection measures drive long-term value for our artists and increase their commercial success, consumer base, and longevity potential. This topic impacts our direct operations as well as stakeholders across our value chain, especially our artists, fans, and the creative community.

UMG's competitive position is dependent on identifying, attracting, signing and retaining recording artists and songwriters who are or will become commercially successful, who have long-term potential, whose music is well received, whose subsequent music is demanded by consumers, and whose music will continue to generate sales as part of its catalog for years to come. Our approach to managing the risks associated with this topic are addressed in the Risk and Risk Management section of the Board report.

We believe that by attracting, retaining, and supporting talented artists, we can drive socioeconomic benefits throughout our own operations, value chain, and industry, and enhance the operational stability, well-being, and creative output for artists.

Key actions

Several elements, discussed in further detail in the Strategy section of the Board report, form the core of this effort and present positive actual or potential impacts and financial opportunities.
In addition, the following represent key actions we have taken, and continue to take, to drive our positive impacts and realize our financial opportunities:

- Streaming model and social media solutions
  We continue to explore artist-centric principles and solutions with streaming and social platforms including Deezer, Spotify, Tidal, TikTok, YouTube, Meta, SoundCloud, and Snap. Through the collaborative efforts below, we seek to ensure fair compensation, among other benefits. Aspects of these actions are further discussed in the Intellectual Property, Piracy, and Content Protection section of this report.
  - Reward Real Artists: Find ways to better reward artists whose content drives value to platforms.
  - Clean Up Clutter: Take steps to limit non-artist noise content, including sounds, functional music, and thirty-second AI tracks that are designed to profit inappropriately from the artist royalty pool.
  - Improving Correct Attribution: Aggressively seek correct attribution so that royalties are directed toward the proper artists at a significant scale.
  - Protect future artists and songwriters: Advocate and fight for AI guardrails that will protect artists, songwriters and their works from future dilution caused by unlicensed generative AI.
- Further advancing global diversification plans and partnerships
  UMG continues to expand its repertoire, reach and capabilities globally, expanding our presence and accelerating our growth in new regions. We partner strategically with leading local labels, artist managers, and entrepreneurial companies to support and boost them with global promotion, distribution, and a full suite of artist services. This allows us to discover new music

and artists globally, expanding our catalog and repertoire, and creating opportunities to increase market share.

- Exploring new avenues for monetizing music
  We are actively pursuing opportunities to bring our artists and music to the categories of health and wellness and gaming, partnering with established and growing platforms, and embarking on R&D to not only maximize existing commercial opportunities for our labels and artists, but to identify future opportunities, fan behaviors, and consumption trends. Important to this activity is our commitment to enhance the company's D2C strategy and capabilities.
- Defining and establishing responsible AI
  We have been working across the services landscape, through collaboration and participation with innovative companies like BeatDapp and BandLab Industries, while also driving broader industry initiatives like the Human Artistry Campaign and the "Principles for Music Creation with AI", launched earlier this year in collaboration with Roland Corporation, which now has more than 70 industry companies and organizations signed up.
- Facilitating the connection between artists and fans
  UMG is committed to exploring ways to strengthen and better serve the artist-fan relationship through superfan experiences and products. We have built a robust network of tools and services for UMG artists to build comprehensive global campaigns that will help them reach fans around the world. Superfans, a growing and influential category of music enthusiasts, spend 80% more each month on music than the average listener, based on Luminate data. These fans drive increased activity both on platforms, but also through UMG's rapidly growing direct-to-consumer, ecommerce and merchandising businesses, which represent a significant opportunity for UMG to grow authentic engagement between fans and the artists they love.

Our multi-label structure, discussed in the Introduction section of the Board report, enables entrepreneurs and encourages artistic diversity. Each of our labels maintains its own approach to, and tracks the effectiveness of, developing, cultivating, and promoting artistic talent. For this reason, UMG does not maintain global policies or targets pertaining to this topic.

GOVERNANCE INFORMATION

Business conduct (G1)

Management of relationships with suppliers (G1-2)

UMG partners with suppliers who share our vision for a sustainable future. Suppliers are integral to our business and we are dedicated to working alongside our partners to collectively advance sustainability. UMG can make a positive impact by overseeing and actively managing our supply chain to more effectively control our scope 3 emissions, promote product innovation, and promote human rights and local economies.

Supplier relationships are managed by business units within UMG. UML manages suppliers for physical audio products – which range from vinyl to CDs and DVDs – and Bravado manages suppliers of merchandise. The UML and Bravado ESG working groups drive progress towards embedding sustainability across UMG's supply chain, as detailed below. For more information on our ESG working groups, see "Sustainability management" in the Corporate Governance section of the Board report.

Key policies

Supplier Social Responsibility Policy

The UMG Supplier Social Responsibility Policy is foundational to our approach. The policy, overseen by our Chief Compliance Officer and SVP, Head of Sustainability, is incorporated into all global manufacturing agreements and sets out specific principles that we expect every supplier to follow across environmental, social, and ethical impact areas.

The policy is anchored by internationally recognized frameworks, including the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, the UNESCO Convention on the Protection and Promotion of the Diversity of Cultural Expressions, the Children's Rights and Business Principles established by UNICEF, the UN Global Compact, and Save the Children principles. The policy requires our suppliers to comply with relevant national legal standards and industry benchmark standards relating to stated impact areas, while establishing a pathway for suppliers to implement corrective action when performance falls below provided criteria.

To track the effectiveness of our suppliers' alignment with the Supplier Social Responsibility Policy, UMG embeds controls and measures across various stages of the procurement lifecycle. For example, Bravado requires certain direct suppliers in the US and UK, based on spend and risk, to undergo the Sedex SMETA 2 Pillar Audit (or equivalent), which covers labor standards and health and safety – key risk areas for the apparel manufacturing sector.

Key actions

Environmental Exhibit and reporting

Bravado and UML are laying the groundwork for deeper supplier engagement through a standardized set of environmental-related terms and conditions set forth in an Environmental Exhibit. We began integrating the Environmental Exhibit into certain direct supplier manufacturing partner agreements in the US and UK in 2024 and will continue its rollout in 2025 to additional partner agreements.

The Environmental Exhibit is designed to drive environmental performance across our value chain, particularly in relation to scope 3 GHG emissions, and enables us to screen and evaluate the environmental performance of new suppliers based on their ability to accept and comply with the provided terms. It is imperative that we engage our supply chain in our decarbonization efforts, as their support will be critical in helping us achieve our GHG reduction targets, which were validated by the Science-Based Targets initiative (SBTi) in 2023.

To support our GHG reduction trajectory, the Environmental Exhibit requires our suppliers to set and validate their own science-based targets through SBTi within a stated timeline. The Environmental Exhibit also requires suppliers to submit two surveys to UMG on an annual basis. The first of these surveys, the Supplier GHG Survey, collects GHG emissions data (including emissions attributable to UMG). The second survey, the Supplier Sustainability Survey, collects information on current sustainability programs and future plans within key environmental, social, and ethical impact areas. We intend to leverage survey results to help us continue to evaluate supplier sustainability performance, more effectively track and manage our scope 3 GHG footprint, surface potential sustainability risks and areas for improvement, and identify opportunities to scale innovative technologies, partnerships, and processes.

In 2024, we took action to support supplier understanding of our expectations for social and environmental responsibility, including the roll-out of a digital guide for our suppliers and one-on-one supplier meetings to answer questions and inspire greater collaboration.

Additional supply chain measures

While the annual surveys tied to our Environmental Exhibit serve to assess supplier sustainability performance, Bravado also evaluates Tier 1 suppliers on a quarterly basis according to product, pricing, and delivery criteria. Bravado leverages results to inform procurement decisions – prioritizing partners that demonstrate expanded product capabilities and innovation.

In 2024, we also developed targeted, ongoing sustainability strategies for Bravado and UML product development teams – providing guidance around how UMG can prioritize vendors that offer sustainable materials and that demonstrate strong environmental and social commitments. Strategy development was informed by the 2023 UMG x Bravado Sustainability Summit Series, which assembled UMG employees, artist managers, and suppliers to explore sustainability advancements across the industry.

In 2024, our efforts centered on gathering information from and generating awareness among our suppliers. With this as our focus, we have not yet set specific targets for this topic. We believe that targets can serve as a useful tool to continue our efforts and may adopt them in future years to help us continue to drive progress.

Intellectual property, piracy, and content protection

Security of content against piracy or theft is a key focus of our business. Technological advances and the conversion of music into digital formats have made it easy to create, transmit and distribute high-quality unauthorized copies of music. In addition, technology to create AI-generated music and images has introduced new challenges for the protection of intellectual property and artist rights. These include intellectual property infringement through the unauthorized reproduction of copyrighted works to train AI technology, which in turn enables the creation of AI-generated works that infringe intellectual property rights and embody unauthorized renditions of artist voices, images and likenesses.

The nature of these risks and our response to them are further discussed in the Risk and Risk Management section of the Board report.

Key policies

UMG's content protection framework, established and implemented by our Content Protection department and overseen by our EVP, Business and Legal Affairs and Head of Litigation, includes five key principles:

- Defend - Work with our internal security teams, our labels, and our artists to protect our content at all stages in the release lifecycle to help prevent leaks by implementing best practices.
- Detect - Use resources and technology to detect leaks and infringing content on web sites, marketplaces and within social messaging communities.
- Disrupt - Work with our trade organizations to cause piracy disruption through intermediary, regulatory and enforcement actions.
- Dismantle - Work with our trade organizations to pursue civil and / or law enforcement authorities on the enforcement of pirate sites operators and networks.
- Develop - Work with our internal teams, artists and labels to provide data and create a landscape in which artists and talent can thrive.

Key actions

At UMG, we are fully dedicated to protecting the creative works of our artists and songwriters. Beginning in 2002, we were the first major music company to create a Content Protection department, which serves to identify threats and create strategies and workflows to stop them. Steered by our Content Protection team, we engage with internal and external stakeholders to help identify and analyze risks to UMG content, brands, labels, and artists. In collaboration with global trade organizations, our content protection initiatives span several areas:

- Label support
  The Content Protection department is the primary point of contact for labels who require content to be removed from DSPs and aggregators, including copyright infringement, unauthorized remixes, mis-labelled uploads, and non-UMG tracks that have been tagged with a UMG artist. This work helps us to try to ensure that only authorized tracks exist on DSPs and are correctly attributed.
- Pre-release protection
  Releases face the highest level of risk during the pre-release phase, when producers and sound engineers collaborate ahead of production. We advise on security best practices and work with stakeholders, external platforms, and websites to spot and remove leaked content to seek to minimize risks of further unauthorized distribution.
- Post-release protection
  Once content has been released, infringing uploads and posts frequently occur on sites without a license. By identifying and removing these sites, posts, and uploads, we increase each release's value over time. Additionally, as part of this workstream, we identify unlicensed sites that present a commercial opportunity for UMG.
- Emerging markets
  As markets grow in emerging territories, so does the risk of leaks in those regions. We work with our international trade organizations to build content protection strategies and workstreams that support the development of emerging music markets. By removing illegal websites, posts, and uploads, we help direct users within emerging markets to legitimate content sources to enhance their listening experience and protect UMG revenue streams.
- Mobile applications
  Apps are the new internet. Many markets went directly to mobile apps, and in those that didn't, our target audience has moved to them. We have a dedicated team focused on mobile app piracy that works alongside our trade organizations to detect and remove infringing applications and content globally across all major application stores. We treat mobile application piracy as one of our priority initiatives and have established working groups to coordinate resources and enforce against infringers in this area.
- Merchandising
  Due to its popularity and affiliation with UMG artists, Bravado merchandise is often counterfeited or impersonated. Our Content Protection team works closely with Bravado to remove infringing products from major online marketplaces and retailers. In addition to our merchandise protection, we also protect our brands and artist likenesses from being used without authorization within digital environments.
- UMPG
  Content Protection supports UMPG by removing unauthorized covers, masters, and live recordings – as well as infringing uses of our publishing rights. Supporting UMPG directly ensures that we can remove unauthorized content quickly and avoid duplication.

We have developed specialized workflows to remove unauthorized posts and have built bespoke software to collect release information and project rulesets globally, thereby maximizing our labels' marketing and promotional efforts and preserving the integrity of our artists' creations and their ability to connect with fans authentically.

We work with law enforcement to stem the flow of criminal physical and digital piracy by assisting with witness statements and providing training to help to ensure that they are fully aware of new trends and investigative techniques in digital piracy.

We continue to work with our licensed service partners to share intelligence and introduce workflows to counter the threat of streaming fraud. We work with vendors that use sophisticated systems to identify falsely labelled tracks to ensure that our legitimate artist and label receive both credit and revenue for their works. We also have an internal cross-functional task force established to combat this activity.

We use multiple datapoints to inform our content protection strategies. In partnership with the Global Security Office, the Content Protection team maintains a database of all of UMG's criminal referrals. Our trade organizations also maintain investigative databases that allow us to track repeat threats to UMGs artists and labels. We measure "takedown" requests—that is, the formal notice of legal process to remove an unauthorized track—across various licensed platforms through internal business intelligence systems that are automatically populated based on takedown requests, regardless of whether we issue these requests directly to platforms or indirectly through our trade organizations. To inform our content protection strategies with respect to physical piracy, we track the number and estimated value of seizures of counterfeit and unauthorized physical products.

Content protection is part of our business-as-usual approach and ongoing daily operations. As such, UMG does not have time-bound targets with respect to this topic.

Privacy and cybersecurity

UMG maintains the trust of our artists and partners through the ethical and compliant collection, use, and sharing of data. Technology, security, and compliance teams work to continuously improve processes and technologies to minimize risk and optimize UMG's use of data and technology.

The nature of our risks relating to privacy and cybersecurity, and our response to them, are further discussed in the Risk and Risk Management section of the Board report.

Key policies

Our publicly available Code of Conduct, implemented by our Chief Compliance Officer, applies to every person conducting business for UMG, including employees, interns, officers, members of the board of directors, and third parties such as consultants, independent contractors, and company advisors or representatives. Our Code of Conduct outlines best practices and acceptable behavior with respect to data privacy and cybersecurity matters, including the responsible protection of confidential information and the responsible use of information and communication systems.

In addition, UMG employs a wide variety of tools and services to ensure the integrity and security of our critical assets which are supported by a number of policies and procedures that cover topics including cloud security, business continuity, vulnerability management, and security incident response, among others. Our Chief Security Officer is responsible for the implementation of these policies.

All policies and procedures are reviewed and updated as needed on a regular basis.

Key actions

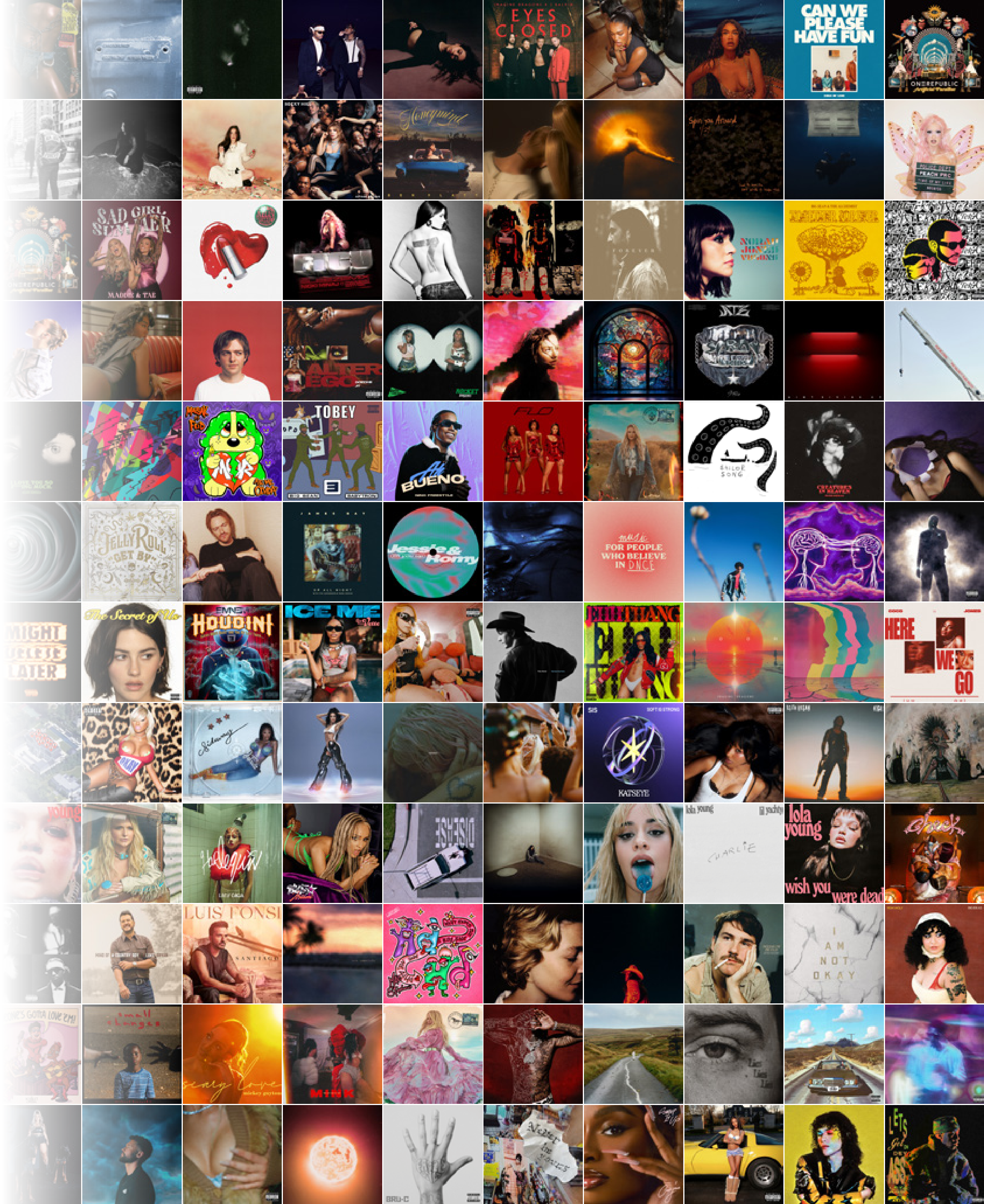
To uphold stakeholder trust and comply with privacy and cybersecurity regulations, UMG maintains a global data protection compliance program via its Privacy Office which includes governance and data management processes, data subject rights processes, privacy disclosures, employee training, cross-border transfer agreements, supplier contract terms, internal audit procedures and incident response processes. UMG's Global Security Office (GSO) is responsible for company-wide cybersecurity policies, described above, as well as standards development, cybersecurity education (including regular phishing and other security training) and compliance monitoring. The GSO has developed a mature cybersecurity program that encompasses aggressive vulnerability management, centralized log collect, use of a 24x7 managed security service provider, a robust security incident response process, regular penetration testing and extensive use of threat management and threat hunting teams.

Cybersecurity is a part of our business-as-usual approach and ongoing daily operations. As such, UMG does not have time-bound targets with respect to this topic. As of the date of this Annual Report, we have not identified any breaches of cybersecurity or related risk threats that have a financially material impact on our business.

Non-Executive Directors' Report

UNIVERSAL

UNIVERSAL MUSIC GROUP



NON-EXECUTIVE DIRECTORS' REPORT

As the Non-Executive Directors, we are responsible for supervising the Executive Directors' policy and performance of duties and the Company's general course of affairs and business, and rendering advice and direction to the Executive Directors. In performing our duties, we are guided by the Company's corporate interests, which extend to the interests of all of the Company's stakeholders, including the Shareholders and the Company's creditors, customers and employees.

Composition

The Board has a one-tier board structure and currently comprises of two Executive Directors and eleven Non-Executive Directors, two of whom, being Eric Sprunk and Mandy Ginsberg, were appointed to the Board by the General Meeting on May 16, 2024:

Name	Function
Sir Lucian Grainge	Executive Director, Chairman and Chief Executive Officer
Vincent Vallejo	Executive Director, Deputy Chief Executive Officer, Corporate
Sherry Lansing	Non-Executive Director, Chairman of the Board
Margaret Frerejean-Taittinger	Non-Executive Director, Vice-Chairman of the Board
Bill Ackman	Non-Executive Director
Cathia Lawson-Hall	Non-Executive Director
Cyrille Bolloré	Non-Executive Director
Eric Sprunk	Non-Executive Director
Haim Saban	Non-Executive Director
James Mitchell	Non-Executive Director
Luc van Os	Non-Executive Director
Mandy Ginsberg	Non-Executive Director
Nicole Avant	Non-Executive Director

Antoine Fiévet acted as Non-Executive Director and chair of the Remuneration Committee until the close of the annual General Meeting held on May 16, 2024, on which date his term ended. He decided not to stand for reappointment.

Manning Doherty acted as Non-Executive Director but recently resigned from the Board, effective March 21, 2025.

None of the Non-Executive Directors represents the Company's employees and other workers.

Diversity and inclusion

The elements of a diverse and inclusive composition of the Board as well as appropriate and ambitious aspirations in this respect are laid down in the D&I Policy as per articles 2:142b and 2:166 of the Dutch Civil Code and best practice provision 2.1.5 of the Code. In accordance with the D&I Policy, the Non-Executive Directors are committed to promoting diversity and inclusion in the boardroom and to ensuring that all Non-Executive Directors are able to contribute to Board discussions.

They furthermore have the aspiration:

- to improve or safeguard gender diversity among the Non-Executive Directors, such that at least one third of the Non-Executive Directors is female and at least one third of the Non-Executive Directors is male, thereby at all times taking into account the Dutch statutory gender diversity requirement with regards to the Non-Executive Directors.
- to improve or safeguard diversity with regards to age, nationality, ethnicity and cultural or other background, as well as to create and maintain a variation in expertise, experience, competencies, other personal qualities and perspectives among the Non-Executive Directors.

The Non-Executive Directors are further committed to considering candidates for Non-Executive Director positions from a wide pool, including candidates with no prior publicly listed company board level experience.

The elements as laid down in the D&I Policy with respect to the composition of the Board are all important drivers in the selection procedure and will all be considered when identifying a candidate for a Non-Executive Director position. However, when identifying a candidate, the qualifications of such candidate and the requirements for the Non-Executive Director position shall in principle always prevail.

The Non-Executive Directors considered that their composition as at December 31, 2024 was diverse and with women representing 42% of the Non-Executive Directors, also in line with the gender diversity aspiration included in the D&I Policy as well as with the gender diversity requirement included in Dutch law. Among the Non-Executive Directors, there were seven nationalities (American, British, Canadian, Dutch, French, Israeli and Togolese) and age ranged between 39 and 80.

Independence

The Non-Executive Directors endorse the principle that their composition shall be such that they are able to operate independently and critically vis-à-vis one another, the Executive Directors and any particular interests involved.

Given the shareholder base of the Company, the Non-Executive Directors are of the opinion that, in the context of preserving the continuity of UMG and ensuring a focus on sustainable long-term value creation, it is in the Company's corporate interests and in the interests of the Company's stakeholders that among the Non-Executive Directors, there is a fair and adequate representation of persons who hold a substantial shareholding or represent a (group of affiliated) substantial shareholder(s), even if those persons are considered non-independent within the meaning of best practice provision 2.1.8 of the Code.

As set out in the Corporate Governance section under "The Board--Independence", best practice provision 2.1.8 of the Code states that a Non-Executive Director shall not be considered independent if such Non-Executive Director, among others, (i) has a shareholding of at least 10% of the issued share capital of the Company, (ii) is a member of the management (or executive) board or supervisory (or non-executive) board – or is a representative in some other way – of a legal entity which holds at least 10% of the issued share capital of the Company, or (iii) has been an Executive Director in the five years prior to his or her appointment.

In the financial year 2024, five out of twelve Non-Executive Directors were considered non-independent on the basis of being persons who hold a substantial shareholding or represent a (group of affiliated) substantial shareholder(s), being:

- Bill Ackman, to whom more than 10% of the issued share capital of the Company could be attributed by virtue of his control over Pershing Square Capital Management L.P., i.e., the investment adviser to the various Pershing Square funds through which that shareholding was held. However, effective December 31, 2024, the more than 10% shareholding that could be attributed to Bill Ackman decreased to 7.48% of the issued share capital of the Company after various of the finite-life Pershing Square funds (with an end date of January 31, 2025) elected to distribute their UMG shareholdings to their limited partners, which included multiple non-Pershing Square affiliated investors. In addition, on March 13, 2025, the 7.48% shareholding that could be attributed to Bill Ackman further decreased to 4.74% of the issued share capital of the Company after Pershing Square funds offered and sold part of their UMG shareholdings in an accelerated bookbuild. This means that Bill Ackman is currently no longer considered non-independent.
- Cathia Lawson-Hall, who is a member of the supervisory board of Vivendi SE which holds approximately 10% of the issued share capital of the Company.
- Cyrille Bolloré, who is the Chairman and Chief Executive Officer of the Bolloré Group, one of the Company's largest shareholders, as well as a member of the supervisory board of Vivendi SE which holds approximately 10% of the issued share capital of the Company.
- James Mitchell, who is a representative of the Tencent-led consortium which holds approximately 20% of the issued share capital of the Company.
- Manning Doherty, who was a representative of the Tencent-led consortium which holds approximately 20% of the issued share capital of the Company. However, Manning Doherty recently resigned from the Board, effective March 21, 2025.

Although in the financial year 2024 three out of twelve Non-Executive Directors (two of whom are the same as above) were former statutory managing directors of (a predecessor of) the Company, being:

- James Mitchell, in the period from February 26, 2021 until September 20, 2021;
- Luc van Os, in the period from December 4, 2020 until September 20, 2021; and
- Manning Doherty, in the period from February 26, 2021 until September 20, 2021,

the Company did not consider them non-independent on the basis of being former Executive Directors given the short period during which they were appointed as statutory managing directors of (a predecessor of) the Company prior to, and primarily in preparation for, the Listing, while the Company performed no operational activities. For the avoidance of doubt, and as set out in the preceding paragraph, James Mitchell and Manning Doherty were nonetheless considered non-independent on the basis of being persons who represent a (group of affiliated) substantial shareholder(s).

	Financial year 2024 Non-Executive Directors
Independent	7
Non-Independent	5
Total	**12**
% Independent	58
% Non-Independent	42

Accordingly, in the financial year 2024, five out of twelve Non-Executive Directors were considered non-independent. However, the other seven Non-Executive Directors, who were (and continue to be) independent, including the Chairman of the Board, were comfortable that those five non-independent Non-Executive Directors were nonetheless able to act independently and critically.

Moreover, as of January 1, 2025, only four out of twelve, and as of March 21, 2025, only three out of eleven, Non-Executive Directors are considered non-independent now that: (i) effective December 31, 2024, the more than 10% shareholding that could be attributed to Bill Ackman decreased to 7.48% of the issued share capital of the Company after various of the finite-life Pershing Square funds (with an end date of January 31, 2025) elected to distribute their UMG shareholdings to their limited partners, which included multiple non-Pershing Square affiliated investors. In addition, on March 13, 2025, the 7.48% shareholding that could be attributed to Bill Ackman further decreased to 4.74% of the issued share capital of the Company after Pershing Square funds offered and sold part of their UMG shareholdings in an accelerated bookbuild. This means that Bill Ackman is currently no longer considered non-independent, and (ii) effective March 21, 2025, Manning Doherty resigned from the Board.

Remuneration

On May 16, 2024, the General Meeting adopted the revised remuneration policy for the Non-Executive Directors, pursuant to which the Non-Executive Directors are entitled to receive part of their remuneration in the form of restricted share units (RSUs). A revision of the remuneration policy for the Non-Executive Directors was considered necessary to align the remuneration of the Non-Executive Directors more closely with the Company's (sector) peers and to enhance the Company's ability to attract, motivate and retain highly qualified individuals. The remuneration of the Non-Executive Directors shall be determined by the Board with due observance of the remuneration policy for the Non-Executive Directors. The remuneration policy for the Non-Executive Directors is available on the investor relations part of the UMG website. In the Remuneration Report, details of the individual remuneration of the Non-Executive Directors are set out.

Board meetings and activities

Meetings

During 2024, the Board held eight meetings, three of which were in-person meetings and five of which took place via video calls. The meetings were attended by both the Executive Directors and the Non-Executive Directors as well as by several corporate and other senior executives, as appropriate.

Among the items discussed were (i) the Annual Report, the semi-annual financial report, the quarterly results and the accompanying press releases, (ii) the external auditor's findings and audit report, (iii) the external auditor's engagement to audit the financial statements and audit plan, (iv) the external auditor's engagement to provide (limited) assurance on the sustainability reporting, (v) the internal audit plan, (vi) the (final and interim) dividend proposals, (vii) the annual budget and business plan, (viii) the implementation of the 2022 UMG Global Equity Plan, (ix) the remuneration of the Executive Directors, including the selection of appropriate performance metrics and targets, (x) the remuneration of the Non-Executive Directors, including the revision of the remuneration policy for the Non-Executive Directors, which was adopted by the General Meeting on May 16, 2024 and pursuant to which the Non-Executive Directors are entitled to receive part of their remuneration in the form of RSUs, and the introduction of Non-Executive Director share ownership guidelines, (xi) the nomination for reappointment of Vincent Vallejo as Executive Director, (xii) the nomination for appointment of Eric Sprunk and Mandy Ginsberg as (new) Non-Executive Directors and the nomination for reappointment of Bill Ackman, Cathia Lawson-Hall, Cyrille Bolloré, James Mitchell, Margaret Frerejean-Taittinger and Nicole Avant as Non-Executive Directors, (xiii) strategy updates, (xiv) business updates, including on milestone accomplishments of UMG artists and their relationships with the Company, (xv) investor relations updates, (xvi) sustainability updates, (xvii) Board committee composition and updates, (xviii) the financing of the Company and (xix) any significant or related party transactions.

Sustainable long-term value creation

The Board, who is responsible for developing a view on sustainable long-term value creation by the Company and for formulating a strategy as well as specific objectives in line with this view, has on numerous occasions discussed the Company's strategy. In particular, the Board discussed, at several of its meetings, the Company's views for the next era in streaming, the further roll-out of its artist-centric model with partner platforms adopting principles that are expected to transform the way in which artists are compensated for their content, its superfan initiatives, its response to the opportunities and risks of (generative) artificial intelligence, including with respect to content protection, and its high-potential markets strategy. The Board also spent two full days at the Company's operational headquarters in Santa Monica, United States of America, including to spend time with some of UMG's senior executives to hear more about their vision for the music business. In addition, the Board is responsible for approving the annual budget as well as any transaction with a value in excess of €300,000,000.

Education

Each time a new Non-Executive Director is appointed to the Board by the General Meeting, such Non-Executive Director is required to follow an induction program geared to his or her role and aimed at addressing any gaps in his or her knowledge. Such program typically covers general financial, social and legal affairs, financial and sustainability reporting, aspects that are unique to the Company, and the responsibilities of a non-executive director of a Dutch publicly listed company. Further Non-Executive Director educational needs are normally identified as part of the Board evaluation.

Shortly following their appointment to the Board by the General Meeting on May 16, 2024, Eric Sprunk and Mandy Ginsberg attended an educational session on their responsibilities as a non-executive director of a Dutch publicly listed company. They also spent a full day at the Company's operational headquarters in Santa Monica, United States of America, to spend time with some of UMG's senior executives to learn more about the Company and the music business.

Board evaluation

In the fourth quarter of 2024 and the first quarter of 2025, at the initiative of the Nomination Committee, the Board undertook a comprehensive Board evaluation, under the supervision of an external expert, assessing the effectiveness of the Board, the Board committees and the individual Directors. As part of the process, each Director completed an anonymous structured questionnaire, covering critical areas such as composition, governance, culture, leadership and strategy. The external expert then conducted one-on-one interviews with each Director to discuss the initial findings of the questionnaire and to provide individual feedback. Key insights from the Board evaluation were first discussed with the Chairman of the Board, the chair of the Nomination Committee and the external expert. These insights were then presented and discussed during an executive session of the full Board in the first quarter of 2025, with the external expert in attendance.

Where relevant, the external expert had additional one-on-one sessions with individual Directors to discuss their functioning and contributions.

The Board evaluation concluded that since its installation at the time of the Listing, the Board has significantly matured. The external expert highlighted positive trends in Board effectiveness and improved functioning of the Board committees and the individual Directors, leading to more productive meetings, improved communication and stronger collaboration, both within the Board and with the Company. Based on the results and feedback, the Board committed to continuous growth, identifying opportunities for improvement while cultivating a culture of ongoing learning to further enhance governance, culture and engagement.

Share positions

According to the AFM register, the following Executive Directors and Non-Executive Directors held a capital interest and/or voting rights in the Company as at December 31, 2024:

Shareholder	Notification date	Shares	RSUs[1]	PSUs[2]	PSOs[3]	Voting rights
Sir Lucian Grainge	October 25, 2024	371,772.00	2,580,020.25	818,712.72	8,624,917.00	371,772.00
Vincent Vallejo	April 30, 2024	102,172.00	–	–	–	102,172.00
Sherry Lansing	May 30, 2024	–	7,457.00	–	–	–
Margaret Frerejean-Taittinger	May 28, 2024	–	5,681.00	–	–	–
Bill Ackman[4]	December 31, 2024	136,797,950.00	–	–	–	136,797,950.00
Cathia Lawson-Hall	May 31, 2024	2,356.00	5,681.00	–	–	2,356.00
Cyrille Bolloré	May 24, 2024	24,000.00	5,681.00	–	–	24,000.00
Eric Sprunk	May 24, 2024	–	5,681.00	–	–	–
Haim Saban	May 24, 2024	–	5,681.00	–	–	–
Luc van Os	May 30, 2024	105.00	5,681.00	–	–	105.00
Mandy Ginsberg	May 23, 2024	–	5,681.00	–	–	–
Nicole Avant	June 7, 2024	–	5,681.00	–	–	–

1 (Unvested) restricted share units
2 (Unvested) performance share units
3 (Unexercised) performance stock options
4 Held in large part via various Pershing Square funds

Board committees

The Board has appointed from among its Non-Executive Directors three Board committees to assist it in discharging its responsibilities: the Audit Committee, the Remuneration Committee and the Nomination Committee. Without prejudice to the collegiate responsibility of the Board, the duty of these Board committees is to prepare the decision-making of the Board.

The Board has drawn up regulations for each Board committee, setting out the role and responsibilities of the Board committee concerned, its composition and size and the manner in which its meetings should be held. These regulations are available on the investor relations part of the UMG website.

The current composition of the Board committees is detailed in the following table:

	Audit Committee	Remuneration Committee	Nomination Committee
Sherry Lansing		Member	Member
Margaret Frerejean-Taittinger	Member		Chair
Bill Ackman			Member
Cathia Lawson-Hall	Member		
Cyrille Bolloré		Member	
Eric Sprunk	Member	Member	
James Mitchell		Member	
Luc van Os	Chair		
Mandy Ginsberg	Member	Chair	
Nicole Avant			Member

The Audit Committee

The Audit Committee shall advise the Board in relation to its responsibilities, shall undertake preparatory work for the Board's decision-making regarding the supervision of the integrity and quality of the Company's financial and sustainability reporting and the effectiveness of the Company's internal risk management and control systems and shall prepare resolutions of the Board in relation thereto.

In addition to the foregoing, the Audit Committee's main responsibilities include: (i) supervising and monitoring, and discussing with and advising the Board on, the effectiveness of the design and operation of the internal risk management and control systems, including supervising the enforcement of all applicable laws and regulations and supervising the effect of the Code of Conduct, (ii) supervising the preparation and submission of financial and sustainability information by the Company, (iii) supervising the compliance with recommendations, comments and observations of the internal auditor, the external auditor(s) and any other external party involved in the auditing of the sustainability reporting, (iv) instructing the external auditor(s) and the internal audit function to inform the Executive Directors and the chair of the Audit Committee without delay if it or they discover(s) or suspect(s) an instance of misconduct or irregularity, (v) supervising the functioning of the internal audit function, (vi) ensuring that the way in which the internal audit function fulfills its responsibility is assessed by an independent third party at least every five years, (vii) supervising the policy of the Company on tax planning, (viii) supervising the financing of the Company, (ix) supervising the applications of information and communication technology, including risks relating to cybersecurity and data protection and risks relating to new technologies, (x) maintaining frequent contact and supervising the relationship with the internal auditor, the external auditor(s) and any other external party involved in the auditing of the sustainability reporting, (xi) implementing the procedure for the selection of the external auditor(s) and submitting a recommendation to the Non-Executive Directors for the (re)appointment or dismissal of the external auditor(s) by the General Meeting, (xii) informing the Board of the outcome of the statutory audit and explaining how the statutory audit contributed to the integrity of the financial reporting and what the role of the Audit Committee was in that process, (xiii) monitoring the financial reporting and submitting recommendations or proposals to ensure its integrity, (xiv) determining whether, and if so, how the external auditor(s) shall be involved in the content and publication of financial reports other than the financial statements, (xv) issuing a recommendation on the appointment and dismissal of the senior internal auditor, (xvi) submitting a proposal to the Board for the engagement of the external auditor(s) to audit the financial statements and (xvii) considering and, where appropriate, approving for recommendation to the Board the (semi-annual) financial statements, the annual budget and major capital expenditures of the Company.

In 2024, the Audit Committee held five meetings, two of which were in-person meetings and three of which took place via video calls. The meetings were attended by the Audit Committee members as well as by the Chief Operating Officer and Chief Financial Officer, the Controller, the Chief Audit Executive, the external auditor(s) and other corporate and senior executives, as appropriate.

Among the items discussed were (i) the Annual Report, the semi-annual financial report, the quarterly results and the accompanying press releases, (ii) the external auditor’s findings and audit report, (iii) the external auditor’s engagement to audit the financial statements and audit plan, (iv) the external auditor’s engagement to provide (limited) assurance on the sustainability reporting, (v) the (final and interim) dividend proposals, (vi) the annual budget and business plan, (vii) the financing of the Company, (viii) compliance, including the application of the Code of Conduct and appliacable laws and regulations, and any reported alleged misconducts or irregularities, (ix) sustainability updates, including on the implications of the Corporate Sustainability Reporting Directive (the CSRD) and the Company's work on, and the material impacts, risks and opportunities identified as part of the double materiality assessment process undertaken in accordance with, the CSRD, (x) the functioning of and updates from the Internal Audit and Controls Assurance departments, (xi) the internal audit plan and (xii) the annual risk and fraud risk assessments.

In 2024, through written updates as well as at an Audit Committee meeting, the Head of Sustainability informed the Audit Committee of the Company's work on, and the final list of material impacts, risks and opportunities, which were identified as part of the double materiality assessment process undertaken in accordance with, the CSRD, as set out in more detail in ‘Sustainability Statement’ under ‘Our Double Materiality Assessment Process’.

Within the Audit Committee, Cathia Lawson-Hall and Eric Sprunk are considered to have competence in accounting and/or auditing and the Audit Committee members as a whole are considered to have competence relevant to the sector in which the Company operates.

The Remuneration Committee

The Remuneration Committee shall advise the Board in relation to its responsibilities, shall undertake preparatory work for the Board’s decision-making regarding the determination of the remuneration of the individual Executive Directors and Non-Executive Directors, with observance of the remuneration policies for the Executive Directors and Non-Executive Directors, respectively, and shall prepare resolutions of the Board in relation thereto.

In addition to the foregoing, the Remuneration Committee’s main responsibilities include: (i) at least every four years, submitting a proposal to the Board for the remuneration policies for the Executive Directors and Non-Executive Directors, to be submitted to the annual General Meeting for adoption and (ii) annually preparing the remuneration report, to be submitted to the annual General Meeting for a non-binding advisory vote.

In 2024, the Remuneration Committee held five meetings, all of which took place via video call. The meetings were attended by the Remuneration Committee members as well as by the Chief People and Inclusion Officer and other corporate and senior executives, as appropriate.

Among the items discussed were (i) the remuneration report, (ii) the remuneration of the Executive Directors, including the selection of appropriate performance metrics and targets, and the revision of the remuneration policy for the Executive Directors, which must be submitted to the General Meeting for adoption at the annual General Meeting to be held in 2025, (iii) the remuneration of the Non-Executive Directors, including the revision of the remuneration policy for the Non-Executive Directors, which was adopted by the General Meeting on May 16, 2024 and pursuant to which the Non-Executive Directors are entitled to receive part of their remuneration in the form of RSUs, and the introduction of Non-Executive Director share ownership guidelines, (iv) the implementation of the 2022 UMG Global Equity Plan, including its role in the attraction, retention and motivation of skilled employees and (v) the Company's compensation (sector) peer group.

In addition, the chair(s) of the Remuneration Committee had regular update meetings with the Chief People and Inclusion Officer and other corporate and senior executives, as appropriate.

The Nomination Committee

The Nomination Committee shall advise the Board in relation to its responsibilities, shall undertake preparatory work for the Board's decision-making and shall prepare resolutions of the Board in relation thereto.

In addition to the foregoing, the Nomination Committee's main responsibilities include: (i) drawing up selection criteria and appointment procedures for Directors, (ii) annually assessing the size and composition of the Board, and making a proposal for the profile for Non-Executive Directors, (iii) annually evaluating the functioning of the Board as a whole, the individual Directors and the various Board committees, ensuring that such evaluation periodically takes place under the supervision of an external expert and reporting on this to the Board, (iv) formulating succession plans for Directors and drawing up a retirement schedule, (v) making recommendations for the (re)appointment of Directors and (vi) supervising the policy of the Board on the selection criteria and appointment procedures for senior management.

In 2024, the Nomination Committee held two meetings, both of which took place via video call. The meetings were attended by the Nomination Committee members as well as by the General Counsel and other corporate and senior executives, as appropriate.

Among the items discussed were (i) the nomination for reappointment of Vincent Vallejo as Executive Director, (ii) the nomination for appointment of Eric Sprunk and Mandy Ginsberg as (new) Non-Executive Directors and the nomination for reappointment of Bill Ackman, Cathia Lawson-Hall, Cyrille Bolloré, James Mitchell, Manning Doherty, Margaret Frerejean-Taittinger and Nicole Avant as Non-Executive Directors, (ii) the composition of the Board committees, (iv) (the results and feedback of the Board evaluation assessing) the functioning of the Board, the various Board committees and the individual Directors and (v) the (Non-Executive) Director succession planning and retirement schedule.

Attendance and availability

The following table provides an overview of the attendance rate of the individual Non-Executive Directors at the Board and Board committee meetings. Attendance is expressed as a number of meetings attended out of the number of meetings held during 2024 while the individual Non-Executive Director was a member of the Board or the Board committee in question.

	Board	Audit Committee	Remuneration Committee	Nomination Committee
Sherry Lansing	8 – 8		5 – 5	2 – 2
Margaret Frerejean-Taittinger	7 – 8	4 – 5		2 – 2
Bill Ackman	8 – 8			2 – 2
Cathia Lawson-Hall	8 – 8	5 – 5		
Cyrille Bolloré	8 – 8		5 – 5	
Eric Sprunk	3 – 4	2 – 2	2 – 2	
Haim Saban	8 – 8			
James Mitchell	8 – 8		4 – 5	
Luc van Os	8 – 8	5 – 5		
Mandy Ginsberg	4 – 4	1 – 2	2 – 2	
Manning Doherty	6 – 8			2 – 2
Nicole Avant	7 – 8			2 – 2

All Non-Executive Directors have had sufficient time available for their responsibilities as evidenced by their prompt responses to e-mails, their availability for meetings, educational sessions and calls and their well-preparedness for and active participation in such meetings, sessions and calls. Where a Non-Executive Director was not available for a particular meeting, he or she was given the opportunity to provide input beforehand and was updated afterwards. At all Board and Board committee meetings, there was a quorum present, such in accordance with the Board Regulations or the regulations of the Board committees.

Appreciation
As the Non-Executive Directors, we wish to express our gratitude to the Executive Directors and all UMG employees for their hard work and dedication in 2024.

The Non-Executive Directors:

Sherry Lansing
Margaret Frerejean-Taittinger
Bill Ackman
Cathia Lawson-Hall
Cyrille Bolloré
Eric Sprunk
Haim Saban
James Mitchell
Luc van Os
Mandy Ginsberg
Nicole Avant

Hilversum, March 27, 2025

REMUNERATION REPORT

Dear Fellow Shareholder

I am pleased to present the 2024 Remuneration Report, which provides insights into the remuneration of both Executive and Non-Executive Directors.

Remuneration Policies and approvals

On September 20, 2021, the General Meeting adopted the **Executive Directors' Remuneration Policy**, establishing the framework for determining their compensation. Later, on May 11, 2023, the General Meeting approved a supplement to this policy, specifically addressing Sir Lucian Grainge's remuneration package.

This report references the Executive Directors' Remuneration Policy as of May 11, 2023. Before Vincent Vallejo joined the board, he had an existing agreement, which the policy accommodates as part of its provisions for historical arrangements. The Remuneration Committee and the Board had no role in shaping his legacy arrangements, as it was established before UMG's IPO.

We will be proposing a new Executive Directors' Remuneration Policy at the upcoming AGM, set to take effect as of the date of the AGM in 2025 until the next policy review. In shaping this revised policy, the Remuneration Committee considered the impact of share price fluctuations on executive pay, and internal pay differentials. Additionally, it considered compensation levels to comparable peer companies and broader societal perspectives on Board remuneration. Lastly, the committee took into account the Executive Directors' views on the structure and amount of their compensation as an input into the final recommendations.

The proposed Policy includes no increases to incentive compensation levels. The most important proposed amendments relate to the following:

- The Company's policy on severance payments, to better align this policy with the market practices for the industry the Company operates in;
- The share ownership guidelines for Executive Directors;
- Various textual and technical changes to further improve the clarity of the Remuneration Policy.

Universal Music Group's financial and strategic performance resulted in short-term incentive performance above target.

In its decision-making, the Committee adhered strictly to both the Executive and Non-Executive Directors' Remuneration Policies.

Stakeholder engagement

At our last Annual General Meeting, 70.95% of shareholders supported the 2023 Remuneration Report —compared to 58.96% the previous year. Following the AGM, we gathered feedback and used it to refine the 2024 incentive metrics.

This Remuneration Report has been prepared in accordance with Article 2:135b of the Dutch Civil Code and the Dutch Corporate Governance Code. It will be presented for an advisory vote at the Annual General Meeting on May 14, 2025.

I sincerely thank our shareholders for their continued support and look forward to presenting this report at the AGM.

Mandy Ginsberg
Chairman of the Remuneration Committee

This Remuneration Report has been prepared in accordance with article 2:135b of the Dutch Civil Code and the Dutch Corporate Governance Code. It will be presented for an advisory vote to Shareholders at the annual General Meeting to be held on May 14, 2025.

Executive Directors’ Remuneration Policy

The objective of the Executive Directors’ Remuneration Policy is to provide a compensation framework that allows UMG to attract, motivate and retain highly qualified Executive Directors and to incentivize and reward long-term, sustainable growth of UMG. In order to ensure that the Executive Directors' Remuneration Policy is aligned with UMG’s identity, mission and core values, it is built on the following principles:

- Focus on Company performance by including at-risk pay for the Executive Directors;
- Linkage of performance objectives with UMG’s strategy;
- Alignment of Shareholders’ interests with Executive Directors’ compensation design;
- Ensure competitiveness with relevant markets to support UMG’s ability to attract, retain, and motivate high caliber talent;
- Support a simple and transparent framework.

Overview of the Key Remuneration Elements and Approach to the Remuneration for 2024

In 2024, the Executive Directors were as follows:

Executive Director	Position
Sir Lucian Grainge	Chairman and Chief Executive Officer (Chairman and CEO)
Vincent Vallejo	Deputy Chief Executive Officer, Corporate (Deputy CEO)

The following table sets out the key elements of the remuneration provided in the Executive Directors’ Remuneration Policy versus the remuneration approach in 2024 for Sir Lucian Grainge under the Current Agreement (as defined under 'Chairman and CEO Employment Agreement') and for Vincent Vallejo under his management services agreement. Sir Lucian Grainge’s compensation is denominated in US dollars but is reflected throughout this remuneration report in euros based on the average monthly US dollar to euro exchange rate in 2024 of 0.9204.

REMUNERATION REPORT

Element	Key remuneration elements per Executive Directors' Remuneration Policy	Remuneration approach for 2024
Base salary	Fixed cash compensation, aligned with the Executive Directors' experience and scope of responsibilities and intended to attract and retain Executive Directors necessary to execute the Company's strategy (as set out above under 'Strategy').	Pursuant to each Executive Director's agreement, base salaries are as follows: ■ Chairman and CEO: €4,602,000 ■ Deputy CEO: €960,000
Short-term incentive (STI)[1]	Variable compensation payable annually in cash, or share awards, or a combination thereof, subject to the achievement of annually pre-established objectives to ensure Executive Director alignment with, and motivate the achievement of, the annual business priorities for the relevant year. Target STI payout of up to 300% of base salary; maximum payout of no more than 200% of target bonus amount for overachievement of targets.	Chairman and CEO: Annual cash bonus with a target payout of €9,204,000 (200% of base salary), a minimum payout of €0 and a maximum payout of €13,806,000 (150% of target bonus), subject to the achievement of specific financial and non-financial goals detailed below. Deputy CEO: Annual cash bonus with a target payout of €480,000 (50% of base salary), a minimum payout of €0 and a maximum payout of €960,000 (200% of target bonus), subject to the achievement of specific financial and non-financial goals detailed below.
Long-term incentive (LTI)[1]	Variable compensation payable in cash, or share awards, or a combination thereof, subject to the achievement of annually pre-established objectives and/or continued services to retain Executive Directors necessary to execute the Company's strategy, to align the interests of Executive Directors with those of Shareholders and other stakeholders, and to reward delivery of sustainable long-term value creation linked to the Company's strategy and strengthen alignment with the interests of Shareholders. Grant value is capped at 500% of base salary.	Chairman and CEO: Annual award of €18,408,000 in a combination of restricted stock units (RSUs) and performance stock units (PSUs), subject to the achievement of specific financial goals detailed below. Deputy CEO: No annual award
Retirement and other post-employment benefits	Customary retirement income and severance benefits to provide future income security, aligned with relevant market levels.	Chairman and CEO[2]: Pension allowance equals 20% of annual base salary, capped at €1,472,640 base salary per year, for a total potential maximum pension allowance of €294,528 per year. Deputy CEO: Participates in the local UMG pension plan.
Other benefits	Customary and market competitive arrangements to compensate for any reasonable costs incurred or perks required for the performance of Executive Directors' duties.	Chairman and CEO: Covers, among other things, health and welfare, housing allowance, automobile, tax equalization, security, and home leave. Deputy CEO: Covers health and welfare, housing allowance, automobile, tax consultation and life insurance.

1 When establishing the Threshold, Target and Maximum goals for the Short-Term and Long-Term Incentive awards, scenario analysis was conducted whereby the potential achievement of these various goals and their alignment to the Company's strategic financial goals assisted in determining that the final goals were appropriate.

2 Additional severance detail under the Severance Payments and Termination Provisions section below.

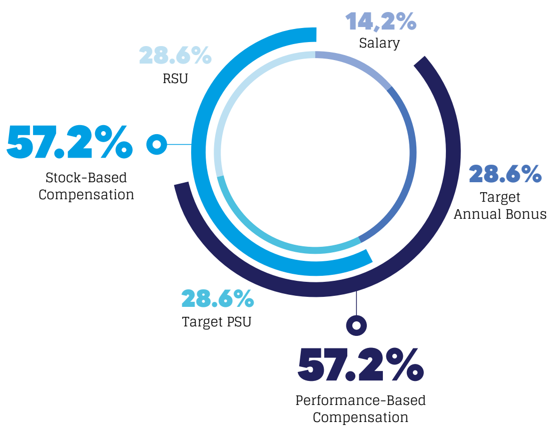
The Remuneration for the Executive Directors in 2024

Chairman and CEO Employment Agreement

On March 30, 2023, Sir Lucian Grainge entered into an extension and amendment of his prior employment agreement with Universal Music Group, Inc. (such prior employment agreement, the **Legacy Agreement**). The amended and extended employment agreement (the **Current Agreement**) runs until May 1, 2028. In 2024, there were no changes to Sir Lucian Grainge's remuneration under the Current Agreement.

Under the Current Agreement, as set out in further detail below, a significant portion of Sir Lucian Grainge's remuneration is performance-based (i.e., subject to the achievement of annually pre-established objectives) and share-based (i.e., aligned with Shareholders' interests generally) as follows:

CEO ANNUAL TARGET PAY



Deputy CEO Management Services Agreement

Vincent Vallejo's remuneration for 2024 continued to be subject to legacy arrangements contractually agreed prior to his appointment to the Board under his management services agreement. In 2024, there were no changes to Vincent Vallejo's remuneration under his management services agreement.

UMG Peer Group

Below is the 2024 compensation peer group (the **UMG peer group**) reviewed by the Remuneration Committee to inform its decision-making process and ensure compensation levels are set at a competitive level against other companies in the media, entertainment and tech industries.

Altice USA, Inc.	Netflix, Inc.	Spotify Technology S.A.
Electronic Arts Inc.	News Corporation	Warner Bros. Discovery, Inc.
Endeavor Group Holdings, Inc.	Paramount Global	Warner Music Group Corp.
Fox Corporation	Sirius XM Holdings Inc.	
Live Nation Entertainment, Inc.	Snap Inc.	

Key Remuneration Elements and Approach to Remuneration for 2024

The following is a discussion of the key remuneration elements of 2024 for each of the Executive Directors.

Base Salary

Base salary provides competitive fixed cash compensation reflective of the Executive Director's skills, experience, scope of responsibilities and the external market. The following sets out the 2024 base salary for each Executive Director, as well as their relative changes to the 2023 base salary:

Executive Director	Actual 2023[1]	Actual 2024	% Change[2]
Sir Lucian Grainge	€7,511,849	€4,602,000	-39%
Vincent Vallejo	€960,000	€960,000	0.0%

1 Reflects Sir Lucian Grainge's base salary under the Legacy Agreement for the first three months of 2023 and his base salary under the Current Agreement effective as of April 1, 2023.

2 Sir Lucian Grainge's salary has not changed since April 2023. Any discrepancy since that date is due to the year-over-year change in the U.S. Dollar to euro exchange rate. As noted above, the remuneration for Sir Lucian Grainge under the Current Agreement is denominated in USD.

Short-Term Incentive

Each Executive Director is eligible for an annual short-term incentive bonus. In 2024, the Board added Adjusted EPS Growth and non-financial strategic goals to their short-term incentive plan of the Executive Directors.

For 2024, the annual short-term incentive bonus target for each Executive Director was as follows:

Executive Director	Target Percentage of Base Salary	Target Amount
Sir Lucian Grainge	200.0%	€9,204,000
Vincent Vallejo	50.0%	€480,000

For 2024, Sir Lucian Grainge was measured on the following performance metrics and performance results:

Performance Metric	Target (100% Payout[1])	Maximum (150% Payout[1])	Actual	Earned %	Weighting	Weighted Earned %
Revenue Growth	4.8%	10.1%	7.9%	129.0%	30%	38.7%
Adjusted EBITDA Growth	13.0%	24.3%	13.9%	103.8%	30%	31.1%
Adjusted EPS Growth	28.7%	41.6%	26.4%	91.3%	20%	18.3%
Strategic Objectives			150.0%	150.0%	20%	30.0%
Total						**118.1%**

1 Payout percentage of target bonus amount.

For the strategic objectives performance metric, the Board assessed the Executive Directors' contributions to the Company's accomplishments in the following strategic areas: (i) advancement of artist-centric principles and laying the foundation for streaming 2.0, (ii) organic investment and strategic M&A, and (iii) defining and establishing responsible AI. With Sir Lucian Grainge's leadership, the Company demonstrated exceptional performance with respect to the strategic objectives, and accordingly, Sir Lucian Grainge earned a 150% payout for the strategic objectives performance metric.

For 2024, Vincent Vallejo was measured on the following performance metrics and performance results:

Performance Metric	Target (100% Payout[1])	Maximum (200% Payout[1])	Actual	Earned %	Weighting	Weighted Earned %
Revenue Growth	4.8%	10.1%	7.9%	158.1%	30%	47.4%
Adjusted EBITDA Growth	13.0%	24.3%	13.9%	107.7%	30%	32.3%
Adjusted EPS Growth	28.7%	41.6%	26.4%	91.3%	20%	18.3%
Strategic Objectives			100.0%	100.0%	20%	20.0%
Total						**118.0%**

1 Payout percentage of target bonus amount.

For the strategic objectives performance metric, the Board assessed the Executive Directors' contributions to the Company's accomplishments in the following strategic areas: (i) advancement of artist-centric principles and laying the foundation for streaming 2.0, (ii) organic investment and strategic M&A, and (iii) defining and establishing responsible AI. The Company demonstrated exceptional performance with respect to the strategic objectives, and accordingly, Vincent Vallejo earned a 100% payout for the strategic objectives performance metric.

The target for each of the Revenue Growth, Adjusted EBITDA Growth and Adjusted EPS Growth performance metrics aligns with the Company's annual budget, as approved by the Board. In deviation from the Current Agreement, the Board determined, and Sir Lucian Grainge agreed, that the threshold level of achievement required for payout of the annual short-term incentive bonus would be 95% (in lieu of 90%) of target for the Revenue Growth performance metric which increases the rigor for payout at threshold; and in accordance with the Current Agreement, the Board determined that the threshold level of achievement required for payout of the annual short-term incentive bonus would be 90% of target for the other three performance metrics, where achievement of the threshold level in each case would result in a 50% payout, and achievement of less than the threshold level would result in a 0% payout. In addition, the Board determined that the level of achievement required for maximum payout of the annual short-term incentive bonus for Sir Lucian Grainge is 150% of target in accordance with the Current Agreement and for Vincent Vallejo is 200% of target. Payout for performance between threshold and target, and target and maximum are linearly interpolated.

Long-Term Incentive

Under the Current Agreement, Sir Lucian Grainge is entitled to an annual grant of RSUs and PSUs with an aggregate equity value of €18,408,000, with no more than 50% of the grant being in the form of PSUs. The first set of awards after listing were granted in 2023. The RSUs are time-based and vest ratably over 3 years. The PSUs are performance-based where payout depends on the level of achievement of the performance metrics that are determined by the Board. The target for each performance metric will be no less favorable than the Company's annual budget, as approved by the Board. The maximum payout of the PSUs is 200% of target and the minimum payout for the threshold level of achievement will be no less favorable than 50% for 90% achievement of the target performance levels. Performance at less than 90% achievement of the target performance levels will result in a 0% payout under the PSUs. Payout for the performance between threshold and target, and target and maximum are linearly interpolated.

In 2024, Sir Lucian Grainge received the following:

Type	Grant size	Performance metrics and vesting requirements
RSU	€9,204,000	Requires continued services; vests ratably over 3 years
PSU	€9,204,000[1]	Requires continued services; vests 100% after 3 years Metrics • 50.0% to vest based on 3-year Adjusted EBITDA CAGR target • 25.0% to vest based on 3-year Revenue CAGR target • 25.0% to vest based on 3-year Relative TSR (Total Shareholder Return) target

1 Reflects the economic value of the underlying award as opposed to the accounting value under IFRS2.

With respect to the PSUs, the Board selected these performance metrics, which represent key performance indicators used by the Company, to provide a foundation for sustainable long-term growth and promote sustainable long-term value creation.

The targets for Adjusted EBITDA CAGR and Revenue CAGR are not disclosed as doing so could create competitive harm. The Relative TSR target measures the Company's 20-trading day average closing share price performance against the S&P 500 Media & Entertainment Index and is as follows:

Metric	Threshold (50% payout)	Target (100% payout)	Maximum (200% payout)
Relative TSR	25th percentile	50th percentile	75th percentile

Malus and Claw-Back

In 2024, no application of claw-back was applied on any kind of variable payments for the Executive Directors.

Severance Payments and Termination Provisions

In 2024, no severance payments were made to the Executive Directors.

Sir Lucian Grainge

Sir Lucian Grainge is entitled to the following severance benefits under the Current Agreement in case he terminates his employment for 'Good Reason', Universal Music Group, Inc. (**UMG, Inc.**) terminates his employment without 'Cause', or in case of 'Non-Renewal' of the Current Agreement (all as defined below):

1. a lump-sum cash amount equal to Sir Lucian Grainge's unpaid base salary earned up to the date of his termination of employment plus an amount equal to two years of base salary;
2. a lump-sum cash amount equal to the unpaid portion of any earned bonuses with respect to the last fiscal year ended prior to the date of Sir Lucian Grainge's termination of employment plus the [€] target annual bonus for the year in which Sir Lucian Grainge's termination of employment occurs plus two years of the [€] target annual bonus;
3. a lump-sum cash amount equal to the amount that UMG, Inc. would have paid during the 2 years following Sir Lucian Grainge's termination of employment (based on rates in effect at the time of termination of employment) to provide Sir Lucian Grainge with the benefits he would have been entitled to receive under the additional pension allowance and the broad base of benefit plans in which Sir Lucian Grainge may participate, provided that such amount will not include any vacation benefits;
4. each equity award outstanding at the termination of Sir Lucian Grainge's employment, with each such equity award vesting on a pro rata basis in accordance with the terms of the applicable equity award agreement, except that Sir Lucian Grainge will be deemed to be continuously employed for a period of 2 years from the date of termination for 'Good Reason', 'without Cause' or following a 'Non-Renewal', with any performance-based equity awards continuing to vest for a

period of 2 years from the date of termination and such vested portion of applicable performance-based equity awards to be settled at target.

'Good Reason' includes:

1. removal of Sir Lucian Grainge from his position as an Executive Director or as Chairman and CEO of UMG, Inc. or the Company resulting in a material diminution in Sir Lucian Grainge's authority, duties or responsibilities, or in the budget over which Sir Lucian Grainge retains authority;
2. the requirement for Sir Lucian Grainge to report to anyone with materially less authority, duties or responsibilities;
3. a material decrease in Sir Lucian Grainge's authority, duties or responsibilities, including, but not limited to, a material adverse change to Sir Lucian Grainge's authority, duties or responsibilities as they relate to managing Sir Lucian Grainge's direct reports or Sir Lucian Grainge's involvement in setting UMG's annual budget or UMG's strategy;
4. a reduction in Sir Lucian Grainge's base salary or target annual bonus or annual equity award constituting a material diminution in Sir Lucian Grainge's base compensation as determined for purposes of Section 409A of the Internal Revenue Code of 1986, as amended, and the regulations and guidance promulgated thereunder;
5. the requirement that Sir Lucian Grainge's principal place of employment be located other than at the principal offices of UMG, Inc. located in Los Angeles, California, provided that such change in location is a material change in the geographic location at which Sir Lucian Grainge must provide his services as determined for purposes of Section 409A of the Internal Revenue Code of 1986, as amended, and the regulations and guidance promulgated thereunder;
6. a material breach by UMG, Inc. of the Current Agreement (whether or not otherwise set forth in clauses (1) — (5) above);
7. a 'Change in Control'.

A 'Change in control' is defined as a change in the ownership of the Company, which occurs on the date that any one person would be entitled to, directly or indirectly, exercise at least 30% of the votes in a General Meeting (**Predominant Control**) (which would pursuant to Dutch law trigger a mandatory public takeover offer for all of the outstanding Shares); provided, however that no change in control will be considered to exist (i) if the voting power of any one person, or more than one person acting in concert, who at the date of the Current Agreement was already entitled to exercise 30% or more of the votes in a General Meeting increases, and (ii) if the person who acquired Predominant Control loses such Predominant Control within 30 days of acquiring it, unless the Person who acquired Predominant Control has exercised its voting rights in that 30-day period.

'Cause' has a commonly used meaning.

'Non-Renewal' means the expiration of the Current Agreement, with UMG, Inc. not having made an offer of employment on terms at least as favorable as the terms set forth in the Current Agreement at least 90 days before the expiration date of the Current Agreement.

In addition, Sir Lucian Grainge cannot compete against UMG for 24 months following any termination of employment (whether by UMG or by Sir Lucian Grainge) and following expiration of the term of the Current Agreement. In cases where Sir Lucian Grainge is entitled thereto, the severance payment is also considered consideration for the non-competition.

Vincent Vallejo

Vincent Vallejo's management services agreement converted into an indefinite-term agreement on October 1, 2023. His management services agreement does not provide for a severance payment, but he is eligible for severance under Dutch law.

Total Remuneration[1]

Total remuneration of the Executive Directors is presented in the table below. The equity remuneration in the table below reflects the grant value of the awards.

		Fixed remuneration	Variable remuneration			Benefits and one-off amounts				
Name	Reported year	Base Salary	Short-Term Incentive	Long-Term Incentive	One-Time Transition Award	Retirement Benefits	Other Benefits	Other Payments	Total remuneration[1]	Proportion fixed – variable remuneration
Sir Lucian Grainge, Chairman and CEO[2]	2024	€4,602,000	€10,869,924	€18,408,000[3]	€0	€294,528	€2,381,640	€0	€36,556,092	20% / 80%
	2023	€7,511,849	€15,163,413	€18,481,370[4]	€92,406,852[5]	€295,702	€2,973,670	€1,981,000[6]	€138,813,856	8% / 92%
Vincent Vallejo, Deputy CEO	2024	€960,000	€566,400	€0	€0	€41,053	€57,834	€0	€1,625,286	65% / 35%
	2023	€960,000	€815,040	€0	€0	€41,053	€57,596	€948,575[7]	€2,822,264	38% / 62%

1 Sir Lucian Grainge and Vincent Vallejo participated in Vivendi share schemes prior to the Listing that are not included. Reference is made to pages 131 to 133 of the Company's prospectus dated September 14, 2021, which is available on the investor relations part of the UMG website (the Prospectus) for further details.

2 Sir Lucian Grainge's remuneration has been converted from US dollars into euros using a monthly average FX rate of 0.924 for FY23 and 0.9204 for FY24.

3 For 2024, Sir Lucian Grainge's Long-Term Incentive reflects the grant value as of the grant date (March 31, 2024 at a grant price of €27.88 per RSU/PSU.

4 For 2023, Sir Lucian Grainge's Long-Term Incentive and One-Time Transition Award reflect the grant value as of the grant date (April 30, 2023 at a grant price of €19.81). As of December 31, 2024, Sir Lucian Grainge has vested 730,478 RSUs.

5 The One-Time Transition Award is not applicable in subsequent years. As of December 31, 2024, 718,743 PSOs were exercisable as those PSOs had vested due to the passage of time and had become eligible for exercise due to the first share price hurdle achieved €26.50.

6 Prior to the Listing, Vivendi granted equity awards in the form of performance shares payable in Vivendi stock the value of which was not adjusted for the UMG Listing. A Special One-Time Award was granted to make Sir Lucian Grainge whole for the loss in value due to the impact of the spin-off in connection with the Listing. The amount reflects the grant value of this Special One-Time Award which was granted on April 30, 2023 at a grant price of €19.81 per RSU.

7 Amount reflects a cash retention payment and the grant value of a Special One-Time Award which was granted on April 30, 2023 at a grant price of €19.81 per RSU.

[1] The Remuneration Table includes information and figures that are audited as part of Note 25 of the Annual Consolidated Financial Statements and Note 11 of the Company Financial Statements.

Share-Based Remuneration of the Executive Directors

The total share-based remuneration of the Executive Directors awarded during 2024 and outstanding as of December 31, 2024 is presented in the table below:

	The main conditions of share award plans								Information regarding reported financial year						
									Opening balance	During the year			Closing Balance		
Name of Director position	Specification of plan	Award type	Performance period	Award date	Vesting date	End of holding period[1]	Expire Date	Strike Price	Units awarded at the beginning of the year	Units awarded	Dividend Equivalents Added	Units vested	Units subject to a performance condition	Units awarded and unvested as of year end	Units subject to a holding period
Sir Lucian Grainge, Chairman and CEO	2022 UMG Global Equity Plan	RSU	N/A	4/30/2023	4/30/2024[2]	N/A	N/A	N/A	30,738	0	0	30,738	0	0	N/A
		RSU	N/A	4/30/2023	4/30/2024[2]	N/A	N/A	N/A	30,738	0	0	30,738	0	0	N/A
		RSU	N/A	4/30/2023	4/30/2024[2]	N/A	N/A	N/A	40,984	0	0	40,984	0	0	N/A
		RSU	N/A	4/30/2023	4/30/2026[3]	N/A	N/A	N/A	471,014	0	6,229	157,004	0	320,239	N/A
		PSU	1/1/2023 – 12/31/2025	4/30/2023	4/30/2026[4]	N/A	N/A	N/A	471,014	0	9,343	0	480,357	480,357	N/A
		RSU	N/A	4/30/2023	4/30/2028[5]	N/A	N/A	N/A	2,355,065	0	37,374	471,013	0	1,921,426	N/A
		PSO	N/A	4/30/2023	4/30/2027[6]	N/A	4/30/2033	€19.81	8,624,917	0	0	718,743[7]	8,624,917	7,906,174	N/A
		RSU	N/A	3/31/2024	3/31/2027[3]	N/A	N/A	N/A	0	331,774	6,581	0	0	338,355	N/A
		PSU	1/1/2024 – 12/31/2026	3/31/2024	3/31/2027[4]	N/A	N/A	N/A	0	331,774	6,581	0	338,355	338,355	N/A
Vincent Vallejo, Deputy CEO	2022 UMG Global Equity Plan	RSU	N/A	4/30/2023	4/30/2024[2]	N/A	N/A	N/A	7,685	0	0	7,685	0	0	N/A

1 As noted in the Corporate Governance section under "Compliance with the Code", Shares, once vested, are not subject to a holding period.
2 Special One-Time Award.
3 RSUs awarded as part of Sir Lucian Grainge's Long-Term Incentive, vesting 1/3 annually.
4 PSUs awarded as part of Sir Lucian Grainge's Long-Term Incentive which vest 100% after 3 years if performance metrics are met.
5 50% of the One-Time Transition Award, which vests 1/5 annually.
6 50% of the One-Time Transition Award, which vests 1/4 annually and are only exercisable if the following share price hurdles are met: 1/3 at €26.50, 1/3 at €30.00, and 1/3 at €38.00.
7 The first share price hurdle of €26.50 was achieved on January 29, 2024. These PSOs are exercisable as they have vested due to the passage of time and exercisable have become eligible due to the first share price hurdle having been achieved.

Remuneration Expense and Company Performance Development

The overview below provides insight into the development of the remuneration expense of the Executive Directors, Company performance and employee pay as of the Listing in 2021. For Sir Lucian Grainge, the year-over-year increase of 8% in total remuneration expense from 2023 to 2024 was primarily driven by the 2024 full-year impact of his equity compensation expense. In 2023, the share-based compensation expense for Sir Lucian Grainge had a partial year impact consistent with when he executed his Current Agreement. Additionally, the lower average annual remuneration expense on an FTE basis of employees decreased by 13% primarily due to the decrease in share-based compensation expense and a decrease in headcount.

Element	2021	2022	2023[1]	2024[1]
Remuneration Expense				
Chairman and CEO	€40,861,707	€47,291,068	€64,274,250	€69,292,930
Annual change	*Not applicable*	*16%*	36%	8%
Deputy CEO[2]	€2,630,851	€2,624,471	€2,686,990	€1,625,286
Annual Change	*Not applicable*	*0%*	*2%*	*-40%*
Company performance				
Adjusted EBITDA (in millions of euros)	€1,788	€2,135	€2,369	€2,661
Annual Change	*Not applicable*	*19%*	*11%*	*12%*
Average annual remuneration expense on an FTE basis of employees				
Average annual[3]	€131,961	€142,039	€180,684	€157,265
Annual Change	*Not applicable*	*8%*	*27%*	*-13%*
Internal Pay Ratio	310	333	356	441
Annual Change	*N/A*	*8%*	*7%*	*24%*

1 The equity remuneration expense in this table is based on the annual total remuneration expense as reported in the Consolidated Financial Statements included in the Annual Report in accordance with IFRS. In contrast, the equity remuneration in the Total Remuneration Table reflects the grant value of the equity awards and not the IFRS equity expense.

2 The Deputy CEO was employed by UMG effective April 2021. Accordingly, the remuneration expense for 2021 has been updated and annualized from €2,185,698 to €2,630,851 for year-over-year comparison purposes.

3 Reflects the total personnel costs reported in Note 5 of the Consolidated Financial Statements, adjusted to be comparable with the remuneration expense of Executive Directors disclosed above. The total personnel costs include all remuneration components (such as fixed salary, variable remuneration in cash, the share-based expense part of the remuneration, social security contributions, pensions, expense allowance, etc.) as included in the Consolidated Financial Statements. The average annual remuneration expense of the employees is determined by dividing the total personnel costs by the average number of FTEs during the financial year.

The Remuneration for the Non-Executive Directors in 2024

The General Meeting on May 16, 2024 adopted a revised version of the remuneration policy for the Non-Executive Directors (the **Non-Executive Directors' Remuneration Policy**), outlining the framework to determine the remuneration for the Non-Executive Directors. The objective of the Non-Executive Directors' Remuneration Policy is to provide a remuneration structure that allows UMG to attract, motivate and retain highly qualified Non-Executive Directors who possess the necessary leadership skills to promote the Company's strategy, long-term interests and sustainability. In order to ensure that the Non-Executive Directors' Remuneration Policy is aligned with UMG's identity, mission and core values, it is built on the following principles:

- The program is simple and transparent;
- Non-Executive Directors should be compensated competitively against market, considering the level of work required for a company that is similar in size, scope, and complexity to UMG;
- Non-Executive Directors' remuneration is differentiated, as appropriate, for differing Board committee responsibilities and time commitments;
- In order to ensure independent supervision, remuneration of Non-Executive Directors is fixed and not dependent on the Company's financial results or the attainment of performance conditions.

At the beginning of 2024, the Remuneration Committee conducted a comprehensive review of the remuneration structure for the Non-Executive Directors, and the Non-Executive Directors' Remuneration Policy that had been in effect since September 2021. With the assistance of the Remuneration Committee's independent compensation consultant, the Remuneration Committee evaluated the market competitiveness of the remuneration program for the Non-Executive Directors against the UMG peer group (as defined under "UMG peer group"). The remuneration for the Non-Executive Directors fell significantly below the UMG peer group. This disparity was largely due to the absence of equity remuneration for the Non-Executive Directors, which constitutes a significant portion of pay among the UMG peer group. In order to align the remuneration of the Non-Executive Directors more closely with the UMG peer group and to enhance UMG's ability to attract, motivate and retain highly qualified individuals, the Board, at the recommendation of the Remuneration Committee, proposed a revision to the Non-Executive Directors' Remuneration Policy that had been in effect since September 2021 at the annual General Meeting held on May 16, 2024 to increase the Non- Executive Directors' remuneration by annually granting a fixed amount of RSUs in euros.

The Non-Executive Directors' Remuneration Policy was amended and approved by the General Meeting with a 98.26% majority of the votes cast to include RSUs as part of the remuneration structure for the Non-Executive Directors.

Each annual grant of RSUs shall be subject to the terms and conditions set forth in the Non-Executive Directors' Remuneration Policy. Vesting of the RSUs shall not be dependent on the Company's financial results or the attainment of performance conditions.

The revised Non-Executive Directors' remuneration for serving on the Board and Board committees is as follows:

Role	Non-Executive Director	Chairman of the Board	Member of a Board Committee	Chair of a Board Committee
Cash Retainer	€90,000	€50,000	€20,000	€10,000
Annual RSU Grant	€160,000	€50,000	-	-

Share Ownership Policy for Non-Executive Directors

In order to ensure alignment between the interests of the Non-Executive Directors and the Company's sustainable long-term value creation, the Board adopted a share ownership policy for the Non-Executive Directors, whereby the Non-Executive Directors may in principle not transfer or otherwise dispose of the Shares that were received by them upon vesting of the RSUs until they meet certain minimum ownership guidelines.

Pursuant to the share ownership policy, each Non-Executive Director who receives remuneration in the form of RSUs is required to maintain beneficial ownership of a number of RSUs so granted to him or her and/or Shares so received by him or her upon vesting of the RSUs with a value equal to 4 times his or her annual cash retainer for serving as a Non-Executive Director, not including any additional retainer paid for service on any Board committee, or as Chairman of the Board or as chair of any Board committee (the **Minimum Ownership Guideline**) for so long as he or she is a Non-Executive Director. Until a Non-Executive Director meets the Minimum Ownership Guideline, such Non-Executive Director shall not be permitted to transfer or otherwise dispose of Shares so received, except that a Non-Executive Director may sell Shares to the extent necessary to pay any tax imposed on vesting of the RSUs and receipt of the Shares.

Total Remuneration

Total remuneration of the Non-Executive Directors paid in 2024 is presented in the table below:

Non-Executive Director	Commencement Date	Board[1]	Audit Committee[1]	Remuneration Committee[1]	Nomination Committee[1]	2024 Cash Retainer (in €)	2024 Equity Remuneration (in €)[2]	2024 Total Remuneration (in €)
A.R.J.C. Fiévet[3]	9/20/2021					52,692	0	52,692
C.F.L. Lawson-Hall	9/20/2021	Member	Member			110,000	159,977	269,977
C.M.C. Bolloré	5/12/2022	Member		Member		110,000	159,977	269,977
E. Sprunk	5/16/2024	Member	Member	Member		81,429	159,977	241,406
H. Saban	5/11/2023	Member				90,000	159,977	249,977
J.G. Mitchell[4]	9/20/2021	Member		Member		0	0	0
L.A.J. Van Os	9/20/2021	Member	Chair			120,000	159,977	279,977
M. Frerejean- Taittinger	9/20/2021	Member	Member		Chair	140,000	159,977	299,977
M. Ginsberg	5/16/2024	Member	Member	Chair		87,692	159,977	247,669
M.L. Doherty[4]	9/20/2021	Member			Member	0	0	0
N.A. Avant	5/12/2022	Member			Member	110,000	159,977	269,977
S.L. Lansing	5/12/2022	Chair		Member	Member	180,000	209,989	389,989
W.A. Ackman[4]	5/12/2022	Member			Member	0	0	0

1 Composition of the Board and Board committees as of December 31, 2024.

2 Variances in equity remuneration awarded compared to the amounts noted in the Non-Executive Directors Remuneration Policy (€160,000 for Non-Executive Directors and an additional €50,000 for the Chairman of the Board) is due to rounding for partial shares.

3 Antoine Fiévet acted as Non-Executive Director and Chair of the Remuneration Committee until the close of the annual General Meeting held on May 16, 2024, on which date his term ended. He decided not to stand for reappointment.

4 Voluntarily elected to not receive any Non-Executive Director remuneration in 2024.

REMUNERATION REPORT

Remuneration Development	2024 vs. 2023[1]	2023 vs. 2022[1]	2022 vs. 2021[1]
A.R.J.C. Fiévet[2]	-54%	5%	0%
C.F.L. Lawson-Hall	145%	-8%	0%
C.M.C. Bolloré	145%	0%	N/A
E. Sprunk	N/A	N/A	N/A
H. Saban	178%	N/A	N/A
J.G. Mitchell[3]	N/A	N/A	N/A
L.A.J. Van Os	133%	-8%	0%
M. Frerejean-Taittinger	114%	0%	0%
M. Ginsberg	N/A	N/A	N/A
M.L. Doherty[3]	N/A	N/A	0%
N.A. Avant	145%	0%	N/A
S.L. Lansing	122%	59%	N/A
W.A. Ackman[3]	N/A	N/A	N/A

1 2023, 2022, and 2021 remuneration amounts have been annualized for purposes of calculating the year-over-year change.

2 Antoine Fiévet acted as Non-Executive Director and Chair of the Remuneration Committee until the close of the annual General Meeting held on May 16, 2024, on which date his term ended. He decided not to stand for reappointment.

3 Voluntarily elected to not receive any Non-Executive Director remuneration in 2024, 2023, 2022, and, if applicable, 2021.

The material increases shown above are a function of the RSU awards introduced after the new Non-Executive Directors' Remuneration Policy was approved at the 2024 AGM.

The Non-Executive Directors' remuneration is fixed and not dependent on the Company's financial results or the attainment of performance conditions. The Non-Executive Directors are also entitled to reimbursement of reasonable expenses incurred in connection with the performance of their duties for the Company. The Non-Executive Directors are not entitled to receive any compensation on termination of their appointment and are not entitled to participate in the Company's bonus or pension schemes.

Share-Based Remuneration of the Non-Executive Directors

The total share-based remuneration of the Non-Executive Directors awarded during 2024 and outstanding as of December 31, 2024 is presented in the table below:

	The main conditions of share award plans					Information regarding reported financial year					
						Opening balance	During the year		Closing Balance		
Name of Director, position	Specification of plan	Award type	Award date	Vesting date	End of holding period[1]	Units awarded at the beginning of the year	Units awarded	Units vested	Units subject to a performance condition	Units awarded and unvested as of year end	Units subject to a holding period
C.F.L. Lawson-Hall, Non-Executive Director	2022 UMG Global Equity Plan	RSU	5/16/2024	5/16/2025	N/A	0	5,681	0	0	5,681	N/A
C.M.C. Bolloré, Non-Executive Director	2022 UMG Global Equity Plan	RSU	5/16/2024	5/16/2025	N/A	0	5,681	0	0	5,681	N/A
E. Sprunk, Non-Executive Director	2022 UMG Global Equity Plan	RSU	5/16/2024	5/16/2025	N/A	0	5,681	0	0	5,681	N/A
H. Saban, Non-Executive Director	2022 UMG Global Equity Plan	RSU	5/16/2024	5/16/2025	N/A	0	5,681	0	0	5,681	N/A
L.A.J. Van Os, Non-Executive Director	2022 UMG Global Equity Plan	RSU	5/16/2024	5/16/2025	N/A	0	5,681	0	0	5,681	N/A
M. Frerejean-Taittinger, Non-Executive Director	2022 UMG Global Equity Plan	RSU	5/16/2024	5/16/2025	N/A	0	5,681	0	0	5,681	N/A
M. Ginsberg, Non-Executive Director	2022 UMG Global Equity Plan	RSU	5/16/2024	5/16/2025	N/A	0	5,681	0	0	5,681	N/A
N.A. Avant, Non-Executive Director	2022 UMG Global Equity Plan	RSU	5/16/2024	5/16/2025	N/A	0	5,681	0	0	5,681	N/A
S.L. Lansing, Non-Executive Director	2022 UMG Global Equity Plan	RSU	5/16/2024	5/16/2025	N/A	0	7,457	0	0	7,457	N/A

1 As noted in the Corporate Governance section under ‘Compliance with the Code’, Shares, once vested, are not subject to a holding period.

Other items

2023 Remuneration Report Voting Results

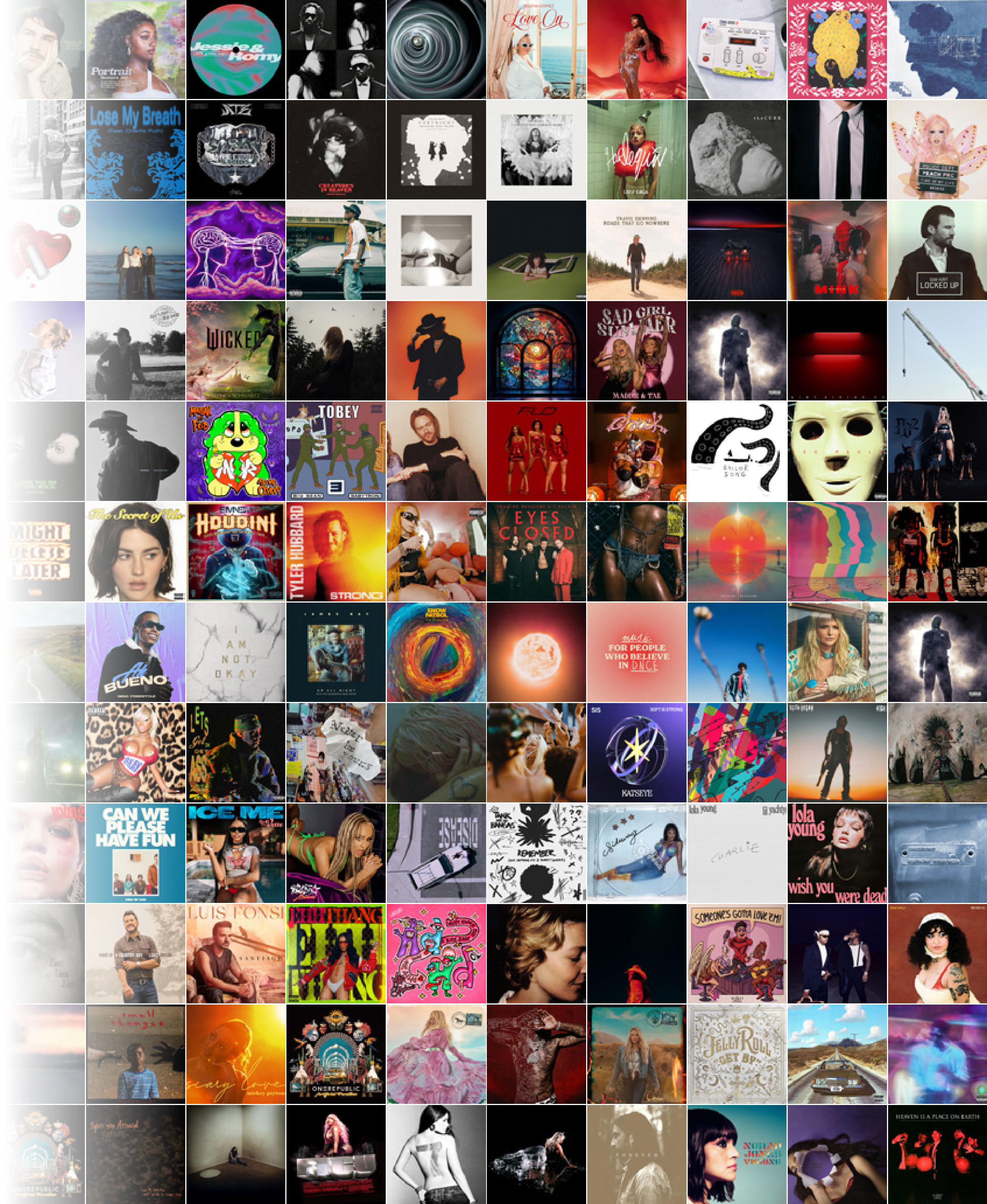
At the Annual General Meeting held on May 16, 2024, 70.95% of the Shareholders supported the 2023 remuneration report compared to the 58.96% vote on the 2022 remuneration report.

After the annual General Meeting held on May 16, 2024, UMG engaged with Shareholders to understand their perspective on the 2023 remuneration report and solicit overall feedback about the Executive and Non-Executive Director pay design and practices. Shareholders expressed their desire to include an earnings per share performance metric in the incentive plans of the Executive Directors, and as a result, the Board responded by approving the addition of an Adjusted EPS Growth performance metric to their short-term incentive plan. Separately, a non-financial Strategic Objectives performance metric was also added to the short-term incentive plan.

Deviation from Executive Directors' or Non-Executive Directors' Remuneration Policy

UMG did not deviate from the Executive Directors' or Non-Executive Directors' Remuneration Policies.

Financial Statements



UNIVERSAL

UNIVERSAL MUSIC GROUP

CONSOLIDATED STATEMENTS

CONTENTS OF CONSOLIDATED STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Year ended December 31,	
(millions of euros)	Note	2024	2023
Revenues	3	11,834	11,108
Cost of revenues	5	(6,746)	(6,208)
Selling, general and administrative expenses	5	(3,015)	(3,213)
Amortisation and impairment losses on intangible assets	9, 10	(298)	(269)
Operating profit	3	1,775	1,418
Financial income	6	1,279	454
Financial expenses	6	(187)	(151)
		1,092	303
Income/(loss) from equity affiliates	13	4	-
Profit before income taxes		2,871	1,721
Income taxes	7	(778)	(458)
Net profit		2,093	1,263
Of which:			
Net profit attributable to equity holders of the parent		2,086	1,259
Net profit attributable to non-controlling interests		7	4
Earnings per share (in euros)			
Earnings for the period attributable to equity holders of the parent - basic	8	1.14	0.69
Earnings for the period attributable to equity holders of the parent - diluted	8	1.13	0.68

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Year ended December 31,	
(millions of euros)	Note	2024	2023
Net profit		2,093	1,263
Actuarial gains/(losses) related to employee defined benefit plans, net of tax		(12)	(3)
Financial assets at fair value through other comprehensive income, net of tax		(4)	(1)
Items not subsequently reclassified to profit or loss, net of tax		(16)	(4)
Foreign currency translation adjustments		255	(150)
Other comprehensive income/(loss) from equity affiliates, net of tax		25	(4)
Net gain/(loss) on hedge of net investment		3	8
Items to be subsequently reclassified to profit or loss, net of tax		283	(146)
Other comprehensive income/(loss), net of tax	21	267	(150)
Total comprehensive income, net of tax		2,360	1,113
Of which			
Total comprehensive income attributable to equity holders of the parent		2,353	1,109
Total comprehensive income attributable to non-controlling interests		7	4

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(millions of euros)	Note	Year ended December 31, 2024	2023
Goodwill	9	1,895	1,624
Non-current royalty advances	3, 10	2,085	1,574
Catalogues	3, 10	3,393	3,020
Other intangible assets	3, 10	232	180
Property, plant and equipment	11	242	177
Right of use assets	12	446	316
Investments in equity affiliates	13	578	222
Non-current financial assets	19	3,245	1,436
Deferred income tax assets	7	625	479
Other non-current assets		6	7
Non-current assets		**12,747**	**9,035**
Inventories		255	210
Current tax receivables	7	30	36
Current royalty advances	3, 10	1,211	1,060
Other current financial assets	19	27	91
Trade and other receivables	14, 15	2,497	2,246
Cash and cash equivalents	17	553	413
Current assets		**4,573**	**4,056**
TOTAL ASSETS		**17,320**	**13,091**

(millions of euros)	Note	Year ended December 31, 2024	2023
Shareowners equity	20	4,526	2,962
Non-controlling interests		25	21
Total equity		**4,551**	**2,983**
Non-current provisions	22	266	300
Long-term borrowings and other financial liabilities	17	1,778	1,826
Deferred tax liabilities	7	1,170	676
Long-term lease liabilities	12	475	324
Other non-current liabilities	19	1,456	715
Non-current liabilities		**5,145**	**3,841**
Current provisions	22	195	122
Short-term borrowings and other financial liabilities	17	873	278
Trade and other payables	14, 16	6,394	5,711
Short-term lease liabilities	12	66	86
Current tax payables	7	96	70
Current liabilities		**7,624**	**6,267**
Total liabilities		**12,769**	**10,108**
TOTAL EQUITY AND LIABILITIES		**17,320**	**13,091**

CONSOLIDATED STATEMENT OF CASH FLOWS

(millions of euros)	Note	Year ended December 31, 2024	2023
Operating activities			
Operating profit	3	1,775	1,418
Adjustments	14	520	796
Royalty advances payments, net of recoupments		(186)	(100)
Gross cash provided by/(used for) operating activities before income tax paid		*2,109*	*2,114*
Other changes in net working capital	14	(5)	164
Net cash provided by/(used for) operating activities before income tax paid		*2,104*	*2,278*
Income tax paid	7	(349)	(393)
Net cash provided by/(used for) operating activities		1,755	1,885
Investing activities			
Catalogue investments		(266)	(178)
Other intangible assets investments		(92)	(74)
Capital expenditures	11	(91)	(47)
Purchases of consolidated companies, after acquired cash		(163)	(97)
Investments in equity affiliates		(390)	(81)
Purchase of financial assets		(145)	(154)
Investments		*(1,147)*	*(631)*
Proceeds from sales of property, plant, equipment and intangible assets		2	-
Proceeds from sales of consolidated companies, after divested cash		-	1
Proceeds from sale of financial assets		79	1
Divestitures		*81*	*2*
Dividends received from equity affiliates	13	12	4
Dividends received from investments		3	3
Net cash provided by/(used for) investing activities		(1,051)	(622)

(millions of euros)	Note	Year ended December 31, 2024	2023
Financing activities			
Distributions to shareowners	20	(933)	(929)
Dividends paid by consolidated companies to their non-controlling interests		(4)	(2)
Transactions with shareowners		*(937)*	*(931)*
Proceeds from borrowings		4,321	6,647
Repayments of borrowings		(3,755)	(6,815)
Interest, net		(81)	(77)
Other cash items related to financing activities		2	(10)
Transactions on borrowings and other financial liabilities		*487*	*(255)*
Repayment of lease liabilities	12	(81)	(80)
Payment of interest of lease liabilities	12	(21)	(14)
Net cash provided by/(used for) financing activities		(552)	(1,280)
Net change in cash and cash equivalents		152	(17)
Foreign currency translation adjustments		6	(34)
Change in cash and cash equivalents	17	158	(51)
Cash and cash equivalents			
At beginning of the period	17	387	438
At end of the period	17	545	387

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(millions of euros)	Note	Number of shares (in thousands)	Share capital	Additional paid-in capital	Treasury shares	Retained earnings	Shareowners equity	Non-Controlling interest	Total equity
BALANCE AS OF DECEMBER 31, 2023		1,821,665	18,217	14,994	(5)	(30,244)	2,962	21	2,983
Net profit		–	–	–	–	2,086	2,086	7	2,093
Income and expenses directly recognized in other comprehensive income, net of tax	21	–	–	–	–	267	267	–	267
TOTAL COMPREHENSIVE INCOME		–	–	–	–	2,353	2,353	7	2,360
Dividends paid and payable by UMG N.V.	20	–	–	–	–	(933)	(933)	(4)	(937)
Share-based compensation plans	24	7,616	76	47	–	20	143	–	143
NCI on acquired business[1]		–	–	–	–	3	3	1	4
Acquired/(exercised) put options over NCI[1]		–	–	–	–	(2)	(2)	–	(2)
TOTAL CHANGES OVER THE PERIOD		7,616	76	47	–	(912)	(789)	(3)	(792)
BALANCE AS OF DECEMBER 31, 2024		1,829,281	18,293	15,041	(5)	(28,803)	4,526	25	4,551

1 These line items relate to non-controlling interests arising from business combinations and certain acquired catalogues held in entities that are not businesses. In some cases, NCI holders are granted put options enabling them to sell their shares to UMG at a specified date or time period. Resulting transactions are included at line items Acquired/(exercised) put option over NCI and Recognition of put option liability on NCI.

(millions of euros)	Note	Number of shares (in thousands)	Share capital	Additional paid-in capital	Treasury shares	Retained earnings	Shareowners equity	Non-Controlling interest	Total equity
BALANCE AS OF DECEMBER 31, 2022		1,813,513	18,135	14,935	(5)	(30,714)	2,351	1	2,352
Net profit		–	–	–	–	1,259	1,259	4	1,263
Income and expenses directly recognized in other comprehensive income, net of tax	21	–	–	–	–	(150)	(150)	–	(150)
TOTAL COMPREHENSIVE INCOME		–	–	–	–	1,109	1,109	4	1,113
Dividends paid and payable by UMG N.V.	20	–	–	–	–	(929)	(929)	(2)	(931)
Share-based compensation plans	24	8,152	82	59	–	317	458	–	458
NCI on acquired catalogue[1]		–	–	–	–	–	–	18	18
Recognition of put option liability on NCI[1]		–	–	–	–	(27)	(27)	–	(27)
TOTAL CHANGES OVER THE PERIOD		8,152	82	59	–	(639)	(498)	16	(482)
BALANCE AS OF DECEMBER 31, 2023		1,821,665	18,217	14,994	(5)	(30,244)	2,962	21	2,983

1 These line items relate to non-controlling interests arising from business combinations and certain acquired catalogues held in entities that are not businesses. In some cases, NCI holders are granted put options enabling them to sell their shares to UMG at a specified date or time period. Resulting transactions are included at line items Acquired/(exercised) put option over NCI and Recognition of put option liability on NCI.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1. General information

Universal Music Group N.V. is a public company with limited liability incorporated under the laws of the Netherlands and listed on Euronext Amsterdam under the symbol 'UMG.AS'. As used herein, the term UMG ("The Group") is used for Universal Music Group N.V. ('the Company') and its subsidiaries within the meaning of Section 2:24b of the Dutch Civil Code. UMG's statutory seat is located in Amsterdam and its principal office is located at:

's-Gravelandseweg 80,
1217 EW Hilversum The Netherlands

UMG is the worldwide leader in music, engaged in recorded music, music publishing and merchandising. It owns more than 50 labels covering all music genres. UMG is home to some of the greatest local and international artists of all time, including The Beatles, Rolling Stones, U2, Andrea Bocelli, Lady Gaga, Helene Fischer and more, as well as many of the biggest artists of the year, such as Taylor Swift, Billie Eilish, Sabrina Carpenter, Morgan Wallen and Chappell Roan.

- The recorded music business discovers and develops recording artists, marketing and promoting their music across a wide array of formats and platforms. Its activities also extend to other areas, such as live events, sponsorship, film and television.

- The music publishing business discovers and develops songwriters and owns and administers the copyright for musical compositions used in recordings, public performances and related uses, such as films and advertisements.

- The merchandising business produces and sells artist-branded and other branded products through multiple sales channels, including fashion retail, concert touring and online. Its activities also extend to other areas, such as brand rights management.

Note 2. Basis of preparation

2.1. Statement of compliance

The Consolidated financial statements have been prepared in accordance with IFRS Accounting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), IFRS as endorsed by the European Union (EU) and comply with the statutory provisions of Part 9, Book 2 of the Dutch Civil Code. IFRS as endorsed by the EU differs in some respects from IFRS as issued by the IASB. The differences have no impact on the Consolidated financial statements for the years presented.

The Consolidated financial statements are prepared by the Board of Management of UMG and authorized for issue on March 27, 2025 and will be submitted for adoption to the Annual General Meeting of Shareholders on May 14, 2025.

2.2. Basis of preparation and consolidation

The Consolidated financial statements are:

- prepared on a historical cost basis, unless stated otherwise
- are presented in millions of euros, and rounded to the nearest million, unless stated otherwise
- prepared on the basis that UMG will continue to operate as a going concern

The Consolidated financial statements comprise the financial statements of UMG N.V. and its subsidiaries as at 31 December 2024.

Seperation from Vivendi

Until February 26, 2021, the arrangement that constituted the combined UMG Group was not a legal entity in its own right and was made up of entities under the common control of Vivendi. Until this date, UMG's scope of combination principally comprised the entities held directly and indirectly by UMG Inc. and UIM B.V.

On February 26, 2021, in UMG B.V.'s Consolidated financial statements, the contribution of €33,000 million was directly recorded as an increase in equity attributable to UMG B.V. shareowners (€18,500 million in share capital and €14,500 million in additional paid-in capital), and the contribution of €33,000 million was fully neutralized in UMG B.V.'s retained earnings. The reorganization of its shareholding structure, which is a common control business combination, has no impact on UMG's scope of combination or consolidation.

On September 21, 2021, the shares of Universal Music Group N.V. (UMG N.V.) started trading on the regulated market of Euronext Amsterdam. Vivendi completed the distribution in kind of UMG shares to Vivendi shareholders on the basis of one UMG N.V. share for every eligible Vivendi share. The detachment date (ex-date) of the distribution in kind was September 21, 2021. Settlement occurred on September 23, 2021. UMG B.V. was converted to UMG N.V. on this date accordingly.

Subsidiaries
Subsidiaries are all companies over which UMG has control. Control over an entity exists when UMG is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control commences until the date on which control ceases.

Intra-group balances and transactions, any unrealized gains and losses or income and expenses arising from intra-group transactions are eliminated in preparing the Consolidated financial statements. Unrealized gains arising from transactions with associates and joint ventures are eliminated against the investment to the extent of UMG's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

Significant events in the period and accounting estimates and judgements

Impact of global events
Global economic conditions continue to show a high degree of uncertainty because of several factors, including recent geopolitical events and conflicts. Inflation rates and interest rates globally remain high, with associated impacts on commodity prices, foreign exchange rates and other macroeconomic factors. Nevertheless, UMG's operations continue to demonstrate resilience in the face of these economic headwinds. UMG will continue to monitor economic developments and the impact on the Group's operations and financial position.

Climate change
UMG considered the impact of climate-related risks on the financial reporting judgements, estimates or assumptions used in preparing the Consolidated financial statements with no material impact identified for the year ending 31 December 2024.

UMG identified and assessed climate related risks as described in our Sustainability Statement (see "Identification of Impacts, Risks, and Opportunities Related to Specific Topical Standards"). This assessment concluded that there were no climate-related risks resulting in high or critical impact to UMG's operations or value chain across the evaluated scenarios and time horizons. Therefore, UMG does not expect that climate change-related risks will have significant impact on the Group and would qualitatively influence management's decisions.

In 2023 UMG's near-term science-based targets (designed to measure the performance of our climate-related reduction initiatives) were approved by the SBTi. UMG has assessed the short term financial impact of achieving the near-term emissions targets and these would not have a material impact on the financial statements.

For for details on UMG's near-term emissions targets and climate-related risks refer to the Sustainability Statement.

Accounting estimates and judgements
Application of the accounting policies requires judgements that impact the amounts recognised. All significant judgements and estimates are disclosed in the notes to the Consolidated financial statements. Information and considerations regarding areas of significant judgements and estimates have been included in the table below. It is reasonably possible, that outcomes of these judgements and estimates within the next financial year are different from the assumptions, which could require a material adjustment to the carrying amount of the asset or liability affected.

Area	Significant judgement	Note
Revenue	Significant judgement is required to identify performance obligations under contracts with customers, whether these performance obligations are satisfied at a point of time or over time, and probability that collectability is assured and significant reversal will not occur.	2.3.5. Revenues and associated costs
Uncertain tax positions and deferred taxes	Judgement in assessing the uncertainty of whether it is probable that a taxation authority will accept or revise the uncertain tax treatment and, future results enabling realisation of deferred taxes.	2.3.20. Income taxes
Lease liabilities and right-of-use assets	Judgement in determining the lease term of contracts with renewal and termination options at the commencement date of each lease contract.	2.3.10. Leases

Area	Significant estimate	Note
Revenue	Estimation on the timing of the consequent usage and the amounts that are probable to be collected.	2.3.5. Revenues and associated costs
Intangible assets, including goodwill and content assets	Assumptions relating to impairment tests performed on each of the Group's cash-generating units (CGUs) or intangible assets, future cash flows and discount rates are updated annually. Estimation of (remaining) useful life for intangible assets, other than goodwill.	2.3.7. Goodwill and 2.3.8. Content assets and other intangibles
Provisions	Estimating the likelihood and timing of potential cash flows relating to royalty claims and litigation.	2.3.18. Provisions

Area	Significant estimate	Note
Artist royalty advances	Estimates of the future performance of artists and repertoire owners who are paid advances that are recognized in the Consolidated Statement of Financial Position.	2.3.8. Content assets and other intangibles
Share-based payments	Estimation of the grant date fair value and number of equity instruments.	2.3.21. Share-based payments
Pension liability	Assumptions for discount rates, inflation, future pension increases and life expectancy to calculate the defined benefit obligation.	2.3.19. Employee benefit plans

For more details on these significant judgement areas and resulting estimates refer to the accounting policies below.

2.3. Material accounting policy information

2.3.1. Foreign currency

Foreign currency transactions

Foreign currency transactions are initially recorded in the functional currency of the entity at the exchange rate prevailing at the date of the transaction. At the closing date, foreign currency monetary assets and liabilities are translated into the entity's functional currency at the exchange rate prevailing on that date with foreign currency differences recorded to profit and loss.

Financial statements denominated in a foreign currency

The assets and liabilities of foreign operations with functional currencies other than the Euro are translated using exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated using monthly average exchange rates which approximate prevailing exchange rates at the dates of the underlying transactions. The resulting translation gains and losses are recognised in other comprehensive income and presented within equity. For foreign operations that are not wholly-owned subsidiaries, the proportionate share of the translation differences are allocated to non-controlling interests. The cumulative amount in the translation reserve is (either fully or partly) reclassified to the income statement upon disposal (either fully or partly) or liquidation.

In 2024, UMG did not have any significant foreign operations in hyper-inflationary economies.

2.3.2. Earnings per share

UMG presents basic and diluted earnings per share (EPS) data for its shares. Basic EPS is calculated by dividing the net profit or loss attributable to shareholders of UMG by the weighted average number of shares outstanding during the year, adjusted for the weighted average number of own shares held in the year. Diluted EPS is determined by dividing the profit or loss attributable to shareholders by the weighted average number of shares outstanding, adjusted for the weighted average number of own shares held in the year and for the effects of all dilutive potential shares which comprise share rights and options granted to employees.

2.3.3. Consolidated Statement of Cash Flows

The Consolidated Statement of Cash Flows is prepared using the indirect method starting from Operating profit. Dividends received from equity affiliates and investments are included in the investing cash flow. It also includes any cash flows arising from the gain or loss of control of subsidiaries. Interest paid, including interest paid on lease liability, is included in the financing activities.

2.3.4. Accounting for associates and joint ventures

Associates are entities in which UMG has significant influence, but not control or joint control. Significant influence is generally obtained by ownership of more than 20% but less than 50% of the voting rights. Joint ventures are the arrangements in which UMG has joint control.

UMG’s investments in associates and joint ventures are accounted for using the equity method of accounting, meaning they are initially recognised at cost. The Consolidated financial statements include UMG’s share of the net profit or loss of the associates and joint ventures whereby the result is determined using the accounting policies of UMG. When UMG’s share of losses exceeds the carrying amount of the associate or joint venture, the carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that UMG has an obligation or has made a payment on behalf of the associate or joint venture.

2.3.5. Revenues and associated costs

Revenues from contracts with customers are recorded when performance obligations promised in the contract are satisfied, and for an amount for which it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. Revenues are reported net of discounts.

Intellectual property licensing (musical works)

These licenses transfer to a customer either a right to use an entity's intellectual property as it exists at the point in time at which the license is granted (static license), or a right to access an entity's intellectual property as it exists throughout the license period (dynamic license).

Revenues are accounted for when the performance obligation promised in the contract is satisfied (static license) or over time upon satisfaction (dynamic license), i.e., when the seller transfers the control over the right to use/access the intellectual property and the customer obtains control of the use/access of that license. Consequently, revenues from static licenses are recognized at the point in time when the license is transferred and the customer is able to use and benefit from the license. Revenues from dynamic licenses are accounted for over time, over the license period from the date the customer is able to use and benefit from the license and in line with the sale or usage.

Consideration received in the current year, which represents income from ordinary activities related to the prior years, is recorded within revenue, unless it was accrued before. Court settlements in relation to the unauthorized usage of UMG's intellectual property in previous years are recorded in revenue as they relate to activities carried out within the ordinary course of business.

Analysis of the Agent/Principal relationship in sales transactions involving a third party

If the nature of the entity's undertaking is a performance obligation to provide the specified goods or services itself, then the entity acts on its own behalf and it is “principal” in the sale transaction: it accounts for revenue as the gross amount of consideration to which it expects to be entitled in exchange for the goods or services provided, and the commission due to the third-party as cost of revenues. If the entity arranges for a third-party to provide the goods or services specified in the contract, then it recognizes as revenues the net amount of consideration to which it expects to be entitled in exchange for the goods or services provided.

Financing Component and other
UMG does not adjust the transaction price for the effects of significant financing components if, at contract inception, it is expected that the period between customer payment and the transfer of goods or services is one year or less. This applies to the majority of sales transactions.

The transaction price may be variable due to discounts, rebates, or similar arrangements. In determining the transaction price UMG considers the fair value of any non-cash consideration. Revenue is only recognized for the part of the consideration for which it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. Judgement is required in determining the probability and level of discounts and rebates that will be granted. The estimate is updated throughout the term of the contract.

Revenue recognition by business segment

Recorded Music
The sales of recorded music (physical, digital downloading or streaming) are intellectual property licenses granted by UMG to distributors or digital platforms and which give them certain rights over UMG's musical works.

Physical sales of recorded music (CDs, DVDs and Vinyls)
These intellectual property licenses are static licenses transferring to the customer a right to use UMG's recordings as they exist at the point in time at which the license is granted, i.e., on the physical device sold.

Revenues from the physical sales of recorded music, net of a provision for estimated returns and rebates, if any, are accounted for, either: (i) upon the sale to the distributor, at the shipping point for products sold free on board (FOB) or on delivery for products sold free on destination; or (ii) upon the sale to the final customer for consignment sales.

Digital sales of recorded music, via streaming by paid subscription, ad-supported or downloading. These intellectual property licenses are generally dynamic licenses providing a right to access the entire catalogue of recorded music as it exists throughout the license period considering potential add-ons to, or withdrawals from, the catalogue during that period.

The consideration paid by the digital platform is variable in the form of a sales-based or a usage-based royalty. Revenues are then accounted for when these subsequent sales or usages occur. Revenues from digital sales of recorded music, for which UMG has sufficient, accurate, and reliable data from digital platforms, are recognized at the end of the month in which the sale or usage is made by the end customer.

For digital sales of recorded music via paid subscription or ad-supported streaming, certain contracts may include a non-refundable minimum guarantee which is generally recoupable and is in substance an advance payment. In the case of a dynamic license, the minimum guarantee is spread over the period to which it relates and takes into account the amount of royalties that are actually recoupable. The minimum guarantee is apportioned in accordance with the accounting for these royalties.

Music Publishing
Music Publishing relates to the use by a third party of the copyrights on musical works owned or administered by UMG, which are intellectual property licenses that UMG grants to the third party and which provides a right to access a catalogue of recorded music, as these intellectual property licenses are dynamic licenses. For these contracts, revenues are recognised on the basis of sales and usage royalties, using the best available estimate on the timing of the consequent usage and the amounts that are probable to be collected.

Merchandising
Revenues from merchandising are recognized when control has been passed either upon sale to the end customer, from direct sales during touring, concessions and over the internet; on delivery for sales by a third-party distributor; or for sales of rights attached to merchandising products when a contract is signed and collectability is probable and on a sales and usage basis.

Provisions for estimated returns and price guarantees are deducted from sales of products to customers through distributors. The provisions are estimated based on past sales statistics and take into account the economic environment and product sales forecast to final customers.

Associated costs of revenues

Cost of revenues primarily includes product costs and artists costs.

Selling, general and administrative expenses primarily include salaries and employee benefits, consulting and service fees, insurance costs, travel and entertainment expenses, depreciation of capital expenditure and right of use assets, administrative department costs, value allowances for receivables, restructuring expenses and other operating expenses and are expensed when incurred.

Advertising costs are expensed when incurred.

Slotting fees and cooperative advertising expenses are recorded as a reduction in revenues. However, cooperative advertising is not treated as a reduction of transaction price but marketing expense and expensed when it is distinct and can be estimated.

2.3.6. Business combinations

UMG accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, UMG assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

Under this the acquisition method, upon the initial consolidation of an entity over which UMG has acquired exclusive control:

- the identifiable assets acquired, and the liabilities assumed are recognized at their fair values on the acquisition date; and
- non-controlling interests are measured either at fair value or at the non-controlling interest's proportionate share of the acquiree’s net identifiable assets. This option is available on a transaction-by-transaction basis.

Contingent consideration in a business combination is recorded at fair value on the acquisition date, and any subsequent adjustment occurring after the purchase price allocation period is recognized in the Statement of Profit or Loss. Acquisition-related costs are recognized as expenses when incurred.

2.3.7. Goodwill

Goodwill represents the difference between the fair value of the net assets acquired and the transaction price in a business combination. Goodwill arising on the acquisition of associates and joint ventures is included in their carrying amounts.

Subsequently, goodwill is measured at its initial amount less accumulated impairment losses. On the acquisition date, to the extent possible, goodwill is allocated to each cash-generating unit likely to benefit from the business combination.

2.3.8. Content assets and other intangibles

Content assets include royalty advances to artists, songwriters and co-publishers as well as recorded music and music publishing catalogues, artists’ contracts and rights. Music catalogues, trade names, subscribers’ bases and market shares generated internally are not recognized as intangible assets.

Intangible assets separately acquired are recorded at cost, and intangible assets acquired in a business combination are recorded at their fair value at the acquisition date. Amortisation is charged to profit or loss on a straight-line basis over the estimated useful life. UMG believes that straight-line depreciation most accurately reflects the expected pattern of consumption of the future economic benefits embodied in these intangible assets.

Useful lives are determined based on the asset’s expected pattern of the future earnings and the period of the contractual arrangements. Useful lives are reviewed at the end of each reporting period.

Music catalogues and publishing rights

The majority of the music catalogues are amortised over 20 years on a straight-line basis. Some significant catalogues can be amortized over a longer period of time.

Advances to artists and repertoire owners

Royalty advances to artists, songwriters, and co-publishers are capitalized as an asset when their current popularity and past performances provide a reasonable basis to conclude that the probable future recoupment of such royalty advances against earnings otherwise payable to them is reasonably assured. Royalty advances are recognized as an expense as subsequent royalties are earned by the artist, songwriter or co-publisher. Any portion of capitalized royalty advances not deemed to be recoverable against future royalties is expensed during the period in which the loss becomes evident. These expenses are recorded in cost of revenues.

Other intangible assets

Other intangibles mainly includes software for internal use. Direct internal and external costs incurred for the development of software for internal use are capitalized during the development stage if the resulting product or process is technically and commercially feasible, cost can be reliably measured, UMG has sufficient resources and the intention to complete its development. Research costs are expensed when incurred. Costs of significant upgrades and enhancements resulting in additional functionality are also capitalized.

The software for internal use is generally amortized over 3 years and included within amortisation expense.

2.3.9. Property, plant and equipment

Property, plant and equipment are carried at historical cost less any accumulated depreciation and impairment losses. Land and assets under construction are not depreciated. Depreciation is calculated using the straight-line method based on the estimated useful life of the assets. Leasehold improvements are depreciated over a period not longer than the lease term.
Useful lives are reviewed at the end of each reporting period and are as follows:

- buildings: 5 to 40 years;
- equipment and machinery: 3 to 8 years; and
- other: 2 to 10 years.

2.3.10. Leases

The main lease contracts for UMG correspond to real estate leases for which UMG is the lessee. Real estate leases for which UMG is the lessee are recorded at the commencement date and result in the recognition of a lease liability equal to the present value of future lease payments against a right-of-use asset relating to leases.

Right-of-use assets

Right-of-use assets are initially measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. The recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

UMG recognizes lease liabilities initially measured at the present value of future lease payments over the lease term. The lease payments include in-substance fixed payments (less any lease incentives), variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include payments of penalties for terminating a lease, if UMG has the option to terminate and it is reasonably certain that this option will be exercised. In calculating the present value of lease payments, UMG uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. The carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term or a change in the in-substance fixed lease payments.

Short-term leases and leases of low-value assets

UMG applies the short-term lease recognition exemption to the real-estate leases with a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the lease of low-value assets recognition exemption to leases of office chattels and other equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as an expense on a straight-line basis over the lease term.

Accounting for leases

UMG determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. When determining the lease term, UMG considers all relevant facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. These circumstances include UMG's real estate planning.

In estimating the lessee's incremental borrowing rate, UMG takes into account the residual lease term and its duration to reflect the interest rate of a loan with a similar payment profile to the lease payments.

2.3.11. Impairment of non-financial assets

Each time events or changes in the economic environment indicate a risk of impairment of goodwill, content assets and other intangible assets, property, plant and equipment, investments in associates and joint ventures, rights-of-use assets, UMG re-examines the value of these assets. In addition, in accordance with applicable accounting standards, goodwill and intangible assets in progress are all subject to an annual impairment test undertaken in the fourth quarter of each fiscal year. This impairment test is performed to compare the recoverable amount of each Cash Generating Unit (CGU) to the carrying value of the corresponding assets (including goodwill). A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. UMG operates through different content businesses. Each business offers different products and services that are marketed through various channels. CGUs for goodwill correspond to the UMG's operating segments.

The recoverable amount is determined for each individual asset as the higher of: (i) its value in use; and (ii) its fair value (less costs to sell) as described hereafter. If the asset does not generate cash inflows that are largely independent of other assets or groups of assets, the recoverable amount is determined for the group of assets. In particular, in the case of goodwill, an impairment test is performed by UMG for each CGU.

The value in use of each asset or group of assets is determined, subject to exceptions, by the Discounted Cash Flow method (DCF) using cash flow projections consistent with the budget of the following year and the most recent forecasts prepared by the operating segments.

Applied discount rates are determined by reference to available external sources of information, usually based on financial institutions' benchmarks, and reflect the current assessment by UMG of the time value of money and risks specific to each asset or group of assets.

Perpetual growth rates used for the evaluation are those used to prepare budgets for each CGU, and beyond the period covered, are consistent with growth rates estimated by the business by extrapolating growth rates used in the budgets, without exceeding the long-term average growth rate for the markets in which UMG operates.

The fair value (less costs to sell) is the price that would be received from the sale of an asset or group of assets in an orderly transaction between market participants at the measurement date, less costs to sell of the asset or group of assets. These values are generally determined based on market data (stock market prices or comparison with similar listed companies, with the value attributed to similar assets or companies in recent transactions) or, in the absence of such data, based on discontinued cash flows.

If the recoverable amount is lower than the carrying value of an asset or group of assets, an impairment loss equal to the difference is recognized in Operating profit. In the case of operating segments, this impairment loss is first recorded against goodwill.

The impairment losses recognized in respect of property, plant and equipment, and intangible assets (other than goodwill) may be reversed in a later period if the recoverable amount becomes greater than the carrying value, within the limit of impairment losses previously recognized. Impairment losses recognized in respect of goodwill cannot be reversed at a later date.

2.3.12. Financial assets

Financial assets are classified into the accounting categories "financial assets at amortized cost", "financial assets at fair value through other comprehensive income" and "financial assets at fair value through profit or loss".

This classification depends on UMG's business model for managing the financial assets and on contractual terms enabling to determine whether the cash flows are solely payments of principal and interest (SPPI). The financial assets that contain an embedded derivative are considered in full to determine whether their cash flows are SPPI.

Except for trade receivables, at initial recognition, UMG measures financial assets at fair value, and for financial assets not classified as fair value through profit or loss, including transaction costs that are directly attributable to the acquisition or issuance of those financial assets. In most cases, fair value at initial recognition is equal to transaction price. UMG recognises trade receivables initially in accordance with the policy disclosed at 2.3.5 Revenues and associated costs.

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and UMG has transferred substantially all the risks and rewards of ownership.

Financial assets at fair value

These include financial assets at fair value through other comprehensive income, derivative financial instruments with a positive value and other financial assets measured at fair value through profit or loss. Most of these financial assets are actively traded in organized financial markets, as their fair value is calculated by reference to the published market price at the period end. Fair value is estimated for financial assets which do not have a published market price on an active market. As a last resort, when a reliable estimate of fair value cannot be made using valuation techniques in the absence of an active market, UMG values financial assets at historical cost, less any impairment losses.

These financial assets are recognized initially on trade date when UMG becomes a party to the contractual provisions of the instrument. Dividend income is recognised when the UMG's right to receive payment is established.

Financial assets at amortized cost

Financial assets at amortised cost include trade receivables, other receivables, loans issued and bank deposits which are not cash equivalents. Loans, receivables and deposits are recognized on the date they are originated.

Financial assets at amortized cost consist of debt instruments as described above held within a business model whose objective is to hold financial assets to collect contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. At the end of each period, these assets are measured at amortized cost using the effective interest method.

2.3.13. Impairment of financial assets

UMG assesses the expected credit loss associated with its financial assets recognized at amortized cost on a prospective basis. A loss allowance for expected credit loss based on probability of default is recognized at initial recognition. The loss allowance is updated for changes in these expected credit losses at each reporting date to reflect changes in credit risk since initial recognition.

To assess whether there has been a significant increase in credit risk, UMG compares the credit risk at the reporting date with the credit risk at the date of initial recognition based on reasonable forward-looking information and events, including credit ratings if available, significant adverse economic changes (actual or expected), financial or business environment that are expected to result in a material change in the borrower's ability to meet its obligations.

Trade accounts receivable are initially recognised at their transaction price. Expected loss rates on trade receivables and contract assets are calculated by the relevant operating entities over their lifetime from initial recognition and are based on historical data that also incorporates forward-looking information. In addition, account receivables from customers subject to insolvency proceedings or customers with whom UMG is involved in litigation or a dispute are generally impaired in full.

2.3.14. Cash and cash equivalents

Cash and cash equivalents include all cash balances and short-term highly liquid investments with an original maturity of three months or less that are readily convertible into known amounts of cash.

Bank overdrafts form an integral part of UMG's cash management and often fluctuate from being positive to overdrawn and are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Investments in securities, investments with initial maturities of more than three months without an early termination option and bank accounts subject to restrictions (blocked accounts), other than restrictions due to regulations specific to a country or activity sector (e.g., exchange controls), are not classified as cash equivalents but as financial assets.

2.3.15. Financial liabilities

A financial liability is recognized when UMG becomes party to the contractual provisions on the instrument. UMG classifies financial liabilities as subsequently measured at amortised cost or fair value through profit or loss. At initial recognition, UMG measures financial liabilities at fair value, and for financial liabilities subsequently measured at amortised cost, including transaction costs and fees that are directly attributable to their issuance. In most cases, fair value at initial recognition is equal to transaction price.

Financial liabilities measured at fair value through profit or loss include contingent consideration and derivative financial instruments that are not designated as hedging instruments for which hedge accounting is applied. Gains or losses on these liabilities are recognised in the statement of profit or loss. Financial liabilities subsequently measured at amortised cost include trade and other payables, bonds and borrowings. These liabilities are subsequently measured at amortised cost using the effective interest method.

2.3.16. Derivative financial instruments

Derivative financial instruments are recognised initially at fair value. Subsequent accounting for derivatives depends on whether or not the derivatives are designated as hedging instruments in a cash flow, fair value or net investment hedge. Derivatives with positive fair values are recorded as assets and negative fair values as liabilities. Beginning in 2023, foreign currency translation risks are hedged to a limited extent, as the underlying currency positions are generally considered to be long-term in nature. If a hedge is entered into, it is accounted for as a net investment hedge.

UMG measures all derivative financial instruments at fair value derived from market prices of the instruments or calculated as the present value of the estimated future cash flows based on observable interest yield curves, basis spread and foreign exchange rates. These calculations are tested for reasonableness by comparing the outcome of the internal valuation with the valuation received from the counterparty.

2.3.17. Inventories

Inventories are valued at the lower of cost or net realizable value. Cost comprises purchase costs, production costs and other supply and packaging costs. These are usually calculated using the weighted average cost method. Net realizable value is the estimated selling price in the normal course of business, less estimated completion costs and selling costs. Inventories at UMG mostly comprise of finished goods.

2.3.18. Provisions

Provisions are recognized when, at the end of the reporting period, UMG has a legal obligation (statutory, regulatory or contractual) or a constructive obligation, as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the obligation can be reliably estimated. Where the effect of the time value of money is material, provisions are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money. If the amount of the obligation cannot be reliably estimated, no provision is recorded and a disclosure is made in the Notes to the Consolidated Financial Statements. Significant judgment is required in determining the amount and probability of resources outflow and discount rates used to calculate the present value of this outflow.

Provisions for royalty audit claims

Up to the completion of the royalty claim audit, the timing and the amount of the potential pay-outs is uncertain. UMG makes its best possible estimate of the outcome using any available data, including history of claims with rights owners. When the estimate is performed for large homogeneous claims and contract terms, the statistical valuation method is used.

Litigation provisions

In the ordinary course of business, UMG may be involved in a number of legal and arbitration proceedings and administrative actions. The costs which may result from these proceedings are accrued at the reporting date if UMG has a present obligation toward a third party resulting from a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of that liability can be quantified or estimated within a reasonable range. The amount of provision recorded is based on a case-by-case assessment of the risk level, and events arising during the course of legal proceedings may require a reassessment of this risk at any time.

2.3.19. Employee benefit plans

Defined contribution plans
Contributions to defined contribution and multi-employer plans are expensed during the year when related services are provided.

Defined benefit plans
Defined benefit plans may be funded by investments in various instruments such as insurance contracts or equity and debt investment securities, excluding shares in any UMG entity or debt instruments.

Pension expenses and defined benefit obligations are calculated by independent actuaries using the projected unit credit method. This method is based on annually updated assumptions, which include the probability of employees remaining with UMG until retirement, expected changes in future compensation and an appropriate discount rate for each country in which UMG maintains a pension plan. The discount rate is determined for each country by reference to yields on notes issued by investment grade companies having a credit rating of AA and maturities identical to that of the valued plans, generally based on relevant rate indices. The expected return on plan assets is estimated by using the selected discount rate to value the obligations of the previous year.

The calculation is performed separately for each plan. A provision is recorded in the Statement of Financial Position equal to the difference between the actuarial value of the related benefits (actuarial liability) and the fair value of any associated plan assets, and this includes past service costs and actuarial gains and losses.

The cost of defined benefit plans consists of three components recognized as follows:

- the service cost is included in selling, general and administrative expenses. It comprises current service cost, past service cost resulting from a plan amendment or a curtailment, immediately recognized in profit and loss, and gains and losses on settlement;
- the financial component, recorded in other financial expenses and income, consists of the unwinding of the interest component of the discount, less the expected return on plan assets determined using the discount rate retained for the valuation of the benefit obligation; and
- the remeasurements of the net defined benefit liability (asset), recognized in items of other comprehensive income not reclassified as profit and loss, mainly consist of actuarial gains and losses, i.e., changes in the present value of the defined benefit obligation and plan assets resulting from changes in actuarial assumptions and experience adjustments (representing the differences between the expected effect of some actuarial assumptions applied to previous valuations and the effective impact).

Where the value of plan assets exceeds benefit obligations, a financial asset is recognized up to the present value of future refunds and the expected reduction in future contributions.

Some other post-employment benefits, such as life insurance and medical coverage (mainly in the United States) are subject to provisions which are assessed through an actuarial calculation comparable to the method used for pension provisions.

2.3.20. Income taxes

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where UMG operates and generates taxable income.

UMG periodically evaluates positions taken in its tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Differences existing at closing between the tax base value of assets and liabilities and their carrying value in the Consolidated Statement of Financial Position give rise to temporary differences. Pursuant to the liability method, these temporary differences result in the accounting of:

- deferred tax assets, when the tax base value is greater than the carrying value (expected future tax saving); and

- deferred tax liabilities, when the tax base value is lower than the carrying value (expected future tax expense).

Deferred tax assets and liabilities are measured at the expected tax rates for the year during which the asset will be realized or the liability settled, based on tax rates (and tax regulations) enacted or substantially enacted by the closing date. They are reviewed at the end of each year, in line with any changes in applicable tax rates.

Deferred tax assets are recognized for all deductible temporary differences, tax loss carry-forwards and unused tax credits, insofar as it is probable that a taxable profit will be available, or when a current tax liability exists to make use of those deductible temporary differences, tax loss carry-forwards and unused tax credits, except where the deferred tax asset associated with the deductible temporary difference is generated by initial recognition of an asset or liability in a transaction which is not a business combination, and that, at the transaction date, does not impact net profit, nor tax income or loss.

For deductible temporary differences resulting from investments in subsidiaries, joint ventures and other associated entities, deferred tax assets are recorded to the extent that it is probable that the temporary difference will reverse in the foreseeable future and that a taxable profit will be available against which the temporary difference can be utilized.

The carrying value of deferred tax assets is reviewed at each closing date, and revalued or reduced to the extent that it is more or less probable that a taxable profit will be available to allow the deferred tax asset to be utilized. When assessing the probability of a taxable profit being available, account is taken, primarily, of prior years' results, forecasted future results, non-recurring items unlikely to occur in the future and the tax strategy. As such, the assessment of UMG's ability to utilize tax losses carried forward is to a large extent judgement-based. If the future taxable results of UMG proved to differ significantly from those expected, UMG would be required to increase or decrease the carrying value of deferred tax assets with a potentially material impact on UMG's Statement of Financial Position and Statement of Profit or Loss.

Deferred tax liabilities are recognized for all taxable temporary differences, except where the deferred tax liability results from goodwill or initial recognition of an asset or liability in a transaction which is not a business combination, and that, at the transaction date, does not impact net profit, tax income or loss.

For taxable temporary differences resulting from investments in subsidiaries, joint ventures and other associated entities, deferred tax liabilities are recorded except to the extent that both of the following conditions are satisfied: the parent, investor or venturer is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not be reversed in the foreseeable future.

Current tax and deferred tax shall be charged or credited directly to equity, and not profit if the tax relates to items that are credited or charged directly to equity. Current tax liabilities not expected to be paid within the next 12 months are recorded as long term current tax liability.

In 2023, UMG adopted International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12. These amendments introduced (i) a mandatory temporary exception to the accounting for deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules and (ii) disclosure requirements for affected entities to give financial statement users an understanding of the exposure to Pillar Two income taxes arising from that legislation.

2.3.21. Share-based payments

Equity-settled share-based compensation expense is recognized as a personnel cost over the vesting period of the award at the fair value of the equity instruments granted at the grant date with a corresponding increase in equity. For cases in which the grant date occurs after the employees to whom the equity instruments were granted have begun rendering services (for example, if a grant of equity instruments is subject to shareholder approval), UMG estimates the grant date fair value of the equity instruments by estimating the fair value of the equity instruments at the end of the reporting period, for the purposes of recognising the services received during the period between service commencement date and grant date. Once the date of grant has been established, UMG revises the earlier estimate so that the amounts recognised for services received in respect of the grant are ultimately based on the grant date fair value of the equity instruments.

Fair value of the shares granted is fixed at the grant date and is equal to the share price at the grant date with a deduction for the aggregate discounted value of the dividends that will not be received over the vesting period, unless the conditions of the plan prescribe compensation for the vesting period dividends, and after taking into account the discount for non-transferability during the retention period.

The cumulative expense recognized for equity-settled transactions at each reporting date reflects the extent to which the vesting period has expired and UMG's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the Statement of Profit or Loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period. Service and non-market performance conditions are not considered when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of UMG's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value.

2.3.22. Related parties

A related party is a person or an entity that is related to UMG. These include both people and entities that have, or are subject to, the influence or control of UMG (e.g. key management personnel). Transactions with related parties are accounted for in accordance with the requirements of relevant IFRSs and take into account the substance as well as the legal form.

2.3.23. Contingent liabilities

Non-financial guarantees are accounted for as a contingent liability until such time it becomes probable that UMG will be required to make a payment under the guarantee.

Contingent liabilities are possible or present obligations of sufficient uncertainty that it does not quality for recognition as a provision, unless it is assumed in a business combination. Contingent liabilities are reviewed continuously to assess whether an outflow of resources has become probable.

2.3.24. Financial guarantees

Financial guarantee is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantees are initially recognised at fair value and are subject to the expected credit loss model, with a credit loss is recognized for expected cash shortfalls.

2.4. Accounting policy changes

2.4.1. Accounting policy changes originating from the IFRS amendments

UMG has amended its accounting policies for new or amended IFRS standards and interpretations that became effective as of 1 January 2024. None of these new or amended standards and interpretations had a material impact on adoption. These are:

- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures
- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback
- Amendments to IAS 1 Presentation of Financial Statements - Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants

UMG has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

2.4.2. Impact of standards issued but not yet effective

New and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of UMG's financial statements are disclosed below. UMG expects to adopt these new and amended standards and interpretations, if applicable, when they become effective.

- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability, effective 1 January 2025
- Amendments to IFRS 9 Classification and Measurement Requirements and IFRS 7 Disclosures, effective 1 January 2026
- IFRS 18 Presentation and Disclosures in Financial Statements, effective 1 January 2027
- IFRS 19 Subsidiaries without Public Accountability: Disclosures, effective 1 January 2027

Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rate: Lack of Exchangeability

The amendments, effective for UMG on 1 January 2025, specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable. UMG does not expect that adoption of this standard will have a material impact on the Consolidated financial statements.

Amendments to IFRS 9 Classification and Measurement Requirements and IFRS 7 Disclosures

The IASB issued amendments to IFRS 9 classification and measurement requirements and IFRS 7 disclosures effective for UMG on 1 January 2027. The amendments include:

- The amendments clarify that a financial liability is derecognized on 'settlement date' and introduce an accounting policy choice to derecognise financial liabilities settled using an electronic payment system before the settlement date;
- The classification of financial assets with ESG linked features has been clarified via additional guidance on the assessment of contingent features;
- Clarifications have been made on non-recourse loans and contractually linked instruments;
- Additional disclosures are introduced for financial instruments with contingent features and equity instruments classified at fair value through OCI.

UMG is currently assessing the impact the amendments will have on the Consolidated financial statements.

IFRS 18 Presentation and Disclosures in Financial Statements

On April 9, 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements, which replaces IAS 1 Presentation of Financial Statements. IFRS 18, effective for UMG on 1 January 2027, introduces new requirements on presentation within the statement of profit or loss, including specified subtotals. It also requires disclosure of management-defined performance measures and includes enhanced requirements for aggregation and disaggregation of financial information in the primary financial statements and the notes. The IASB also issued narrow scope amendments to IAS 7 Statement of Cash Flows, and some requirements previously included within IAS 1 have been moved to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, which has been renamed IAS 8 Basis of Preparation of Financial Statements. Other minor amendments were made to other standards. IFRS 18 and the other amendments are effective for reporting periods beginning on or after 1 January 2027 and may be adopted early, subject to EU endorsement. UMG is currently assessing the impact that IFRS 18 and the other amendments will have on UMG's consolidated financial statements.

IFRS 19 Subsidiaries without Public Accountability: Disclosures

Subsidiaries without public accountability of a parent that prepares consolidated financial statements available for public use are eligible to apply IFRS 19. This standard will not impact UMG's Consolidated financial statements.

Note 3. Segment data

Operating segment data

The segment reporting that follows is aligned with internal reporting used by UMG Management to assess UMG's performance. UMG's operating segments are organised by nature of the business and are the same as its reportable segments: Recorded Music, Music Publishing and Merchandising and Other. Each of these is described at Note 1. Corporate centre represent amounts not allocated to the operating segments and includes certain costs related to central activities as well as group enabling functions. Management also receives information about segment's revenue and assets. Inter-segment pricing is determined on an arm's length basis. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment EBITDA and Adjusted EBITDA are included in these disclosures because they are the primary measures of profit or loss used by UMG Management to assess each segment's performance and make decisions about allocating resources. EBITDA and Adjusted EBITDA are non-IFRS measures defined in the Appendix of the Annual Report accompanying these Consolidated financial statements.

Main aggregates of the Statement of profit or loss

(millions of euros)	Note	Recorded Music	Music Publishing	Merchandising and other	Corporate centre	Elimination of intersegment transactions	Total
Year ended December 31, 2024							
External revenue		8,900	2,100	834	-	-	11,834
Intercompany revenue		1	21	8	-	(30)	-
Revenues		8,901	2,121	842	-	(30)	11,834
Adjusted EBITDA		2,275	511	43	(168)	-	2,661
Non-cash share-based compensation expense	24	(202)	(25)	(1)	(101)	-	(329)
EBITDA		2,073	486	42	(269)	-	2,332
Amortisation and depreciation expense		(205)	(161)	(2)	(41)	-	(409)
Restructuring expenses		(138)	(4)	(2)	(25)	-	(169)
Gain/(loss) on sale of assets		24	-	-	(1)	-	23
Impairment reversal/(charge) on intangible assets		(2)	-	-	-	-	(2)
Operating profit		1,752	321	38	(336)	-	1,775
Financial income							1,279
Financial expenses							(187)
Income/(loss) from equity affiliates							4
Profit before income taxes							2,871

(millions of euros)	Note	Recorded Music	Music Publishing	Merchandising and other	Corporate centre	Elimination of intersegment transactions	Total
Year ended December 31, 2023							
External revenue		8,461	1,943	704	-	-	11,108
Intercompany revenue		-	13	2	-	(15)	-
Revenues		8,461	1,956	706	-	(15)	11,108
Adjusted EBITDA		2,042	470	47	(190)	-	2,369
Non-cash share-based compensation expense	24	(424)	(50)	(4)	(83)	-	(561)
EBITDA		1,618	420	43	(273)	-	1,808
Amortisation and depreciation expense		(217)	(156)	(2)	(7)	-	(382)
Restructuring expenses		(34)	(2)	-	(5)	-	(41)
Gain/(loss) on sale of assets		26	-	-	-	-	26
Impairment reversal/(charge) on intangible assets		-	7	-	-	-	7
Operating profit		1,393	269	41	(285)	-	1,418
Financial income							454
Financial expenses							(151)
Income/(loss) from equity affiliates							-
Profit before income taxes							1,721

Revenues by geographic area

UMG has a global network and operates in local countries, which enables it to maintain the relationships with clients and to understand the local market, legal and other conditions. As a result, the geographic basis of the operating companies is the basis in determining the split of revenues from external customers per geographical areas.

(millions of euros)	Year ended December 31, 2024		Year ended December 31, 2023	
U.S.	5,971	51%	5,579	50%
UK	1,065	9%	941	9%
Japan	761	6%	768	7%
Germany	604	5%	576	5%
France	459	4%	444	4%
Rest of the world[1]	2,974	25%	2,800	25%
Total revenues	11,834	100%	11,108	100%

1 Revenues for the Netherlands was €178 million in 2024 and €179 million in 2023.

Disaggregated revenue information

Recorded Music

(millions of euros)	Year ended December 31, 2024	2023
Streaming revenue	1,414	1,425
Subscription revenue	4,623	4,275
Downloads and other digital revenue	180	207
Physical revenue	1,358	1,380
License and other revenue	1,326	1,174
Recorded Music revenue	8,901	8,461

Music Publishing

(millions of euros)	Year ended December 31, 2024	2023
Performance revenue	442	416
Synchronisation revenue	253	254
Digital revenue	1,268	1,128
Mechanical revenue	103	108
Other revenue	55	50
Music Publishing revenue	2,121	1,956

Subscriptions and streaming represents the largest type of recorded music revenue and is recognised over time and is 51% (51% in 2023) of total UMG revenues. Physical recorded music revenues are recognised at a point in time and represent 12% (12% in 2023) of total UMG revenues.

Other Recorded Music revenues mostly include neighbouring rights income which are recognized over time.

Merchandising revenue is recognised at a point in time. Music Publishing revenue is mostly recognised over time.

In 2024, UMG had 3 customers that each individually represented over 10% of total revenues (3 customers in 2023) and which represented total revenues of 20%, 11% and 10% respectively (19%, 11% and 10% in 2023). Each customer reports revenues in both Recorded Music and Music Publishing segments.

The amount of revenue recognized for the year ended December 31, 2024 from performance obligations satisfied (or partially satisfied) in previous periods amounts to €142 million.

Segment assets

Segment assets by Segment

Segment assets that are reported to the executive board 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.

(millions of euros)	Note	Recorded Music	Music Publishing	Merchandising and other	Corporate centre	Total
Year ended December 31, 2024						
Goodwill	9	1,003	788	104	–	1,895
Royalty advances, non-current	10	1,138	730	217	–	2,085
Catalogues	10	1,732	1,661	–	–	3,393
Property, plant & equipment	11	227	5	–	10	242
Other intangible assets	10	52	40	–	140	232
Right of use relating to leases	12	442	4	–	–	446
Royalty advances, current	10	566	551	94	–	1,211
Other assets		5,112	821	132	543	6,608
Total segment assets[1]		10,272	4,600	547	693	16,112
Unallocated assets						1,208
Total assets						17,320

(millions of euros)	Note	Recorded Music	Music Publishing	Merchandising and other	Corporate centre	Total
Year ended December 31, 2023						
Goodwill	9	779	745	100	–	1,624
Royalty advances, non-current	10	862	508	204	–	1,574
Catalogues	10	1,335	1,685	–	–	3,020
Property, plant & equipment	11	165	4	–	8	177
Other intangible assets	10	50	31	–	99	180
Right of use relating to leases	12	310	4	–	2	316
Royalty advances, current	10	520	481	59	–	1,060
Other assets		3,171	753	54	234	4,212
Total segment assets[1]		7,192	4,211	417	343	12,163
Unallocated assets						928
Total assets						13,091

1 Total segment assets in the Netherlands was €3,558 million in 2024 (€1,607 miillion in 2023).

Content assets by segment

(millions of euros)	Note	December 31, 2024 Recorded Music	Music Publishing	Merchandising and other	Total
Catalogues (of music and publishing rights)		1,732	1,661	-	3,393
Royalty advances (to artists and repertoire owners)		1,704	1,281	311	3,296
Of which:					
Non-current		1,138	730	217	2,085
Current		566	551	94	1,211
Content assets, net	10	3,436	2,942	311	6,689
Current content assets		566	551	94	1,211
Non-current content assets		2,870	2,391	217	5,478

(millions of euros)	Note	December 31, 2023 Recorded Music	Music Publishing	Merchandising and other	Total
Catalogues (of music and publishing rights)		1,335	1,685	-	3,020
Royalty advances (to artists and repertoire owners)		1,382	989	263	2,634
Of which:					
Non-current		862	508	204	1,574
Current		520	481	59	1,060
Content assets, net	10	2,717	2,674	263	5,654
Current content assets		520	481	59	1,060
Non-current content assets		2,197	2,193	204	4,594

Note 4. Acquisitions and divestments

During 2024, UMG completed investments in Chord Music Partners ("Chord"), NTWRK, Mavin Global ("Mavin") and [PIAS]. Total cash used for these investments was €528 million. UMG accounts for its investments in Chord and NTWRK as associates using the equity method, while the investments in Mavin and [PIAS] were recognised as business combinations. The Chord and NTWRK transactions closed in March 2024. The Mavin and [PIAS] acquisitions occurred in May 2024 and October 2024, respectively.

UMG did not have any material divestments in 2024 or 2023.

Note 5. Cost of revenues and selling, general and administrative expenses

(millions of euros)	Note	Year ended December 31, 2024	2023
Included in cost of revenues:			
Artist costs		5,464	5,152
Product costs		1,282	1,056
Of which:			
Personnel costs		*33*	*33*
Included in selling, general and administrative expenses:			
Depreciation of tangible assets	11	34	34
Depreciation of right of use assets	12	79	72
Personnel costs		1,755	2,048

Personnel costs and average employee numbers

		Year ended December 31,	
(millions of euros)	Note	2024	2023
Salaries		1,156	1,196
Social security and other employment expenses		196	209
Wages and expenses		**1,352**	**1,405**
Share-based compensation plans	24	360	600
Employee defined contribution plans		52	52
Employee defined benefit plans	23	1	2
Other		23	22
Personnel costs		**1,788**	**2,081**
Annual average number of full-time equivalent employees (in thousands)		*9.7*	*10.0*

Note 6. Financial income and expenses

		Year ended December 31,	
(millions of euros)	Note	2024	2023
Interest income from cash, cash equivalents and other		19	14
Change in fair value of financial instruments through profit or loss	19	1,170	431
Remeasurement on investment for step acquisition	13	62	-
Expected return on plan assets related to employee benefit plans	23	1	1
Gain on derivative instruments at fair value through profit or loss[1]		24	5
Income from investments		3	3
Financial income		**1,279**	**454**
Interest expense on borrowings		(107)	(91)
Change in fair value of financial instruments through profit or loss	19	(17)	(14)
Unwinding of interest component		(2)	(1)
Interest cost related to employee benefit plans	23	(6)	(7)
Interest expenses on lease liabilities	12	(20)	(14)
Foreign exchange loss		(3)	(11)
Loss on derivative instruments at fair value through profit or loss[1]		(19)	-
Cost of finance		(4)	(7)
Other		(9)	(6)
Financial expenses		**(187)**	**(151)**
Net total financial income and (expenses)		**1,092**	**303**

1 The net gain/(loss) on derivative instruments at fair value through profit or loss relates to foreign exchange forward contracts that did not qualify for hedge accounting.

Note 7. Income taxes

Income taxes expense

	Year ended December 31,	
(millions of euros)	**2024**	**2023**
(Expense)/income		
Current tax		
Current year	(389)	(412)
Under/(over) provided in prior years	(6)	17
	(395)	(395)
Withholding tax	(83)	(81)
	(478)	(476)
Deferred tax		
Origination and reversal of temporary difference and tax attributes[1]	(310)	16
De-recognition/(recognition) of deferred tax assets	7	16
Effect of changes in tax rates	(3)	(3)
Under/(over) provided in prior years	6	(11)
	(300)	18
Total income tax expense in statement of profit and loss	(778)	(458)

1 Included the deferred tax charge relating to the revaluation gain recorded through profit or loss related to the investments in Spotify, Tencent Music Entertainment and other listed investments for an aggregate expense amount of €301 million in 2024, compared to €111 million expense in 2023.

	Year ended December 31,	
(millions of euros)	**2024**	**2023**
(Expense)/income		
Current tax related to items recognized during the year:		
To Equity		
Share based compensation	1	11
	1	11
Deferred tax related to items recognized during the year:		
To Equity		
Share based compensation	12	17
To Other Comprehensive Income		
Net (gain)/loss on equity instruments designated at fair value through OCI	–	3
Remeasurement (gain)/loss on actuarial gains and losses	5	2
Foreign currency translation and (gain)/loss on hedge of net investments	(6)	3
	11	25
Total income tax charged to equity and other comprehensive income	12	36

Effective tax rate

(millions of euros)	Year ended December 31, 2024	2023
Net profit /(loss) from continuing operations	2,093	1,263
Income taxes	778	458
Profit before income taxes	2,871	1,721
Dutch statutory tax rate	*25.8%*	*25.8%*
Theoretical provision for income taxes based on Dutch statutory tax rate	(741)	(444)
Reconciliation of the theoretical and effective provision for income taxes		
Corporate tax rate differences	8	7
Impacts of the changes in tax rates	(3)	(3)
De-recognition/(recognition) of deferred tax assets	7	16
Adjustments to tax expense from previous years	-	6
Outside basis differences	(6)	-
Non-deductible expenses	(15)	(19)
Withholding taxes (net of Corporate Income tax benefit)	(64)	(58)
United States tax components		
Foreign Derived Intangible Income (FDII) deduction	33	37
Other	3	-
Provision for income taxes	(778)	(458)
Effective tax rate	27.1%	26.6%

Current tax receivables and payables

Changes in current tax receivables/(payables), net

(millions of euros)	Year ended December 31, 2024	2023
Opening balance of current income tax receivables/(payables)	(34)	(49)
Income tax expense in statement of profit and loss	(395)	(395)
Income tax charged to equity and other comprehensive income	1	11
Income tax paid/(received)	349	393
Changes in foreign currency translation adjustments and other	13	6
Closing balance of current income tax receivables/(payables), net	(66)	(34)
Reflected in the statement of financial position as follows:		
Current tax receivables	*30*	*36*
Current tax payables	*(96)*	*(70)*

Deferred tax assets and liabilities

Changes in deferred tax assets/(liabilities), net

	Year ended December 31,	
(millions of euros)	**2024**	**2023**
Opening balance of deferred tax assets/(liabilities)	(197)	(232)
Income taxes	(300)	18
Expenses and income directly recorded in equity and other comprehensive income	11	25
Business combinations	(57)	-
Changes in foreign currency translation adjustments and other	(2)	(8)
Closing balance of deferred tax assets/(liabilities), net	(545)	(197)

Components of deferred tax assets and liabilities

	Statement of financial position		Statement of profit or loss	
(millions of euros)	**2024**	**2023**	**2024**	**2023**
Deferred tax				
Tax attributes	22	25	10	(9)
Non-deductible provisions	100	85	(23)	(37)
Employee benefits	114	120	25	(59)
Lease liabilities	106	74	(29)	9
Asset revaluations	(188)	(172)	(20)	(19)
Financial instruments[1]	(727)	(286)	440	162
Right of use assets	(85)	(53)	29	(5)
Working capital and other	113	10	(132)	(60)
Deferred tax expense/(benefit)			300	(18)
Net deferred tax assets/(liabilities)	(545)	(197)		
Reflected in the statement of financial position as follows:				
Deferred tax assets	*625*	*479*		
Deferred tax liabilities	*(1,170)*	*(676)*		

1 Primarily related to the deferred tax liabilities stemming from the revaluation of the investments in Spotify, Tencent Music Entertainment and other investments.

The amounts of tax attributes (including tax losses and tax credits) were estimated at the end of the relevant fiscal years. As a result, the amount of tax attributes shown in this table and the amount reported to tax authorities at the time of the filing of the tax returns may differ, and if necessary, may need to be adjusted in this table at the end of the following year. UMG's forward-looking assumptions support that it is probable that future operational results will generate sufficient taxable income to utilize these tax attributes. Relevant developments potentially impacting the period and probability of recovery will be monitored closely.

Deferred tax assets have not been recognized in respect of gross tax attributes for €1,194 million (2023: €1,069 million), as it is not probable that there will be future taxable profits within the entities against which these can be utilized. €11 million of the unrecognized gross tax attributes will expire within 5 years.

There are no income tax consequences attached for the Company to the payment of dividends in either 2024 or 2023 by the Company to its shareholders.

Pillar Two

UMG has carried out a study on the financial impact of the Pillar Two rules on 2024 and future years. Based on the currently available information UMG estimates that this impact is not material. UMG will closely monitor the legislative developments and guidance issued to assess potential changes in the impact on the Pillar Two rules.

For 2024 an accrual less than €1 million has been recorded regarding top-up tax in jurisdictions which base income tax rate is lower than 15%.

Tax litigation

In the normal course of their business, UMG is subject to tax audits by the relevant tax authorities in the countries in which it conducts or has conducted business. Various tax authorities have proposed ordinary adjustments to the financial results reported by UMG in prior years, under statutes of limitation applicable to UMG. In litigation situations, UMG's policy is to pay the taxes it intends to contest, and to seek a refund through appropriate legal proceedings. Regarding ongoing tax audits, no provision is recorded where the impact that could result from an unfavourable outcome cannot be reliably assessed. To date, UMG believes that these tax audits are unlikely to have a material impact on the Group's financial position or liquidity.

Note 8. Earnings per share

	Year ended December 31,	
(millions of euros and shares, except per share data)	**2024**	**2023**
Net profit attributable to equity holders of the parent	2,086	1,259
Weighted average number of shares outstanding (after deduction of treasury shares) during the year	1,827	1,819
Potential dilutive effects related to share-based compensation	25	23
Diluted weighted average number of shares	1,852	1,842
Earnings per share *(in euros)*		
Basic earnings per share	1.14	0.69
Diluted earnings per share	1.13	0.68

Note 9. Goodwill

Changes in goodwill

(millions of euros)	2024	2023
Balance as at January 1		
Goodwill, gross	1,720	1,678
Accumulated impairment losses	(96)	(100)
Goodwill, net	1,624	1,578
Changes in book value:		
Acquisitions	180	93
Foreign currency translation adjustments	91	(47)
Total changes	271	46
Balance as at December 31		
Goodwill, gross	1,997	1,720
Accumulated impairment losses	(102)	(96)
Goodwill, net	1,895	1,624

In 2024, UMG recognised additional goodwill of €165 million as a result of the Mavin and [PIAS] business combinations, refer to Note 4.

Goodwill by cash generating unit

	Year ended December 31,	
(millions of euros)	2024	2023
Recorded Music	1,003	779
Music Publishing	788	745
Merchandising & Other	104	100
Closing balance	1,895	1,624

Cash generating units

For impairment testing, goodwill is allocated to cash-generating units, which represent the lowest level at which the goodwill is monitored internally for management purposes. The cash-generating units correspond to the operating segments as disclosed in Note 3 above.

Goodwill impairment test

UMG conducted the full annual impairment test in the fourth quarter of 2024.

The goodwill was tested for impairment by comparing it with a recoverable amount. The recoverable amount is determined as the higher of the value in use determined by the discounted value of future cash flows (Discounted Cash Flow method (DCF)) and the fair value (less costs to sell), determined on the basis of market data (stock market prices, comparable listed companies, comparison with the value attributed to similar assets or companies in recent acquisition transactions). For a description of the methods used for the impairment test, please refer to Note 2. In 2024 and 2023, the recoverable amounts of cash generating units were determined using their value in use.

Key assumptions used in the impairment tests for the cash-generating units were sales growth rates and the rates used for discounting the projected cash flows. These cash flow projections were determined using management's internal forecasts that cover an initial period of 2025 to 2029 that matches the period used for our strategic planning process, after which a terminal value was calculated.

The sales growth rates used to estimate cash flows are based on:

- past performance, including the label pool revenue forecasts derived from commercial agreements with customers;
- external market growth assumptions among which is the overall population and corresponding growth in streaming penetration rate among the population;
- expected market share developments;
- industry long-term growth averages.

Key assumptions

	2024			2023		
In % per year	Compound Annual Revenue Growth 2024-2028	Extrapolation revenue growth rate after 2028	Pre-tax discount rates	Compound Annual Revenue Growth 2023-2027	Extrapolation revenue growth rate after 2027	Pre-tax discount rates
Recorded Music	7.0%	3.3%	10.2%	6.6%	3.3%	10.0%
Music Publishing	7.0%	3.3%	10.2%	5.9%	3.3%	10.0%
Merchandising	13.4%	2.1%	10.2%	9.1%	2.1%	10.0%

The annual impairment test for Recorded Music, Music Publishing and Merchandising showed significant headroom and management did not identify an impairment for these CGUs. The sensitivity analysis around the key assumptions in the impairment tests have indicated that a reasonably possible change in any of the assumptions would not cause the recoverable amount to be less than the carrying value.

Note 10. Content assets (catalogues and royalty advances) and other intangibles

Net book value

	December 31, 2024		
(millions of euros)	Asset value, gross	Accumulated amortisation and impairment losses	Net book value
Catalogues (of music and publishing rights)	6,623	(3,230)	3,393
Royalty advances (to artists and repertoire owners)	3,296	–	3,296
Content assets	9,919	(3,230)	6,689
Other intangible assets	684	(452)	232

	December 31, 2023		
(millions of euros)	Asset value, gross	Accumulated amortisation and impairment losses	Net book value
Catalogues (of music and publishing rights)	5,845	(2,825)	3,020
Royalty advances (to artists and repertoire owners)	2,634	–	2,634
Content assets	8,479	(2,825)	5,654
Other intangible assets	585	(405)	180

Changes in content assets and other intangibles

(millions of euros)	Catalogues (of music and publishing rights)	Royalty advances (to artists and repertoire owners)	Other intangibles	Total intangible assets & advances
Balance December 31, 2022	3,058	2,577	119	5,754
Amortisation	(236)	–	(40)	(276)
Impairment	7	–	–	7
Additions	264	1,319	103	1,686
Disposals	(1)	–	–	(1)
Recoupments	–	(1,201)	–	(1,201)
Business combinations	19	–	–	19
Changes in foreign currency translation adjustments and other	(91)	(61)	(2)	(154)
Balance December 31, 2023	3,020	2,634	180	5,834
Amortisation	(245)	–	(51)	(296)
Impairment	(2)	–	–	(2)
Additions	217	1,965	92	2,274
Disposals	(4)	–	(1)	(5)
Recoupments	–	(1,445)	–	(1,445)
Business combinations	245	36	2	283
Changes in foreign currency translation adjustments and other	162	106	10	278
Balance December 31, 2024	3,393	3,296	232	6,921

Cash movements from additions and recoupments detailed in the changes in content assets table above are included net on the Consolidated Statement of Cash Flows.

The significant music catalogues and publishing rights were acquired through business combinations of BMG Publishing (BMG) and EMI Recorded Music (EMI). The BMG catalogue was acquired in 2007 with a fair value of €1,241 million and has carrying amount of €265 million (2023: €308 million) with a remaining useful life of 3 and 33 years for the respective catalogue components. The EMI catalogue was acquired in 2012 with a fair value of €1,046 million, and has a carrying amount of €541 million (2023: €559 million) with a remaining useful life of 8 and 38 years for the respective catalogue components.

In 2024, UMG recognised additional catalogue assets of €227 million as a result of the Mavin and PIAS business combinations, refer to Note 4.

Note 11. Property, plant and equipment

(millions of euros)	Land and buildings	Equipment and machinery	Other fixed assets	Assets under construction	Total
Cost					
Balance as at January 1, 2024	242	122	74	24	462
Additions	32	2	3	54	91
Transfers and reclassifications	20	7	7	(34)	-
Disposals	(31)	(8)	(9)	-	(48)
Changes in foreign currency translation adjustments and other	9	2	2	1	14
Balance as at December 31, 2024	272	125	77	45	519
Depreciation and impairment losses					
Balance as at January 1, 2024	(136)	(92)	(57)	-	(285)
Depreciation during the year	(18)	(10)	(6)	-	(34)
Disposals	31	10	8	-	49
Changes in foreign currency translation adjustments and other	(3)	(2)	(2)	-	(7)
Balance as at December 31, 2024	(126)	(94)	(57)	-	(277)
Carrying amount					
As at January 1	106	30	17	24	177
As at December 31	146	31	20	45	242

(millions of euros)	Land and buildings	Equipment and machinery	Other fixed assets	Assets under construction	Total
Cost					
Balance as at January 1, 2023	241	119	78	20	458
Additions	3	3	3	38	47
Transfers and reclassifications	17	16	1	(34)	-
Disposals	(16)	(15)	(6)	-	(37)
Changes in foreign currency translation adjustments and other	(3)	(1)	(2)	-	(6)
Balance as at December 31, 2023	242	122	74	24	462
Depreciation and impairment losses					
Balance as at January 1, 2023	(135)	(99)	(57)	-	(291)
Depreciation during the year	(18)	(9)	(7)	-	(34)
Disposals	15	15	6	-	36
Changes in foreign currency translation adjustments and other	2	1	1	-	4
Balance as at December 31, 2023	(136)	(92)	(57)	-	(285)
Carrying amount					
As at January 1	106	20	21	20	167
As at December 31	106	30	17	24	177

Note 12. Leases

Changes in the rights-of-use

(millions of euros)	Year ended December 31, 2024	2023
Opening balance	316	318
Depreciation	(79)	(72)
Additions	220	78
Disposals	(24)	(1)
Foreign currency translations and other	13	(7)
Closing balance	446	316

Lease liabilities

(millions of euros)	Note	Year ended December 31, 2024	2023
Opening balance		410	423
Additions		219	77
Disposals		(24)	(1)
Accretion of interest	6	20	14
Payments		(102)	(94)
Of which interest		*(21)*	*(14)*
Of which principal		*(81)*	*(80)*
Foreign currency translations and other		18	(9)
Closing balance		541	410

Maturity of lease liabilities

(millions of euros)	Year ended December 31, 2024	2023
Maturity		
< 1 year	66	86
Between 1 and 5 years	252	217
> 5 years	223	107
Lease liabilities	541	410

Cash outflow for leases and lease-related expenses

Total cash outflow and expenses for the leases of real-estate with maturity shorter than 12 months and expense relating to low-value assets recorded in the Statement of Profit or Loss amounted to €19 million for the year ended December 31, 2024 (compared to €19 million for the year ended December 31, 2023).

Note 13. Investments in equity affiliates

UMG's investments in associates and joint ventures that are accounted for using the equity method include investments in:

- Vevo LLC, a global music videos and entertainment services platform incorporated in the United States;
- Chord, an investment entity formed in Canada that holds a pure-play catalogue of premier music intellectual property; and,
- NTWRK, a premium live-video shopping platform and curated marketplace incorporated in the United States.

UMG's holds ownership interests in Vevo, Chord and NTWRK of 49.2%, 25.8% and 28.6%, respectively. As of December 31, 2024, the total carrying amount of these investments was €474 million (2023: €68 million).

Change in value of investments in equity affiliates

(millions of euros)	Year ended December 31, 2024	2023
Opening balance	222	156
Acquisitions[1]	395	74
Business combinations[2]	(56)	-
Income/(loss) from equity affiliates	4	-
Change in other comprehensive income	25	(4)
Dividends	(12)	(4)
Translation difference	-	-
Closing balance	578	222

1 Chord and NTWRK were acquired during 2024. Refer to Note 4.

2 In connection with the [PIAS] business combination, a step acquisition, UMG derecognised its pre-acquisition investment in [PIAS], previously accounted for using the equity method, on the October 2024 acquisition date. Refer to Notes 4 and 6.

Note 14. Capital and financial risk management

Capital risk management

UMG objectives when managing capital are to safeguard UMG's ability to continue to create value for shareholders, support the sustainable growth of the Group, and maintain a capital structure that optimizes its cost of capital. As a result, UMG endeavours to maintain a satisfactory economic return for its shareholders and guarantee economic access to external sources of funds.

During 2024, UMG maintained its Baa1 (with Moody's) and was upgraded to BBB+ by S&P - Long Term Credit Ratings. The syndicated RCF financial covenant requires that UMG maintain Baa2/BBB long term ratings with Moody's and S&P.

UMG and its subsidiaries are not subject to external capital requirements, other than the financial covenants as disclosed above.

To support this strategic goal, UMG management remains focused on the robust performance of the Free Cash Flow, a non-IFRS measure as defined in the definitions in the Appendix to the Annual Report, and effective Working Capital management, details on both are presented below.

Free cash flow

(millions of euros)	Year ended December 31, 2024	2023
Operating profit	1,775	1,418
Amortisation and depreciation expense	409	382
Non-cash share-based compensation expense, net of employees tax withheld	131	429
Impairment (reversal)/charge on intangible assets	2	(7)
Changes in provision, net	1	18
(Gain)/loss on sale of assets	(23)	(26)
Adjustments	520	796
Royalty advance payments, net of recoupments	(186)	(100)
Other changes in net working capital	(5)	164
Net cash provided by/(used for) operating activities before income tax paid	2,104	2,278
Income tax paid	(349)	(393)
Net cash provided by/(used for) operating activities	1,755	1,885
Net cash provided by/(used for) investing activities	(1,051)	(622)
Repayment of lease liabilities and related interest expenses	(102)	(94)
Interest, net	(81)	(77)
Other cash items related to financing activities	2	(10)
Free cash flow	523	1,082

Changes in working capital

(millions of euros)	December 31, 2023	Changes in operating working capital[1]	Business combinations	Changes in foreign currency translation adjustments	Other[2]	December 31, 2024
Inventories[3]	210	32	5	8	-	255
Trade accounts receivable and other	2,246	110	40	51	50	2,497
Of which:						
Trade accounts receivable	*646*	*107*	*35*	*18*	*7*	*813*
Expected credit losses	*(49)*	*4*	*-*	*-*	*3*	*(42)*
Working capital assets	2,456	142	45	59	50	2,752
Trade accounts payable and other	(5,711)	(137)	(75)	(214)	(257)	(6,394)
Other non-current liabilities	(715)	-	(30)	(23)	(688)	(1,456)
Working capital liabilities	(6,426)	(137)	(105)	(237)	(945)	(7,850)
Net working capital	(3,970)	5	(60)	(178)	(895)	(5,098)

1 Excludes content investments.

2 Mainly includes the change in net working capital relating to content investments, capital expenditures and other investments.

3 Total inventory obsolescence expense for the period was €68 million.

(millions of euros)	December 31, 2022	Changes in operating working capital[1]	Business combinations	Changes in foreign currency translation adjustments	Other[2]	December 31, 2023
Inventories[3]	163	52	-	(5)	-	210
Trade accounts receivable and other	2,014	309	3	(41)	(39)	2,246
Of which:						
Trade accounts receivable	*580*	*102*	*3*	*(16)*	*(23)*	*646*
Expected credit losses	*(62)*	*13*	*(1)*	*2*	*(1)*	*(49)*
Working capital assets	2,177	361	3	(46)	(39)	2,456
Trade accounts payable and other	(5,150)	(527)	(9)	134	(159)	(5,711)
Other non-current liabilities	(437)	2	(40)	5	(245)	(715)
Working capital liabilities	(5,587)	(525)	(49)	139	(404)	(6,426)
Net working capital	(3,410)	(164)	(46)	93	(443)	(3,970)

1 Excludes content investments.

2 Mainly includes the change in net working capital relating to content investments, capital expenditures and other investments.

3 Total inventory obsolescence expense for the period was €67 million.

Financial risk management

UMG business activities expose the Group to financial risks, including credit risk, liquidity risk, and market risk. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risks.

These risks are inherent to how UMG operates as a multinational with locally operating subsidiaries. To manage these risks, UMG has developed specific policies. The essence of measuring the performance of these policies is to strike a balance between managing risks and contributing to the financial results of UMG. UMG policies are risk-averse in that regard. Enforcement of procedures related to financial risk management is carried out by UMG Group Treasury in line with the guiding principles of the Group Treasury Policies.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by falling to discharge an obligation.

UMG's maximum credit risk exposure is equal to the carrying amounts of Trade and other receivables, refer to Note 15, and Cash position and borrowings, refer to Note 17, as presented in the Statement of Financial Position. Also, for the derivatives and assets at fair value via profit and loss, the maximum exposure to credit risk at the end of the reporting period is equal to the carrying amount, refer to Note 19 . The maximum credit risk exposure on guarantees issued corresponds to their nominal amounts, as presented in Note 18.

UMG aims to centralize its cash management with its Tier 1 banks, of which all the banks have credit ratings of minimum of A-.

UMG performs ongoing evaluations of the financial and non-financial condition of UMG customers and adjusts credit limits when appropriate. In instances where a customer's creditworthiness is determined not to be sufficient to grant the required credit limit, there are several mitigation tools that can be utilized to close the gap, including reducing payment terms, cash on delivery, prepayments and pledges on assets.

UMG's operational subsidiaries have set up procedures and systems to track their trade accounts receivable and recover outstanding amounts. In addition, some subsidiaries have insured their main client credit risks worldwide with a leading credit insurer.

Liquidity risk

Liquidity risk is the risk that UMG will not be able to meet its financial obligations as they fall due.

The primary objective of liquidity management is providing sufficient cash to enable UMG to meet its liabilities when due, under normal and stressed conditions, without incurring losses.

Neither the aged receivables of individual customers, nor the profile of the accounts receivable portfolio per segment, impose a significant threat to UMG's liquidity planning.

UMG Treasury provides for the short-term day-to-day cash management needs of the Group by organizing sweeps between international cash poolings. For medium term financing requirements, UMG Group Treasury determines the Group's overall debt position and its planned evolution based on the Group's 13-month rolling cash forecast. A liquidity analysis is performed to ensure the proper funding is in place to face medium-term needs.

Cash is pooled up to UMG NV from all territories participating in the international cash pooling arrangement. Cash is extracted from countries outside the cash pooling through dividends or upstream loans.

The objectives of liquidity management are to repay UMG's external debt and to pay UMG's dividend to the Group's shareholders. The list of permitted banks for liquidity management includes nine banks with minimum rating of A-.

The liquidity analysis includes a buffer of €400 million to provide for intra-month treasury swings and the incompressible treasury float. Adequate bank facilities are available as backup for Commercial paper. The maturity schedule for long-term external debt is maintained above 3 years and the current average maturity for long term external debt is 4.5 years. UMG Treasury ensures central compliance with financial covenants, pari-passu, and negative pledge clauses.

Total cash and cash equivalents position as at December 31, 2024, is disclosed in Note 17. Contractual obligations and their timing are disclosed in Note 18. In addition, as at December 31, 2024, UMG has undrawn Revolving Credit Facilities (RCF) of €1,250 million.

Market risk

Market risk is the possibility that an entity will experience losses due to factors that affect the financial markets. Market risk includes currency risk and interest rate risk as addressed below, but also risk of change in fair value of the financial instruments, including those traded on the active markets. At December 31, 2024, UMG held financial instruments measured at fair value as disclosed in Note 19, where the exposure of the risk and sensitivity are presented.

UMG risk management policies cover refinancing risk to ensure that under any market circumstances, UMG can refinance its debt on time and a reasonable cost. The objectives of refinancing risk management are to benefit from sufficient flexibility granted by the access to capital markets (in particular, Euro commercial papers, private placement and bond markets) and not rely solely on bank borrowings.

Interest rate risk

Interest rate risk is the risk of the fair value or future cash flows of a financial instrument fluctuating because of changes in the market interest rates. Financial instruments included in borrowings create an inherent interest rate risk.

UMG seeks to limit the period over which it is exposed to interest rate risk on the Group's borrowings. The preferred method of hedging interest rate risk is issuing long-term fixed-rate bonds. The use of interest-rate plain vanilla derivatives is also authorized. The list of authorized instruments includes interest rate swaps, FRAs, caps, and floors.

As for currency risk management, interest rate hedging operations are handled solely by UMG Treasury according to the Group's strategic goals set by the Group Chief Financial Officer. The speculative use of interest rate derivatives is strictly prohibited.

As of December 31, 2024, UMG had a ratio of fixed-rate debt to total outstanding debt of approximately 68%. A sensitivity analysis conducted in January 2025 on the gross debt portfolio shows that if short term EURIBOR were to increase instantaneously by 0.5% from their level of December 31, 2024, with all other variables held constant, the total change in annualized interest expense result would be €4 million.

Foreign currency risk

As any multinational group, UMG is exposed to transactional foreign currency risk on committed and forecast cash flows, that are denominated in a currency other than the transacting entity's functional currency. UMG is also exposed to translational risk, resulting from the translation of foreign operations into Euros. The main currencies that drive UMG's foreign currency risk are U.S. Dollar, British Pound and Japanese Yen.

UMG's exposure to foreign exchange transactional risk is greatly limited due to the offsetting of inflows and outflows in local currencies to the extent possible as a natural hedge. UMG Treasury mainly manages foreign currency risk exposure on balance sheet positions, primarily cash concentrations in non-Euro currencies held under the Group's cash pooling arrangements. UMG Treasury's foreign currency risk management policy is to hedge recognized assets and liabilities denominated in foreign currencies above a predefined threshold. UMG uses forward exchange rate contracts and foreign exchange swaps to manage this exposure. All material foreign currency balance sheet exposures are offset by derivatives, so potential foreign currency rate fluctuations as of December 31, 2024 would have no significant impacts on UMG's financial results. UMG did not apply hedge accounting to these derivatives in 2024 or 2023. Currency derivatives are not used for speculative purposes. The average maturity of these contracts is one month.

The table below summarises the net nominal value of the foreign currency balance sheet exposure and foreign exchange rate derivatives used to offset it as of December 31, 2024.

(millions of euros)	USD	GBP	JPY	Other	Total
Nominal value of Balance sheet exposure	91	623	133	385	1,232
Foreign exchange rate derivatives	(91)	(623)	(133)	(385)	(1,232)
Net exposure	–	–	–	–	–

Beginning in 2023, foreign currency translation risks are hedged to a limited extent, as the underlying currency positions are generally considered to be long-term in nature. If a hedge is entered into, it is accounted for as a net investment hedge.

Note 15. Trade and other receivables

	Year ended December 31,	
(millions of euros)	**2024**	**2023**
Trade receivables	2,244	1,986
Other receivables	253	260
Trade receivables, net of value allowance	2,497	2,246

	Year ended December 31,	
(millions of euros)	**2024**	**2023**
Current	2,160	1,895
Overdue 0-30 days	44	58
Overdue 31-150 days	25	25
Overdue >150 days	15	8
Trade receivables, net of value allowance	2,244	1,986

For the movements of the expected credit loss allowance and the credit risk management policies and procedures of UMG please refer to Note 14.

Note 16. Trade and other accounts payable

(millions of euros)	Year ended December 31, 2024	2023
Trade accounts payable	168	118
Music royalties to artists and repertoire owners	4,327	3,944
Accrued expenses	424	389
Creative talent and content liabilities	533	362
Other payables	530	490
Trade and other accounts payable	5,982	5,303
Current contract liabilities	412	408
Trade accounts payable and other	6,394	5,711

Out of the total amount of €408 million recognized in contract liabilities at the beginning of 2024, €365 million has been recognized as revenue for the year ended December 31, 2024. The total amount of current and non-current contract liabilities as at December 31, 2024 is €424 million (2023: €428 million).

Note 17. Cash position and borrowings

Cash position

(millions of euros)	Year ended December 31, 2024	2023
Cash and cash equivalents	553	413
Bank overdrafts	(8)	(26)
Cash and cash equivalents in the statement of cash flows	545	387

UMG operates in a number of territories where regulations do not authorise participation of local entities to the UMG global cash pooling. Only dividends and intra-group invoices are available to extract cash from these territories. The amount of cash held by UMG entities in these countries amounted to €466 million as of December 31, 2024.

Borrowings and other financial liabilities

	December 31, 2024			December 31, 2023		
(millions of euros)	Total	Long-term	Short-term	Total	Long-term	Short-term
Bonds	1,810	1,776	34	1,808	1,774	34
Drawn revolving credit facilities	–	–	–	–	–	–
Commercial papers	746	–	746	197	–	197
Bank overdrafts	8	–	8	26	–	26
Other	87	2	85	73	52	21
Borrowings at amortized cost	2,651	1,778	873	2,104	1,826	278
Cash and cash equivalents	(553)	–	(553)	(413)	–	(413)
Derivative financial assets	–	–	–	(2)	–	(2)
Net debt	2,098			1,689		

Borrowings include the following:

- €500 million of senior unsecured notes issued in June 2022, due on June 30, 2027 with a coupon of 3.00%.
- €500 million of senior unsecured notes issued in June 2022, due on June 30, 2032 with a coupon of 3.75%.
- €750 million of senior unsecured notes issued in June 2023, due on June 13, 2031 with a coupon of 4.00%.
- ¥7 billion (€45 million) of senior notes issued in July 2023 and due on July 5, 2038 with a coupon of 1.61%.
- €2 billion revolving credit facility extended in February 2023 to April 26, 2028.
- €500 million short-term bilateral floating rate revolving credit facility entered into in March 2023, which expired in March 2024.
- Up to €2 billion NEU commercial paper program established in July 2022.

Movements of borrowings

(millions of euros)	Drawn revolving credit facilities	Bonds	Bank overdrafts	Commercial papers	Other debt	Total
Balance December 31, 2022	125	1,004	1	929	191	2,250
New borrowings	1,075	794	26	4,738	34	6,667
Repayments	(1,200)	–	(1)	(5,469)	(145)	(6,815)
Translation differences and other movements	–	10	–	(1)	(7)	2
Balance December 31, 2023	–	1,808	26	197	73	2,104
New borrowings	300	–	8	3,897	124	4,329
Repayments	(300)	–	(26)	(3,351)	(104)	(3,781)
Translation differences and other movements	–	2	–	3	(6)	(1)
Balance December 31, 2024	–	1,810	8	746	87	2,651

Note 18. Contractual obligations and other commitments

UMG's material contractual obligations and contingent assets and liabilities include:

- Contractual content commitments. UMG routinely commits to pay agreed amounts to artists and other parties upon delivery of content or other products. Until the artist or the other party has delivered his or her content or until the recoupment of an advance, UMG discloses its obligation as an off-balance sheet commitment;
- Certain contractual obligations relating to the UMG's business operations, including leases and off-balance sheet commercial commitments, such as long-term service contracts and purchase or investment commitments; and
- Commitments related to UMG's financing: term loan and drawn committed bank credit facilities.

Contractual obligations

The table below analyses UMG's financial liabilities into relevant maturity groupings based on their contractual maturities. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant. Interest on long-term debt is based on floating rate adjustments according to market expectations.

	Minimum future payments as of December 31, 2024				Total minimum future payments as of
		Payments due in			
(millions of euros)	**Total**	**1 year**	**2-5 years**	**After 5 years**	**December 31, 2023**
Borrowings and other financial liabilities	3,086	868	778	1,440	2,449
Lease liabilities	664	89	309	266	463
Music royalties to artists and repertoire owners	4,343	4,327	16	-	3,957
Creative talent and content liabilities	944	533	411	-	603
Other payables	2,094	1,065	57	972	1,411
Consolidated statement of financial position items	11,131	6,882	1,571	2,678	8,883
Contractual content commitments	1,707	843	780	84	1,595
Other commitments[1]	875	778	96	1	287
Total off-balance sheet commitments	2,582	1,621	876	85	1,882
Total	13,713	8,503	2,447	2,763	10,765

1 In December 2024, the Company entered into a definitive agreement to acquire Downtown Music Holdings LLC., for an amount of $775m less net indebtedness and other liabilities. The acquisition is subject to regulatory approvals and is expected to occur in 2025.

Note 19. Financial assets and liabilities

The following table shows the carrying amounts and fair values of financial assets and liabilities according to their fair value hierarchy. Based on the nature, maturity or the magnitude of the amounts, UMG considers that the fair value of trade and other receivables, short-term deposits, loans receivable, borrowings, trade and other payables are not materially different from their carrying value.

Fair value hierarchy is based on the transparency of the inputs used and is as follows:

- Level 1: fair value measurement based on quoted prices in active markets for identical assets or liabilities;
- Level 2: fair value measurement based on observable market data (other than quoted prices included under Level 1), being for example, price on the last transactions on over-the-counter (OTC) markets; and
- Level 3: fair value measurement based on valuation techniques using inputs for the asset or liability that are not based on observable market data.

	December 31, 2024			
		Fair value		
(millions of euros)	**Carrying amount**	**Level 1**	**Level 2**	**Level 3**
Financial assets at fair value through profit and loss				
Listed equity securities	2,945	2,945	–	–
Other financial assets	112	–	7	105
Trade and other receivables	–	–	–	–
Financial assets at fair value through other comprehensive income				
Unlisted equity securities	18	–	–	18
Financial assets at amortised cost				
Trade and other receivables	2,497	–	–	–
Other financial assets	197	–	–	–
Total financial assets	5,769	2,945	7	123
Financial liabilities at fair value through profit and loss				
Trade and other payables	(3)	(3)	–	–
Other non-current liabilities	(63)	(8)	–	(55)
Financial liabilities at amortised cost				
Trade and other payables	(6,391)	–	–	–
Bonds	(1,810)	(1,791)	–	–
Borrowings, excluding bank overdrafts and bonds	(833)	–	–	–
Other non-current liabilities	(1,393)	–	–	–
Total financial liabilities	(10,493)	(1,802)	–	(55)

(millions of euros)	Carrying amount	December 31, 2023 Fair value Level 1	Level 2	Level 3
Financial assets at fair value through profit and loss				
Listed equity securities	1,227	1,227	-	-
Other financial assets	75	-	55	20
Trade and other receivables	-	-	-	-
Financial assets at fair value through other comprehensive income				
Unlisted equity securities	20	-	-	20
Financial assets at amortised cost				
Trade and other receivables	2,246	-	-	-
Other financial assets	205	-	-	-
Total financial assets	**3,773**	**1,227**	**55**	**40**
Financial liabilities at fair value through profit and loss				
Trade and other payables	(4)	(4)	-	-
Other non-current liabilities	(35)	(5)	-	(30)
Financial liabilities at amortised cost				
Trade and other payables	(5,707)	-	-	-
Bonds	(1,808)	(1,808)	-	-
Borrowings, excluding bank overdrafts and bonds	(270)	-	-	-
Other non-current liabilities	(680)	-	-	-
Total financial liabilities	**(8,504)**	**(1,817)**	**-**	**(30)**

Listed equity portfolio

	Number of shares held (thousands)	Ownership interest	Average purchase price[1,2] (€/share)	Stock market price (€/share)	Carrying value (millions of euros)	Change in value over the period (millions of euros)	Cumulative unrealized captial gain/ (loss)[3] (millions of euros)	Sensitivity at +/- 10 pts (millions of euros)
Spotify	6,487	3.27%	6.58	171.36	1,112	629	1,069	+111/-111
Tencent Music Entertainment	12,246	0.78%	na	8.22	101	5	101	+10/-10
Other					14	(4)	14	
Total at December 31, 2023					**1,227**	**630**	**1,184**	
Spotify	6,487	3.16%	6.58	431.90	2,802	1,690	2,759	+280/-280
Tencent Music Entertainment	12,246	0.79%	na	10.96	134	33	134	+13/-13
Other					9	(5)	9	
Total at December 31, 2024					**2,945**	**1,718**	**2,902**	

1 Includes acquisition fees and taxes.

2 na: not applicable.

3 Includes revaluation gains, net of liabilities, of €1,163 million in 2024 (€425 million in 2023) as recognized in Note 6.

Note 20. Equity

Share capital

UMG has an authorized share capital of €27,000 million divided into 2,700,000,000 ordinary shares with a nominal value of €10 per share. On December 31, 2024, the issued and fully paid share capital consisted of 1,829,281,171 ordinary shares with a nominal value of €10 per share (2023: 1,821,665,441 ordinary shares with a nominal value of €10 per share).

Additional paid-in capital

Additional paid-in capital represents the premium paid in excess of the par value of shares at the time of the issuance of new shares.

Treasury shares

As at December 31, 2024, UMG held 214,235 shares (2023: 214,235 shares) as Treasury shares.

Retained Earnings

Dividend Distribution

On May 16, 2024 the shareholders approved a dividend distribution of €0.27 per ordinary share, corresponding to a total distribution of €494 million, paid in June 2024.

On July 23, 2024 the directors approved an interim dividend distribution of €0.24 per ordinary share, corresponding to a total distribution of €439 million paid in October 2024.

UMG plans to annually declare and pay dividends to all holders of the Shares on a pro-rata basis in two semi-annual instalments, in the aggregate amount of no less than 50% of UMG's net profits realized during the relevant financial year, subject to agreed non-cash items. UMG intends to pay an interim dividend in the fourth quarter of each financial year, after the publication of the half-year figures of the Group, and a final dividend in the second quarter of the following financial year, to be paid following approval of the UMG's financial statements at its Annual General Meeting.

A proposal will be submitted to the 2025 Annual General Meeting of Shareholders to pay a final dividend of €0.28 per ordinary share corresponding to a distribution of €512 million, in cash, from the 2024 retained earnings, payable in Q2 2025. This would bring the total dividend for 2024 to €951 million, or €0.52 per ordinary share.

Note 21. Expenses and income directly recognized in other comprehensive income

Details of changes in equity related to other comprehensive income

	Items not subsequently reclassified to profit & loss		Items to be subsequently reclassified to profit & loss			
(millions of euros)	Actuarial gains/ (losses) related to employee defined benefit plans	Financial assets at fair value through other comprenhensive income	Foreign currency translation adjustments	Other comprehensive income from equity affiliates, net	Net gain/ (losses) on hedge of net investment	Other comprehensive income
Balance as of December 31, 2022	(11)	(5)	(16)	3	-	(29)
Expenses and income directly recognized in other comprehensive income	(5)	(1)	(153)	(4)	5	(158)
Tax effect	2	-	3	-	3	8
Balance as of December 31, 2023	(14)	(6)	(166)	(1)	8	(179)
Expenses and income directly recognized in other comprehensive income	(17)	(4)	261	25	3	268
Tax effect	5	-	(6)	-	-	(1)
Balance as of December 31, 2024	(26)	(10)	89	24	11	88

Note 22. Provisions

(millions of euros)	Note	Year ended December 31, 2024	2023
Post-retirement employee benefits	23	178	166
Royalty audit claims		118	129
Deferred employee compensation		31	31
Restructuring costs		53	19
Litigations		19	21
Other		62	56
Provisions		461	422
Deduction of current provisions		(195)	(122)
Non-current provisions		266	300

Based on the historical utilisation rate, UMG expects the royalty audit claims provision will be utilized mainly within the next 4 years.

Movements in provisions

(millions of euros)	Restructuring	Litigation	Royalty audit claims	Other	Total
Balance as at January 1, 2024	19	21	129	56	225
Additions	108	1	54	–	163
Utilizations	(74)	(2)	(36)	(4)	(116)
Releases	(1)	–	(32)	(6)	(39)
Changes in foreign currency translation adjustments and other	1	(1)	3	16	19
Balance as at December 31, 2024	53	19	118	62	252
Current	50	16	70	35	171
Non-current	3	3	48	27	81

Note 23. Post-retirement employee benefits

In accordance with the laws and practices of each country in which it operates, UMG participates in, or maintains, employee benefit plans providing retirement pensions, post-retirement health care, life insurance and other post-employment benefits to eligible (former) employees and such of their beneficiaries who meet the required conditions. Post-retirement benefits are provided for substantially all employees through defined contribution plans, which are integrated with local social security, or defined benefit plans, which are generally managed via group pension plans.

The plan funding policy implemented by UMG is consistent with applicable government funding requirements and regulations. Refer to Note 5 for the contribution to defined contribution plans. Post-employment benefits covered in this note relate to defined-benefit pension and other post-retirement defined benefit plans, including medical plans and life insurance. The benefits provided by these plans are based on employees' years of service and compensation levels.

Refer to the table below for the present value of the net defined benefit obligations and plan assets per country as at 31 December.

	2024			2023		
(millions of euros)	Obligation	Fair value of plan assets	Net obligation/ (asset)	Obligation	Fair value of plan assets	Net obligation/ (asset)
Germany	147	(1)	146	136	(1)	135
U.S.	19	–	19	18	–	18
Other	38	(36)	2	38	(35)	3
Total	204	(37)	167	192	(36)	156
of which						
assets related to employee benefit plans			(11)			(10)
liabilities for employee benefit plans			178			166

Germany

The post-retirement benefit plans in Germany aim to provide pension benefits to eligible (former) employees and such of their beneficiaries who meet certain conditions. The total obligation as presented above includes multiple plans, from which three are material. These plans are closed to new entrants since 2003 and earlier. In accordance with current regulations, these plans are not funded and are not covered by the plan assets. The main risks for UMG relate to changes in discount rates and inflation rates.

United States

The defined benefit liability in the United States mainly relates to the post-retirement medical care benefits. Post-retirement medical benefit plans in the United States are not covered by plan assets in accordance with local laws and practices.

Cash flow impact for 2025

In 2025 UMG expects a cash outflow of €15 million in relation to all defined benefit plans.

Net defined benefit obligations/(assets)

Movements of the net defined benefit obligations and plan assets for the year ended on December 31, are presented in the following tables.

(millions of euros)	Note	2024 Obligation	2024 Fair value of plan assets	2024 Net obligation/(asset)
Opening balance		192	(36)	156
Current service cost	5	1	–	1
(Gain)/loss on settlements		–	–	–
Other		–	–	–
Impact on selling & administrative expenses		*1*	*–*	*1*
Interest cost	6	6	–	6
Expected return on plan assets	6	–	(1)	(1)
Impact on other financial income		*6*	*(1)*	*5*
Included in the statement of profit or loss		7	(1)	6
Actuarial losses/(gains) related to:				
Experience adjustments		14	(3)	11
Financial assumptions		6	–	6
Demographic assumptions		–	–	–
Included in other comprehensive income	21	*20*	*(3)*	*17*
Contributions by employers		–	(13)	(13)
Benefits paid by the fund		(3)	3	–
Benefits paid by the employer		(12)	12	–
Foreign currency and other		–	1	1
Closing balance		204	(37)	167
of which				
wholly or partly funded benefits		*33*		
wholly unfunded benefits[1]		*171*		
assets related to employee benefit plans				*(11)*
liabilities for employee benefit plans				*178*

1 Included a current liability of €15 million as of December 31, 2024.

(millions of euros)	Note	2023 Obligation	2023 Fair value of plan assets	2023 Net obligation/ (asset)
Opening balance		194	(41)	153
Current service cost	5	2	-	2
(Gain)/loss on settlements		-	-	-
Other		-	-	-
Impact on selling & administrative expenses		*2*	*-*	*2*
Interest cost	6	7	-	7
Expected return on plan assets	6	-	(1)	(1)
Impact on other financial income		*7*	*(1)*	*6*
Included in the statement of profit or loss		9	(1)	8
Actuarial losses/(gains) related to:				
Experience adjustments		(3)	-	(3)
Financial assumptions		9	-	9
Demographic assumptions		(1)	-	(1)
Included in other comprehensive income	21	*5*	*-*	*5*
Contributions by employers		-	(12)	(12)
Benefits paid by the fund		(2)	2	-
Benefits paid by the employer		(12)	12	-
Foreign currency and other		(2)	4	2
Closing balance		192	(36)	156
of which				
wholly or partly funded benefits		*33*		
wholly unfunded benefits[1]		*159*		
assets related to employee benefit plans				*(10)*
liabilities for employee benefit plans				*166*

1 Included a current liability of €13 million as of December 31, 2023

Assumptions used in the valuation of the net defined benefit liability

The mortality tables used for UMG's major defined benefit schemes in Germany are Richttafeln 2018 G K. Heubeck.

Other key assumptions used in the valuation of the net defined benefit plans liability are: rate of compensation increase, discount rate, and expected return on plan assets. The weighted-average assumptions used to calculate the defined-benefit obligation as of December 31 were as follows:

	Germany		U.S.		Weighted average of all plans	
	2024	**2023**	**2024**	**2023**	**2024**	**2023**
Discount rate	3.30%	3.50%	5.47%	5.28%	3.33%	3.51%
Inflation rate	2.00%	2.00%	na	na	2.00%	2.00%
Rate of compensation increase	2.00%	2.50%	na	na	1.96%	2.39%
Duration of the benefit obligation (in years)					9.9	9.6

na: not applicable.

A 50 basis point increase (or a 50 basis point decrease, respectively) to the 2024 discount rate would have led to a decrease in the defined benefit obligation of €9.5 million (2023: €9.1 million) (or an increase of €10.4 million (2023: €9.9 million), respectively), assuming all other assumptions remain unchanged.

A 50 basis point increase (or a 50 basis point decrease, respectively) to the 2024 inflation rate would have led to a increase in the defined benefit obligation of €7.6 million (2023: €6.8 million) (or an decrease of €7.1 million (2023: €6.3 million), respectively), assuming all other assumptions remain unchanged.

Pension plan assets allocation

(millions of euros)	Year ended December 31, 2024	2023
Insurance contracts	55%	54%
Equity securities	22%	21%
Debt securities	14%	15%
Diversified funds	0%	0%
Cash and other	9%	10%
Total	**100%**	**100%**

Note 24. Share-based compensation plans

In 2022, UMG received formal approval from its shareholders to implement an equity plan, the UMG Global Equity Plan. Under the plan, Restricted Stock Units (RSUs) and Performance Stock Units (PSUs) are granted to senior executives to align the interests of the employees of UMG with its shareholders' interests by providing them with an additional incentive to improve UMG's performance and increase its share price on a long-term basis. In addition, the Annual Incentive Plan (AIP) for these senior executives was modified such that all or a portion of the payment under the plan may be settled in equity at the discretion of UMG. In 2023 and continuing in 2024, the equity plan was extended to additional executives, certain non-executive board directors and a number of senior management personnel, resulting in the issuance of additional RSUs, PSUs and also Performance Stock Options (PSOs).

UMG Restricted Stock Units (RSUs)

Starting in the last quarter of 2022, and continuing for each year of service under the term of their contracts, certain senior executives and senior management are granted RSUs, being a right to receive shares upon vesting. The awards have vesting periods of 2.5 to 8 years and will vest in 3 equal instalments if the service condition is fulfilled. The grant date weighted-average UMG share market price of the RSUs was €22.21 (2023: €21.50) per share corresponding to the total fair value of €343 million (2023: €367 million) of such awards.

In addition, a one-off RSU award was granted to certain senior executives and senior management with an average 15 months vesting period in 2 equal instalments. The grant date weighted-average UMG share market price of the one-off RSUs was €23.04 (2023: €21.18) per share corresponding to the total fair value of €8 million (2023: €205 million) of such awards.

The RSUs granted to certain non-executive board directors have vesting periods of 1 to 2 years. The grant date weighted-average UMG share market price was €28.16 per share corresponding to the total fair value of €2 million of such awards.

There was a number of RSUs granted with slightly different service conditions. The grant date weighted-average UMG share market price was €22.65 (2023: €22.67) per share corresponding to the total fair value of €41 million (2023: €51 million) of such awards.

The share rights are dividend-bearing during the service period. The total expense for these awards recognised in 2024 was €185 million (2023: €469 million) and the total equity reserve at December 31, 2024 was €203 million (2023: €308 million).

UMG Performance Stock Units (PSUs)

Starting in the last quarter of 2022, and continuing for each year of service under the term of their contracts, certain senior executives and senior management are granted PSUs, being a right to receive shares upon vesting. The vesting of these rights is subject to service, market and non-market performance conditions.

For these PSUs, the total number of shares delivered will range from 0% to 200% of the number of PSUs granted based on certain performance conditions tailored to each participant. These include non-market performance conditions: target compound annual growth rate for revenues (Revenue CAGR) and Adjusted EBITDA (Adjusted EBITDA CAGR) and a market performance condition: relative total shareholder return (TSR). In addition, the employee must remain in continued service for a three-year period. The share rights are dividend-bearing during the performance period.

The estimated grant date weighted-average UMG share market price of the PSUs was €24.92 (2023: €25.45) per share corresponding to the total fair value of €168 million (2023: €130 million) of such awards. The grant date fair value was estimated taking into account the market performance condition.

There was a small number of PSU awards with slightly different service and performance conditions. The estimated grant date UMG share market price of €25.81 (2023: €25.81) per share corresponding to the total fair value of €18 million (2023: €18 million) of such awards.

The total expense for these awards recognised in 2024 was €96 million (2023: €47 million) and the total equity reserve at December 31, 2024 was €141 million (2024: €52 million).

Annual Incentive Program (AIP)
In 2022, the AIP for senior executives, which was previously settled only in cash and accrued throughout the year, was modified to allow UMG the choice of whether to settle in cash, shares, or a combination of the two. Such modification did not change the fair value of the award compared to the previously accrued AIP payable. UMG expects to settle 50% of the AIP in cash and 50% in shares. UMG has a constructive obligation to settle 50% of the award in cash. The total AIP expense for the full calendar year starting January 1, 2024, being the start of the service period for the 2024 award, was €61 million (2023: €47 million) with the cash-settled AIP accrual amounting to 50% of the total expense.

The vesting conditions of the AIP awards are a one-year service period and certain internally measured performance conditions including Adjusted EBITDA, revenue and cash flow from operations (CFFO). The amount received can vary between 0% and 200% of the on-target amount based on the actual performance against these performance criteria.

The number of shares granted is based on the total value of the award and UMG's share price on 15 March. The total fair value of the equity-settled portion of the total AIP is €31 million (2023: €25 million).

UMG Performance Stock Options (PSOs)
In 2023, PSOs were granted to a senior executive. The PSOs are subject to a service condition and a market condition. Under the service condition, the options will vest annually in four substantially equal instalments on each of the first four anniversaries of the grant date, subject to the senior executive's continued employment by UMG on those dates. The market condition requires that certain stock price hurdles be met before the PSOs become exercisable. The stock price hurdles are met as follows: one-third of the PSOs each becomes exercisable at hurdle prices of €26.50, €30.00 and €38.00, respectively, based on the preceding 30-day average closing price of UMG N.V. shares. The PSOs were granted on March 30, 2023 at a total fair value of €45.9 million ($50 million), the grant date fair value used for recognising the expense on these awards. In accordance with the PSO terms, the number of options issued was determined at a later valuation date, April 30, 2023.

During the first half of 2024, PSOs were granted to another senior executive. The PSOs are subject to a service condition and a market condition. The terms of the service conditions and market condition are the same as the previously granted PSOs with the exception of the stock price hurdles. The stock price hurdles are met as follows: one-third of the PSOs each becomes exercisable at hurdle prices of €30.00, €34.00 and €38.00, respectively, based on the preceding 30-day average closing price of UMG N.V. shares. The PSOs were granted on May 30, 2024 at a total fair value of €4.6 million ($5 million), the grant date fair value used for recognising the expense on these awards. In accordance with the PSO terms, the number of options issued was determined at a later valuation date, May 31, 2024.

Both senior executives must be employed by UMG on the occurrence of the stock price hurdles. As a result, the PSOs vest at the later of completion of service condition or the stock price hurdle. Awards will forfeit if the relevant stock price hurdle is not met in the five-year period following the grant date. The PSOs will be equity-settled.

As of each respective valuation date, a Monte Carlo simulation was performed to determine the number of options to be issued so that the per unit fair values summed in total to the grant date fair value. The valuation exercise simulated the stock price of UMG over the contractual term, taking into account the terms and conditions on which the options were granted, expected dividend distributions and the historical volatility of UMG. UMG's historical volatility was also benchmarked against the long-term volatility of other listed groups considered comparable to UMG.

The number and weighted average exercise price (WAEP) of, and movements in, share options were as follows:

	2024		2023	
	Number (thousands)	WAEP	Number (thousands)	WAEP
Outstanding at 1 January	8,625	€ 19.81	-	na
Granted during the year	610	€ 28.58	8,625	€ 19.81
Forfeited during the year	-	na	-	na
Exercised during the year	-	na	-	na
Expired during the year	-	na	-	na
Outstanding at 31 December	9,235	€ 20.61	8,625	€ 19.81
Exercisable at 31 December	719	€ 19.81	-	na

The weighted average remaining contractual life for the share options outstanding as at December 31, 2024 was 3.34 years (2023: 4.34 years).

The weighted average fair value of options granted during the year was €7.6 (2023: €5.3).

The range of exercise prices for options outstanding at the end of the year was €19.81 to €28.58 (2023: €19.81).

The following table lists additional weighted average inputs to the Monte Carlo model used for the PSOs for the awards granted during the period:

	2024	2023
Dividend yield (%)	2.00	2.00
Expected volatility (%)	30.70	34.60
Risk free interest rate (%)	2.93	2.64
Weighted average share price at valuation date (€)	28.58	19.81

The dividend distribution during the lifetime of the option has been estimated based on historical and forecasted data and is not necessarily indicative of yield patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which also may not necessarily be the actual outcome.

The total expense for these awards recognised in 2024 was €17 million (2023: €10 million) and the total equity reserve at year end was €28 million (2023: €10 million).

Estimated future tax obligation

An estimate of the amount that UMG expects to transfer to tax authorities to settle the employees' tax obligations in relation to all RSU, PSU, PSO and AIP is €335 million (2023: €439 million).

All Employee Award

In October 2022, each eligible employee of UMG was granted 100 shares to be vested at the end of one-year service period. The grant date share price was €17.25 per share. A total of 0.75 million shares was granted with the majority vesting in October 2023.

The total expense for these awards recognised in 2024 was €0 million (2023: €9 million) and the total equity reserve at year end was €0 million (2023: €0 million).

Note 25. Related parties

UMG's related parties include the Corporate Executives and non-executive board members

Corporate Executive compensation

As of December 31, 2024, UMG's Corporate Executives are comprised of 9 (2023: 9) members, of which 2 (2023: 2) were Executive Directors on the UMG N.V. board. The Corporate executives are as defined in the Appendix of the Annual Report. The Executive directors are also members of the UMG N.V. board. Their aggregate compensation is presented in the table below.

	Year ended December 31, 2024		
(millions of euros)	Other Corporate Executives	Executive Directors	Corporate Executives
Short-term employee benefits	20	20	40
Post-employment benefits	1	-	1
Other long-term benefits	-	-	-
Termination benefits	-	-	-
Share-based payments	66	51	117
Corporate Executives	87	71	158

	Year ended December 31, 2023		
(millions of euros)	Other Corporate Executives	Executive Directors	Corporate Executives
Short-term employee benefits	18	29	47
Post-employment benefits	-	-	-
Other long-term benefits	2	-	2
Termination benefits	-	-	-
Share-based payments	70	38	108
Corporate Executives	90	67	157

Refer to the Remuneration Report section in the Annual Report for more detail.

Non-executive board compensation

As of December 31, 2024 UMG's non-executive board received director fees of €1 million (2023: €1 million) and share-based compensation of €1 million (2023: €0 million).

Other related-party transactions

Other related parties include:

- companies fully consolidated by UMG. The transactions between these companies have been eliminated for the preparation of UMG's Annual Financial Statements;
- companies over which UMG exercises a significant influence or has joint control;
- all companies that are controlled or jointly controlled by Corporate Executives or their close relatives; and
- all companies that have a significant influence over UMG.

UMG distributes its cash surpluses to shareowners through dividends and share capital reductions (please refer to Note 20). Vivendi and UMG had previously entered into a transition and services agreement in connection with the separation, the terms of which Vivendi and its subsidiaries will provide to UMG, and UMG will provide to Vivendi and its subsidiaries, on an interim, various transitional basis services as applicable, including but not limited to: (i) a limited selection of treasury related services and applications; (ii) a limited selection of accounting services and accounting software related services and applications; (iii) taxation related services; and (iv) certain employee related principles in connection with the direct listing on the Euronext Amsterdam. This transaction and services agreement ceased in the first half of 2023.

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

(millions of euros)	December 31, 2024 Associates	Shareholders	Other	Total
Statement of Financial Position				
Assets				
Trade accounts receivable	89	2	-	91
Loans and other receivables	101	-	-	101
Other financial assets	58	-	-	58
Liabilities				
Trade accounts payable	(1)	-	-	(1)
Statement of Profit or Loss				
Revenue	286	9	-	295
Cost of revenues	-	-	-	-
Selling, general and administrative expenses	(20)	(2)	(1)	(23)
Other financial income	6	-	-	6

(millions of euros)	December 31, 2023 Associates	Shareholders	Other	Total
Statement of Financial Position				
Assets				
Trade accounts receivable	52	4	1	57
Loans and other receivables	105	-	-	105
Other financial assets	-	-	-	-
Liabilities				
Trade accounts payable	-	-	-	-
Statement of Profit or Loss				
Revenue	268	8	2	278
Cost of revenues	-	-	-	-
Selling, general and administrative expenses	(2)	(2)	-	(4)
Other financial income	-	-	-	-

Note 26. Litigation

In the normal course of its business, Universal Music Group is subject to various lawsuits, arbitrations and governmental, administrative or other proceedings (collectively referred to herein as "Legal Proceedings"). However, based on the information currently available, UMG believes that the outcome from these Legal Proceedings will not have a material impact on UMG's consolidated results of operations and financial position.

Note 27. List of consolidated entities

The Consolidated financial statements comprise the assets and liabilities of 440 legal entities. Set out below is a list of material subsidiaries, representing more than 75% of UMG's consolidated sales.

All the entities are 100% owned.

Legal entity name	Principal country of business
Universal Music Group N.V.	Netherlands
Universal Music Group, Inc.	United States
Universal Music Group Holdings, Inc.	United States
UMG Recordings, Inc.	United States
Universal International Music B.V.	Netherlands
Universal Music Entertainment GmbH	Germany
Universal Music LLC	Japan
Universal Music Holdings Ltd.	United Kingdom
Universal Music Group Treasury S.A.S.	France

UMG does not have subsidiaries that have non-controlling interests that are material for its Consolidated financial statements.

Note 28. Statutory auditors fees

Fees for audit services include the audit of the financial statements of the UMG and its subsidiaries. Fees for other audit services include review of interim financial statements, sustainability, and other audits. Fees for tax services include tax compliance and tax advice. Fees for other non-audit services include agreed-upon procedures and advisory services. Fees for tax and other non-audit services are related to the network outside the Netherlands and are in accordance with local independence regulation.

	Year ended December 31,	
(millions of euros)	2024	2023
	EY Accountants B.V.	**EY Accountants B.V.**
Audit of UMG and its subsidiaries	8	8
Other assurance-related fees[1]	-	-
Tax services	-	-
Other non-audit services	-	-
Total[2]	8	8

1 Total sustainability audit fees was €0 million (2023: €0 million).

2 Total fees charged by the Dutch organization of EY Accountants B.V. was €3 million (2023: €4 million).

Note 29. Audit exemptions

UMG has provided guarantees to the following subsidiaries, incorporated in the Netherlands, under the registered number indicated, under section 403 of Book 2 of the Dutch Civil Code. As these companies' financial data is consolidated within these financial statements, the Dutch entities are allowed to prepare abridged financial statements which are exempt from publication and audit.

Name	Company Number
Universal International Music B.V.	31018439
Universal Music Publishing International B.V.	31037866
Universal Music Publishing B.V.	32101966
CMHL B.V.	32140273
Universal Production Music B.V.	85798479

In addition UMG has provided guarantees to the following subsidiaries, incorporated in Germany, under the registered number indicated, under section 264 paragraph 3 of the German Commercial Code. The financial data for these companies are also consolidated within these financial statements therefore the German entities are allowed to prepare abridged financial statements which are exempt from publication and audit.

Name	Company Number
Arabella Musikverlag GmbH	HRB 110271
Centre Stage Artist Management GmbH	HRB 66733
Deutsche Grammophon Gesellschaft mbH	HRB 138012
Dreiklang-Dreimasken, Bühnen- und Musikverlag Gesellschaft mit beschränkter Haftung	HRB 110736
G. RICORDI & Co. Bühnen- und Musikverlag GmbH	HRB 153334
Musik Edition Discoton, Gesellschaft mit beschränkter Haftung	HRB 110249
Rob. Forberg Musikverlag GmbH	HRB 153343
Rondor Musikverlag G.m.b.H.	HRB 89705
Sheffield Music GmbH	HRB 221164
UNIVERSAL / MCA Music Publishing GmbH	HRB 85574
Universal Music Entertainment GmbH	HRB 86559
Universal Music GmbH	HRB 158632
Universal Music Publishing GmbH	HRB 87411
Universal Production Music GmbH	HRB 113037

Note 30. Subsequent events

The Group has evaluated subsequent events and no events have been identified that could have a material impact on its financial statements.

COMPANY STATEMENTS

CONTENTS OF COMPANY STATEMENTS

COMPANY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended December 31,	
(millions of euros)	Note	2024	2023
Dividend income	3	572	-
General and administrative expenses	4	(3)	(7)
Operating profit		569	(7)
Financial income	5	33	43
Financial expenses	5	(207)	(142)
Profit/(loss) before income taxes		395	(106)
Income taxes		(4)	27
Profit/(loss) after income taxes		391	(79)
Net profit/(loss) attributable to equity holders of the Company		391	(79)
Total comprehensive profit/(loss) attributable to equity holders of the Company		391	(79)

COMPANY STATEMENT OF FINANCIAL POSITION

(millions of euros)	Note	Year ended December 31, 2024	2023
Right of use assets		-	1
Investments in subsidiaries	6	35,930	35,930
Non-current financial assets	7	4	6
Deferred tax assets		47	30
Non-current assets		**35,981**	**35,967**
Current financial assets	7	532	66
Cash and cash equivalents	8	33	1
Current assets		**565**	**67**
TOTAL ASSETS		**36,546**	**36,034**

(millions of euros)	Note	Year ended December 31, 2024	2023
Share capital		18,293	18,217
Additional paid-in capital		15,041	14,994
Treasury Shares		(5)	(5)
Retained earnings		(1,975)	(1,442)
Total equity	10	**31,354**	**31,764**
Long-term borrowings	8	1,776	1,774
Long-term lease liabilities		1	1
Non-current liabilities		**1,777**	**1,775**
Short-term borrowings	8	3,395	2,490
Trade and other payables		20	5
Current liabilities		**3,415**	**2,495**
Total liabilities		**5,192**	**4,270**
TOTAL EQUITY AND LIABILITIES		**36,546**	**36,034**

COMPANY STATEMENT OF CASH FLOWS

		Year ended December 31,	
(millions of euros)	Note	2024	2023
Operating activities			
Operating profit		569	(7)
Changes in net working capital		(1)	(7)
Net cash used for operating activities before income tax paid		**568**	*(14)*
Income tax paid		(4)	(4)
Net cash provided by/(used for) operating activities		**564**	**(18)**
Investing activities			
Increase in financial assets	7	(445)	-
Interest received		12	43
Proceeds from subsidiaries on issuance of Share Based Payments awards		131	495
Net cash provided by/(used for) investing activities		**(302)**	**538**

		Year ended December 31,	
(millions of euros)	Note	2024	2023
Financing activities			
Distributions to equity holders	10	(933)	(929)
Transactions with shareowners		**(933)**	**(929)**
Proceeds from borrowings	8	4,556	7,198
Repayments of borrowings	8	(3,651)	(6,669)
Interest paid		(195)	(127)
Other cash items related to financial activities		(3)	(6)
Net cash provided by/(used for) financing activities		**(226)**	**(533)**
Change in cash and cash equivalents		**36**	**(13)**
Cash and cash equivalents			
At beginning of the period	8	(3)	10
At end of the period	8	33	(3)

COMPANY STATEMENT OF CHANGES IN EQUITY

		Year ended December 31, 2024					
(millions of euros)	Note	Number of shares (thousands)	Share Capital	Additional paid-in capital	Treasury shares	Retained Earnings	Total equity
BALANCE AS OF DECEMBER 31, 2023		1,821,665	18,217	14,994	(5)	(1,442)	31,764
Net profit		–	–	–	–	391	391
TOTAL COMPREHENSIVE INCOME		–	–	–	–	391	391
Dividends paid	10	–	–	–	–	(933)	(933)
Share-based compensation plans	10	7,616	76	47	–	8	131
TOTAL CHANGES OVER THE PERIOD		7,616	76	47	–	(925)	(802)
BALANCE AS OF DECEMBER 31, 2024		1,829,281	18,293	15,041	(5)	(1,976)	31,353

		Year ended December 31, 2023					
(millions of euros)	Note	Number of shares (thousands)	Share Capital	Additional paid-in capital	Treasury shares	Retained Earnings	Total equity
BALANCE AS OF DECEMBER 31, 2022		1,813,513	18,135	14,935	(5)	(721)	32,344
Net loss		–	–	–	–	(79)	(79)
TOTAL COMPREHENSIVE INCOME		–	–	–	–	(79)	(79)
Dividends paid	10	–	–	–	–	(929)	(929)
Share-based compensation plans	10	8,152	82	59	–	287	428
TOTAL CHANGES OVER THE PERIOD		8,152	82	59	–	(642)	(501)
BALANCE AS OF DECEMBER 31, 2023		1,821,665	18,217	14,994	(5)	(1,442)	31,764

NOTES TO THE COMPANY FINANCIAL STATEMENTS

Note 1. General information

Universal Music Group N.V. ("the Company") is a public company with limited liability incorporated under the laws of the Netherlands and listed on Euronext Amsterdam under the symbol 'UMG.AS'.

The Company was formed to ultimately act as a holding company for Universal Music Group ("UMG").

The Company's official seat (statutaire zetel) is in Amsterdam, The Netherlands, and the Company's principal office is located at 's-Gravelandseweg 80, 1217 EW Hilversum The Netherlands. The Company is registered with the Dutch Chamber of commerce under number 81106661.

Incorporation

The Company was incorporated on December 4, 2020. On February 26, 2021, the Company obtained all of the shares of Universal International Music B.V. and Universal Music Group, Inc. from Vivendi and the consortium led by Tencent by issuing new shares, to its shareholders.

This internal reorganization of the shareholding structure of UMG was scheduled as part of the agreement signed in December 2019 by Vivendi and the Tencent-led consortium, a prerequisite for the company's planned listing on the stock market.

The prospectus relating to the admission to listing and trading of the shares of the Company on Euronext Amsterdam was approved by the Dutch Authority for the Financial Markets (Stichting Autoriteit Financiële Markten) on September 14, 2021 and is available on the Company's websites.

On September 21, 2021, the shares of the Company started trading on the regulated market of Euronext Amsterdam.

Note 2. Basis of preparation

2.1 Statement of compliance

For the year ended December 31, 2024, the Company have prepared its financial statements in accordance with the IFRS Accounting Standards (IFRS) as issued by International Accounting Standards Board (IASB), IFRS as endorsed by the European Union (EU) and with the statutory provisions of Part 9, Book 2 of the Dutch Civil Code. The Company financial statements are prepared by the Board of Management of the Company and authorized for issue on March 27, 2025 and will be submitted for adoption to the Annual General Meeting of Shareholders on May 14, 2025.

2.2 Basis of measurement

The Company financial statements were prepared using the same accounting policies as set out in the notes to the consolidated financial statements at December 31, 2024 (the "Consolidated financial statements"), except for the measurement of the investments as presented under Note 2.5 in the Company financial statements. The accounting policies were consistently applied to all periods presented.

2.3 Foreign currency translation

The Company financial statements are presented in millions of euros, unless stated otherwise. The functional currency of the Company is Euro.

Foreign currency

Foreign currency transactions are initially recorded in the Euros at the exchange rate prevailing at the date of the transaction. At the closing date, foreign currency monetary assets and liabilities are translated into the entity's functional currency at the exchange rate prevailing on that date with foreign currency differences recorded to profit and loss.

2.4 Recent accounting developments

Accounting policy changes originating from the IFRS amendments

The Company has amended its accounting policies for new or amended IFRS standards and interpretations that became effective as of 1 January 2024. None of these new or amended standards and interpretations had a material impact on adoption. These are:

- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures;
- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback;
- Amendments to IAS 1 Presentation of Financial Statements - Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants.

The Company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

Impact of standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of Company's financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability, effective 1 January 2025;
- Amendments to IFRS 9 Classification and Measurement Requirements and IFRS 7 Disclosures, effective 1 January 2026;
- IFRS 18 Presentation and Disclosures in Financial Statements, effective 1 January 2027;
- IFRS 19 Subsidiaries without Public Accountability: Disclosures, effective 1 January 2027.

Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rate: Lack of Exchangeability.

The amendments, effective for the Company beginning on January 1, 2025, require an entity to provide certain information about the impact of supplier finance arrangements on liabilities and cash flows. The Company does not expect that adoption of this standard will have a material impact on the financial statements.

Amendments to IFRS 9 Classification and Measurement Requirements and IFRS 7 Disclosures

The IASB issued amendments to IFRS 9 classification and measurement requirements and IFRS 7 disclosures effective for UMG on 1 January 2027. The amendments include:

- The amendments clarify that a financial liability is derecognized on ‘settlement date’ and introduce an accounting policy choice to derecognise financial liabilities settled using an electronic payment system before the settlement date;
- The classification of financial assets with ESG linked features has been clarified via additional guidance on the assessment of contingent features;
- Clarifications have been made on non-recourse loans and contractually linked instruments;
- Additional disclosures are introduced for financial instruments with contingent features and equity instruments classified at fair value through OCI.

The Company is currently assessing the impact the amendments will have on the financial statements.

IFRS 18 Presentation and Disclosures in Financial Statements

On April 9, 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements, which replaces IAS 1 Presentation of Financial Statements. IFRS 18, effective for UMG on 1 January 2027, introduces new requirements on presentation within the statement of profit or loss, including specified subtotals. It also requires disclosure of management-defined performance measures and includes enhanced requirements for aggregation and disaggregation of financial information in the primary financial statements and the notes. The IASB also issued narrow scope amendments to IAS 7 Statement of Cash Flows, and some requirements previously included within IAS 1 have been moved to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, which has been renamed IAS 8 Basis of Preparation of Financial Statements. Other minor amendments were made to other standards. IFRS 18 and the other amendments are effective for reporting periods beginning on or after 1 January 2027 and may be adopted early, subject to EU endorsement. The Company is currently assessing the impact that IFRS 18 and the other amendments will have on the financial statements.

IFRS 19 Subsidiaries without Public Accountability: Disclosures

Subsidiaries without public accountability of a parent that prepares consolidated financial statements available for public use are eligible to apply IFRS 19. This standard will not impact the Company's financial statements.

2.5 Significant judgements and estimates

The preparation of Company financial statements in compliance with IFRS requires management to make certain judgements and estimates that they consider reasonable and realistic. Although these judgements and estimates are regularly reviewed by management, based, in particular, on past or anticipated achievements, facts and circumstances may lead to changes in these judgements and estimates which could have an impact on the reported amount of group assets, liabilities, equity or profit.

The main significant judgements relate to the measurement of:

- Investment in subsidiaries: valuation method used to identify the recoverable amount of the asset, refer to Note 2.7.

The main significant estimates relate to the measurement of:

- Investments in subsidiaries: assumptions on the recoverable amount of the asset, refer to Note 2.7;
- Expected credit losses on loans receivable and financial guarantees: estimation of loss allowance requires assessment of the probability of default on the part of the borrower on a prospective basis. Reasonable forward-looking information and events, including credit ratings if available, significant adverse economic changes (actual or expected), financial or business environment that are expected to result in a material change in the borrower's ability to meet its obligations is used to assess whether there is significant increase in credit risk, refer to Note 2.9 and 2.11. For more on financial guarantees, refer to Note 2.14.

2.6 Investments in subsidiaries

Investments in subsidiaries are stated at cost, less impairment.

Dividend income from the Company's subsidiaries is recognized in the statement of profit or loss when the right to receive payment is established.

2.7 Impairment of investments in subsidiaries

At each reporting date, the Company assesses whether there is an indication that investments in subsidiaries may be impaired. If any such indication exists, the Company makes an estimate of the asset's recoverable amount. The recoverable amount is defined as the higher of the fair value of the investment less cost of disposal and its value in use. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. The recoverable amount of investments in subsidiaries are determined based on discounted cash flow models and key assumptions are disclosed in Note 9 of the Consolidated financial statements. Any resulting impairment is recognized in the income statement.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such an indication exists, the Company makes an estimate of the recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount, up to a maximum of the carrying amount that would have been determined if no impairment loss had been recognized for the asset in prior periods. Such a reversal is recognized in the income statement.

2.8 General and administrative expenses

General and administrative expenses primarily include salaries and employee benefits, consulting and service fees, overhead recharges, insurance costs, administrative department costs, provisions for receivables and other operating expenses and are expensed when incurred.

2.9 Loans receivable

Loans receivable are initially recognized at fair value and subsequently measured at amortized cost using the effective interest rate method, less any value allowances.

The Company assesses the expected credit loss associated with the loans receivable on a prospective basis. A loss allowance for expected credit loss based on probability of default is recognized at initial recognition. The loss allowance is updated for changes in these expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. To assess whether there has been a significant increase in credit risk, the Company compares the credit risk at the reporting date with the credit risk at the date of initial recognition based on reasonable forward-looking information and events, including credit ratings if available, significant adverse economic changes (actual or expected), financial or business environment that are expected to result in a material change in the borrower's ability to meet its obligations.

2.10 Cash and cash equivalents

Cash and cash equivalents include all cash balances and short-term highly liquid investments with an original maturity of three months or less that are readily convertible into known amounts of cash.

There are no liens, pledges, collateral or restrictions on cash and cash equivalents. Cash and cash equivalents do not include amounts in UMG cash management pools.

2.11 Financial liabilities

A financial liability is recognized when the Company becomes party to the contractual provisions of the instrument. At initial recognition, the Company measures financial liabilities at fair value, and for financial liabilities subsequently measured at amortised cost, including transaction costs and fees that are directly attributable to their issuance. In most cases, fair value at initial recognition is equal to transaction price.

Financial liabilities of the Company are all classified and subsequently measured at amortized cost and measured using the effective interest method.

2.12 Related parties

A related party is a person or an entity that is related to the Company. These include both people and entities that have, or are subject to, the influence or control of the Company (e.g. key management personnel). Transactions with related parties are accounted for in accordance with the requirements of relevant IFRSs and take into account the substance as well as the legal form.

2.13 Contingent liabilities

Contingent liabilities are possible or present obligations of sufficient uncertainty that do not qualify for recognition as a provision, unless it is assumed in a business combination. Contingent liabilities are reviewed continuously to assess whether an outflow of resources has become probable.

2.14 Financial guarantees

A financial guarantee is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Issued financial guarantees are initially recognised at fair value and are subject to the expected credit loss model, and a credit loss is recognized for expected cash shortfalls.

Non-financial guarantees are accounted for as a contingent liability until such time it becomes probable that UMG will be required to make a payment under the guarantee.

2.15 Leases

The lease contracts for the Company correspond to real estate leases for which the Company is the lessee. Real estate leases for which the Company is the lessee are recorded at the commencement date and result in the recognition of a lease liability equal to the present value of future lease payments against a right-of-use asset relating to leases.

Right-of-use assets

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. The recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Amounts received for leasehold improvements are depreciated over a period not longer than the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

The Company recognizes lease liabilities initially measured at the present value of future lease payments over the lease term. The lease payments include in-substance fixed payments (less any lease incentives), variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include payments of penalties for terminating a lease, if the Company has the option to terminate and it is reasonably certain that this option will be exercised. In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. The carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term or a change in the in-substance fixed lease payments.

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. When determining the lease term, the Company considers all relevant facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option.

Note 3. Dividend income

Dividend income for the year ended December 31, 2024 amounted to €572 million (2023: €0) and related to dividends from Universal International Music B.V. and Universal Music Group, Inc.

Note 4. General and administrative expenses

General and administrative costs consisted of the following:

	Year ended December 31,	
(millions of euros)	**2024**	**2023**
Salaries	11	10
Pension	1	-
Social security and other employment expenses	-	1
Wages and expenses	**12**	**11**
Legal and professional fees[1]	8	10
Audit fees	3	4
Other[2]	(26)	(18)
Total	**(3)**	**7**
Annual average number of full-time equivalent employees, of which none worked from outside of the Netherlands.	*39*	*39*

1 Legal and professional fees mainly relate to legal, financial and consulting services.

2 Other consists of employee and service costs charged to and from subsidiaries and other general overheads.

Note 5. Financial income and expenses

Financial income and expenses consisted of the following:

	Year ended December 31,	
(millions of euros)	**2024**	**2023**
Interest income from intercompany loans	33	43
Financial income	**33**	**43**
Interest expense on borrowings	(200)	(134)
Cost of finance	(7)	(8)
Financial expenses	**(207)**	**(142)**

Note 6. Investments in subsidiaries

Investments in subsidiaries consist of the following investments:

		Net carrying value Year ended December 31,	
(millions of euros)	**Voting % interest**	**2024**	**2023**
Universal International Music B.V.; Hilversum; The Netherlands	100	21,080	21,080
Universal Music Group, Inc.; Santa Monica; USA	100	14,850	14,850
		35,930	35,930

On June 1, 2023, the Company made non-stipulated share premium contributions of €2,175 million and €755 million to Universal International Music B.V. Refer to Note 7 and 8.

Net result and equity as per the most recent adopted financial statements:

	Net Result		Shareholders' Equity	
	Year ended December 31,		Year ended December 31,	
	2023	**2022**	**2023**	**2022**
Universal International Music B.V.[1]	731	(480)	9,680	6,018
Universal Music Group, Inc.[2]	579	714	4,517	3,925

1 Millions of euros
2 Millions of US dollars

For a list of indirect subsidiaries and other group entities, refer to Note 27 of the Consolidated Financial Statements.

Note 7. Current and non-current financial assets

At December 31, 2024, current financial assets consisted primarily of a loan receivable of €403 million from Universal Music Group, Inc. ("UMG INC"). The loan was issued on 3 April 2024, primarily for the purpose of funding UMG INC's acquisition of a 25.8% ownership interest in Chord Music Partner, L.P. and a 28.6% interest in NTWRK.

The loan bears interest at a rate as may be agreed between the Company and UMG INC from time to time, provided that such rate must be a fair market rate and may not be less than SOFR plus 2.2% per annum. At December 31, 2024, the accrued interest amounted to €21 million.

Other current financial assets consisted of the following:

	Year ended December 31,	
(millions of euros)	**2024**	**2023**
Current intercompany receivables	7	19
Other intercompany receivables related to share-based compensation	101	47
	108	66

Current intercompany receivables primarily consist of a short-term receivable for expenses paid on behalf of Universal International Music B.V. ("UIM").

Refer to Note 24 of the Consolidated Financial Statements for more details on share-based compensation.

Non-current financial assets consist of capitalized bank fees of €4 million paid to banks as part of obtaining the credit facility as disclosed in Note 8, less amortization over the term of the facility.

The Company is exposed to credit risk embedded in these loans receivable being the credit risk of UIM and UMG INC. The Company assessed potential credit losses on the loans receivable based on the expected credit loss model ("ECL"), which is designed to be forward-looking. The ECL estimates were unbiased and included reasonable and supportable information about past events, current conditions, and forecasts of future economic conditions. UMG Treasury reporting and forecasting proves sufficient cash generated from the operations of the subsidiaries to fulfill these borrowings. The effect of the recognized expected credit losses is negligible. The loans are performing in accordance with the agreements.

Note 8. Cash position and borrowings

Cash position

(millions of euros)	Year ended December 31, 2024	2023
Cash and cash equivalents	33	1
Bank overdrafts	–	(4)
Cash and cash equivalents in the statement of cash flows	**33**	**(3)**

Borrowings

	December 31, 2024			December 31, 2023		
(millions of euros)	Total	Long-term	Short-term	Total	Long-term	Short-term
Bonds	1,810	1,776	34	1,808	1,774	34
Commercial papers	746	–	746	197	–	197
Intercompany payable	2,615	–	2,615	2,255	–	2,255
Bank overdrafts	–	–	–	4	–	4
	5,171	1,776	3,395	4,264	1,774	2,490

Borrowings include the following:

- €500 million of senior unsecured notes issued in June 2022, due on June 30, 2027 with a coupon of 3.00%;
- €500 million of senior unsecured notes issued in June 2022, due on June 30, 2032 with a coupon of 3.75%;
- €750 million of senior unsecured notes issued in June 2023, due on June 13, 2031 with a coupon of 4.00%;
- ¥7 billion (€45 million) of senior notes issued in July 2023 and due on July 5, 2038 with a coupon of 1.61%;
- €2 billion revolving credit facility extended in February 2023 to April 26, 2028. The facility is undrawn as at December 31, 2024 and 2023;
- €500 million short-term bilateral floating rate revolving credit facility entered into in March 2023, which expired in March 2024;
- Up to €2 billion NEU commercial paper program established in July 2022.

The intercompany payable consist of a short-term payable to Universal Music Group Treasury S.A.S. under a Cash Management Agreement.

Financial covenants

During 2024, the Company maintained its Baa1 (with Moody's) and was upgraded to BBB+ by S&P – Long Term Credit Ratings. The syndicated RCF financial covenant requires that UMG maintain Baa2/BBB long term ratings with Moody's and S&P.

Movements of borrowings

The movements in borrowings were as follows:

(millions of euros)	Drawn Revolving Credit Facility	Bonds	Bank Overdrafts	Commercial Papers	Inter-company payable	Total
Balance December 31, 2022	125	1,004	-	929	910	2,968
New borrowings	1,075	794	4	4,738	591	7,202
Repayments	(1,200)	-	-	(5,469)	-	(6,669)
Non-stipulated share premium contribution	-	-	-	-	755	755
Translation differences and other movements	-	10	-	(1)	-	9
Balance December 31, 2023	-	1,808	4	197	2,256	4,265
New borrowings	300	-	-	3,897	359	4,556
Repayments	(300)	-	(4)	(3,351)	-	(3,655)
Dividend receivable	-	-	-	-		-
Translation differences and other movements	-	2	-	3	-	5
Balance December 31, 2024	-	1,810	-	746	2,615	5,171

Interest rate risk is the risk of the fair value or future cash flows of a financial instrument fluctuating because of changes in the market interest rates. Financial instruments included in the borrowings create an inherent interest rate risk.

The Company seeks to limit the period over which interest rates on debt are exposed. The preferred method of hedging interest rate risk is issuing long term fixed-rate bonds. The use of interest-rate plain vanilla derivatives is also authorized. The list of authorized instruments includes Interest rate swaps, FRAs, caps, and floors.

As of December 31, 2024, the Company had a ratio of fixed-rate debt to total outstanding debt of approximately 71%, including lease liabilities. A sensitivity analysis conducted in January 2025 on the gross debt portfolio shows that if short term EURIBOR were to increase instantaneously by 0.5% from their level asof December 31, 2024, with all other variables held constant, the additional annualized interest expense would be €4 million.

Note 9. Contractual obligations and other commitments

The table below analyzes the Company's material contractual obligations by expected timing of the related cash outflows. The amounts disclosed in the table are the contractual undiscounted cash flows. When future interest rate changes might impact interest on borrowings, interest included in the cash outflows below is estimated using current market expectations of interest rate movements (for example, using relevant yield curves).

Contractual obligations

	Minimum future payments as of December 31, 2024				Total minimum future payments as of
		Payments due in			
(millions of euros)	Total	1 year	2-5 years	After 5 years	December 31, 2023
Bonds	2,239	64	735	1,440	2,239
Commercial Papers	754	754	-	-	201
Statement of finanical position items	2,993	818	735	1,440	2,440
Other commitments	660	660	-	-	-
Total off-balance sheet commitments	660	660	-	-	-
Total	3,653	1,478	735	1,440	2,440

Other commitments
In December 2024, the Company entered into a definitive agreement to acquire Downtown Music Holdings LLC., for an amount of $775m less net indebtedness and other liabilities. The acquisition is subject to regulatory approvals and is expected to occur in 2025.

Liquidity risk
The Company is exposed to the liquidity risk. Liquidity risk management ensures the ability to meet financial obligations as they fall due.

The primary objective of liquidity management is providing for sufficient cash and cash equivalents to enable the Company to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company.

The Company believes that the cash flow generated by the operations of its investments, its cash surpluses, net of amounts used to reduce UMG's debt, as well as funds available through undrawn committed bank credit facilities will be sufficient to cover cash outflows necessary for its operations as well as its debt service for the foreseeable future.

Over the course of the year, fluctuations occur in the working capital needed to finance operations. The Company strives to have a good liquidity position at all times and optimize daily cash management. Moreover, the Company strictly controls working capital by optimizing billing and collection.

Financial guarantees
At December 31, 2024, the Company provided guarantees over certain debt of the following subsidiaries: Universal Music Group Treasury S.A.S. €184 million; Universal Music Ltda. (Brazil) €47 million; Universal Music Ltd. (Thailand) €32 million; Universal Music AB (Sweden) €7 million. No material allowances for credit losses were recognized in the Statement of Financial Position for both years presented, as the expected credit loss estimation was insignificant and the loans are fully performing in accordance with the agreements. Financial guarantees were measured at fair value on initial recognition.

For intercompany financial guarantees issued by the Company no material expected credit loss was estimated and therefore the financial guarantees are not recognised. In addition, the Company provided guarantees to several subsidiaries in the UK, Germany and the Netherlands.

The Company has provided guarantees to the following Universal Music Group subsidiaries, incorporated in the Netherlands, under the registered number indicated, under section 403 of Book 2 of the Dutch Civil Code.

Name	Company Number
Universal International Music B.V.	31018439
Universal Music Publishing International B.V.	31037866
Universal Music Publishing B.V.	32101966
CMHL B.V.	32140273
Universal Production Music B.V.	85798479

The Company is head of the fiscal unity of Universal Music Group in the Netherlands. As a result, the Company is liable for the tax liability of the fiscal unity in the Netherlands.

In addition UMG has provided guarantees to the following subsidiaries, incorporated in Germany, under the registered number indicated, under section 264 paragraph 3 of the German Commercial Code.

Name	Company Number
Arabella Musikverlag GmbH	HRB 110271
Centre Stage Artist Management GmbH	HRB 66733
Deutsche Grammophon Gesellschaft mbH	HRB 138012
Dreiklang-Dreimasken, Bühnen- und Musikverlag Gesellschaft mit beschränkter Haftung	HRB 110736
G. RICORDI & Co. Bühnen- und Musikverlag GmbH	HRB 153334
Musik Edition Discoton, Gesellschaft mit beschränkter Haftung	HRB 110249
Rob. Forberg Musikverlag GmbH	HRB 153343
Rondor Musikverlag G.m.b.H.	HRB 89705
Sheffield Music GmbH	HRB 221164
UNIVERSAL / MCA Music Publishing GmbH	HRB 85574
Universal Music Entertainment GmbH	HRB 86559
Universal Music GmbH	HRB 158632
Universal Music Publishing GmbH	HRB 87411
Universal Production Music GmbH	HRB 113037

Note 10. Equity

Share capital

The Company has an authorized share capital of €27,000 million, divided into 2,700,000,000 ordinary shares with a nominal value of €10 per share. On December 31, 2024, the issued and fully paid share capital consisted of 1,829,281,171 ordinary shares with a nominal value of €10 per share (2023: 1,821,665,441 ordinary shares with a nominal value of €10 per share).

The following table summarizes the changes in the number of issued and fully paid up shares of the Company for the year ended December 31, 2024:

	Ordinary Shares
Issued and fully paid up shares as at December 31, 2023	1,821,665,441
Shares issued[1]	7,615,730
Issued and fully paid up shares as at December 31. 2024	1,829,281,171

1 In 2024, the Company issued 7,615,730 shares for the purpose of delivering on the share-based executive incentive plan, refer to Note 24 of the Consolidated Financial Statements for more details.

Additional paid-in capital

Additional paid-in capital represents the premium paid in excess of the par value of shares at the time of the issuance of new shares. Since the value of the contribution exceeded the par value of the shares, the balance constituted share premium.

Treasury shares

As at December 31, 2024 the Company held 214,235 shares (2023: 214,235) as Treasury shares.

Dividend distribution

On May 16, 2024 the shareholders approved a dividend distribution of €0.27 per ordinary share, corresponding to a total distribution of €494 million, payable in June 2024.

On July 23, 2024 the directors approved an interim dividend distribution of €0.24 per ordinary share, corresponding to a total distribution of €439 million payable in October 2024.

The Company plans to annually declare and pay dividends to all holders of the Shares on a pro rata basis in two semi-annual instalments, in the aggregate amount of no less than 50% of the Company's net profits realized during the relevant financial year, subject to agreed non-cash items. The Company intends to pay an interim dividend in the fourth quarter of each financial year, after the publication of the half-year figures of the Company, and a final dividend in the second quarter of the following financial year, to be paid following approval of the Company's financial statements at its annual General Meeting.

A proposal will be submitted to the 2025 Annual General Meeting of Shareholders to pay a final dividend of €0.28 per ordinary share corresponding to a distribution of €512 million, in cash, from the 2024 retained earnings of the Company, payable in Q2 2025. This would bring total dividend for 2024 to €951 million, or €0.52 per ordinary share.

Pursuant to Dutch law, limitations exist relating to the distribution of shareholders' equity up to at least the total amount of the share capital as well as other reserves mandated per the Company Articles of Association. At December 31, 2024, the non-distributable reserves of the Company amounted to €18,293 million (2023: €18,217 million).

The reconciliation of equity and net (loss)/profit as per the Consolidated financial statements to equity and net (loss)/profit as per the Company financial statements is provided below:

Reconciliation of equity and net (loss)/profit

(millions of euros)	Year ended December 31, 2024
Equity attributable to Universal Music Group equity holders in the Consolidated financial statements as at December 31, 2024	4,526
Combined equity pre-incorporation	(1,634)
Intra-group restructuring upon incorporation	33,000
Cumulative dividend income received	1,357
Cumulative results of subsidiaries in the Consolidated financial statements	(5,309)
Cumulative expenses and income recognised in other comprehensive income or directly in equity	(586)
Equity in the Company financial statements as at December 31, 2024	31,354

(millions of euros)	Year ended December 31, 2024
Net (loss)/profit attributable to equity holders of the parent in the Consolidated financial statements	2,086
Results of subsidiaries in the Consolidated financial statements	(2,267)
Dividend income	572
Net (loss)/profit in the Company financial statements as at December 31, 2024	391

(millions of euros)	Year ended December 31, 2023
Equity attributable to Universal Music Group equity holders in the Consolidated financial statements as at December 31, 2023	2,962
Combined equity pre-incorporation	(1,634)
Intra-group restructuring upon incorporation	33,000
Cumulative dividend income received	785
Cumulative results of subsidiaries in the Consolidated financial statements	(3,042)
Cumulative expenses and income recognised in other comprehensive income or directly in equity	(307)
Equity in the Company financial statements as at December 31, 2023	31,764

(millions of euros)	Year ended December 31, 2023
Net (loss)/profit attributable to equity holders of the parent in the Consolidated financial statements	1,259
Results of subsidiaries in the Consolidated financial statements	(1,338)
Net (loss)/profit in the Company financial statements as at December 31, 2023	(79)

Note 11. Related parties

Detailed information on the remuneration of the Board of Directors and senior management is included in the "Corporate Governance" and "Remuneration of Directors" sections to the Annual Report. Also refer to Note 25 Related Parties of the Consolidated financial statements.

Executive management compensation

As of December 31, 2024 there were 2 (2023: 2) Executive Directors on the UMG N.V board. Their aggregate compensation is presented in the table below.

(millions of euros)	Year ended December 31, 2024	2023
Short-term employee benefits	2	3
	2	3

The Chairman and CEO is directly remunerated by another group company and this remuneration is not recharged to the Company.

Non-executive board compensation

As of December 31, 2024, UMG's non-executive board members received director fees of €1 million (2023: €1 million) and share-based compensation of €1 million (2023: €0 million).

Other related-party transactions

Other related party transactions include:

- Overhead costs recharged from and to Universal International Music B.V. to a net income amount of €27 million. Disclosed under "Other" in Note 4;
- Investments in subsidiaries (Note 6);
- Receivables from Universal International Music B.V. And Universal Music Group Inc. (Note 7);
- Financial income on loans granted (Note 5);
- Intercompany payables (Note 8);
- Financial Guarantees provided to subsidiaries (Note 9);
- Guarantee fees received on guarantees provided to subsidiaries (Note 9);

Note 12. Statutory audit fees

The fees for services provided by the Company's independent auditors, EY Accountants B.V. and its member firms and/or affiliates, consisted of the following:

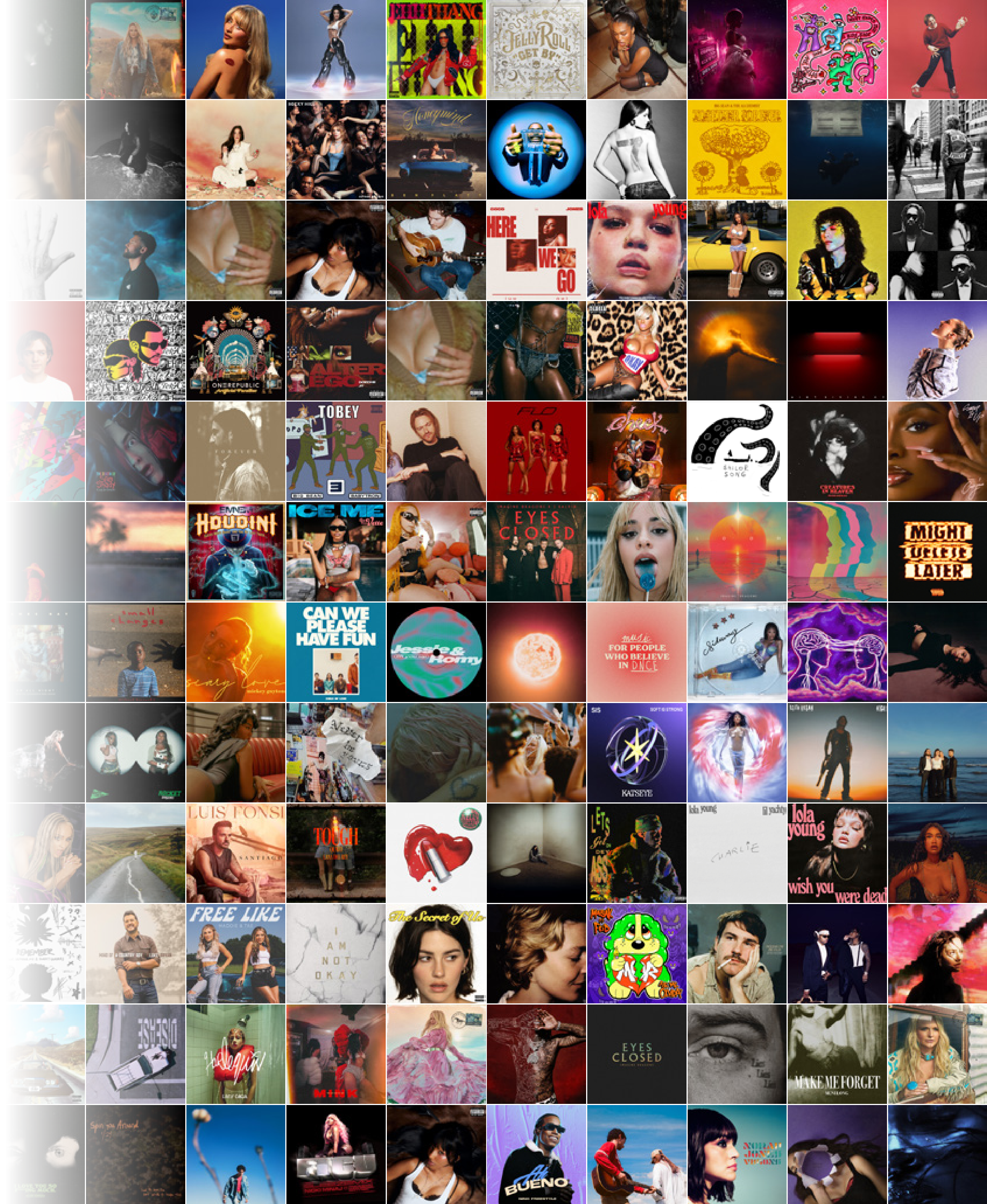
(millions of euros)	2024 EY Accountants B.V.	2023 EY Accountants B.V.
Audit of the Company	3	4
Other assurance-related fees[1]	-	-
Total	3	4

1 Total sustainability audit fees was €0 million (2023: €0 million).

Note 13. Subsequent events

The Company has evaluated subsequent events and no events have been identified that could have a material impact on its financial statements.

Other Information



UNIVERSAL

UNIVERSAL MUSIC GROUP

DISTRIBUTION OF PROFITS

Pursuant to article 32 of the Articles, the distribution of profits shall be made after the adoption of the financial statements by the General Meeting from which it appears that the distribution is allowed. The Company may only make distributions to the extent the shareholders' equity of the Company exceeds the sum of the paid-up and called-up part of the share capital of the Company and any reserves that must be maintained pursuant to Dutch law.

The Board may determine which part of the profits shall be reserved, with due observance of the dividend policy. The General Meeting may resolve to distribute any part of the profits remaining after such reservation. If the General Meeting does not resolve to distribute these profits in whole or in part, such profits (or any profits remaining after distribution) shall also be reserved.

Subject to Dutch law, the Board may resolve to make an interim distribution of profits, provided that it appears from an interim statement of assets and liabilities signed by the Board that the shareholders' equity of the Company exceeds the sum of the paid-up and called-up part of the share capital of the Company and any reserves that must be maintained pursuant to Dutch law.

The Board, or the General Meeting, at the proposal of the Board, may resolve that a distribution shall not be paid in whole or in part in cash but in kind or in the form of Shares or that Shareholders shall be given the option to receive the distribution in cash or in kind or in the form of Shares (and with due observance of the Articles), and may determine the conditions under which such option can be given to the Shareholders.

Any distribution shall be made pro rata to the respective shareholdings. In calculating the amount of any distribution, Shares held by the Company shall be disregarded, unless such Shares are encumbered with a right of pledge or a right of usufruct.

The Board, or the General Meeting, at the proposal of the Board, may resolve to make distributions from the share premium reserve or other distributable reserves maintained by the Company.

INDEPENDENT AUDITOR'S REPORT

To: the shareholders and non-executive directors of Universal Music Group N.V.

Report on the audit of the financial statements 2024 included in the Annual Report

Our opinion

We have audited the accompanying financial statements for the financial year ended December 31, 2024 of Universal Music Group N.V. based in Amsterdam, the Netherlands.

In our opinion the financial statements give a true and fair view of the financial position of Universal Music Group N.V. as at December 31, 2024 and of its result and its cash flows for 2024 in accordance with IFRS Accounting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB), IFRSs as adopted in the European Union (EU–IFRSs) and with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

- The consolidated and company statement of financial position as at December 31, 2024
- The following statements for 2024: the consolidated and company statements of profit or loss, comprehensive income, changes in equity and cash flows
- The notes comprising material accounting policy information and other explanatory information

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the Our responsibilities for the audit of the financial statements section of our report.

We are independent of Universal Music Group N.V. (the company) in accordance with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics for professional accountants).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information in support of our opinion

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The following information in support of our opinion and any findings were addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Our understanding of the business

Universal Music Group N.V. is a music company which operates worldwide in over 100 countries. We paid specific attention in our audit to a number of areas driven by the operations of the group and our risk assessment.

We determined materiality and identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error in order to design audit procedures responsive to those risks and to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

Materiality

Materiality	€90 million (2023: €90 million)
Benchmark applied	5% of profit before income taxes, excluding changes in fair value of financial instruments through profit or loss for 2024
Explanation	We determined materiality based on our understanding of the company's business and our perception of the financial information needs of users of the financial statements. We considered profit before income taxes, excluding the volatile changes in fair value of financial instruments through profit or loss, as an important metric for users of the financial statements. The benchmark applied and the percentage used are in line with our 2023 audit.

We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the audit committee of the board of directors that misstatements in excess of €4.5 million, which are identified during the audit, would be reported to the board of directors, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

Universal Music Group N.V. is at the head of a group of entities. The financial information of this group is included in the financial statements.

We are responsible for planning and performing the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the financial statements. We are also responsible for the direction, supervision, review and evaluation of the audit work performed for purposes of the group audit. We bear the full responsibility for the auditor's report.

Based on our understanding of the group and its environment, the applicable financial framework and the group's system of internal control, we identified and assessed risks of material misstatement of the financial statements and the significant accounts and disclosures. Based on this risk assessment, we determined the nature, timing and extent of audit work performed, including the entities or business units within the group (components) at which to perform audit work. For this determination we considered the nature of the relevant events and conditions underlying the identified risks of material misstatements for the financial statements, the association of these risks to components and the materiality or financial size of the components relative to the group.

We communicated the audit work to be performed and identified risks through instructions for component auditors as well as requesting component auditors to communicate matters related to the financial information of the component that is relevant to identifying and assessing risks.

We have:

- Performed audit procedures ourselves in respect of areas such as the consolidation, disclosures, impairment testing for goodwill and other non-current assets, financial instruments, acquisitions and divestments, share-based compensation, loans and borrowings, equity investments and taxes
- Used the audit work of component auditors from EY Global member firms working under our supervision for selected components in the United States, the United Kingdom, Japan, France, Germany and the group shared service center components

This resulted in a coverage of 86% of the profit before income taxes (excluding changes in fair value of financial instruments through profit or loss), 84% of revenue and 88% of total assets. For the component in China we performed specified audit procedures. For other components, we performed analytical procedures to corroborate that our risk assessment and scoping remained appropriate throughout the audit.

We performed site visits to meet with local management and component teams, observe the component operations, discuss the group risk assessment and the risks of material misstatements for the components in the United States, the United Kingdom, Japan, France and Germany. We reviewed and evaluated the adequacy of the deliverables from component auditors and reviewed key working papers for selected components to address the risks of material misstatement. We held planning meetings, key meetings required based on circumstances and we attended closing meetings with local management and component teams for the United States, the United Kingdom, Japan, France and Germany. During these meetings and calls, amongst others, the planning, procedures performed based on risk assessments, findings and observations were discussed and any further work deemed necessary by the primary or component team was then performed.

By performing the audit work mentioned above at the entities or business units within the group, together with additional work at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion on the financial statements.

Teaming and use of specialists

We ensured that the audit teams both at group and at component levels included the appropriate skills and competences which are needed for the audit of a listed client in the Media and Entertainment industry. We included specialists in the areas of IT audit, forensics, sustainability, share based payments and income tax and have made use of our own experts in the areas of valuations (Goodwill and Catalogues) and actuaries.

Our focus on climate-related risks and the energy transition

Climate change and the energy transition are high on the public agenda. Issues such as CO_2 reduction impact financial reporting, as these issues entail risks for the business operation, the valuation of assets and provisions or the sustainability of the business model and access to financial markets of companies with a larger CO_2 footprint.

The board of directors summarized the Universal Music Group N.V.'s commitments and obligations, and reported in the Sustainability Statement of the board report how the company is addressing climate-related and environmental risks. Furthermore, the board of directors discloses its assessment and implementation plans in connection to climate-related risks and the effects of energy transition.

As part of our audit of the financial statements, we evaluated the extent to which climate-related risks and the effects of the energy transition and the company's commitments and (constructive) obligations, are taken into account in estimates and significant assumptions. Furthermore, we read the board report and considered whether there is any material inconsistency between the non-financial information and the financial statements.

Based on the audit procedures performed, we do not deem climate-related risks to have a material impact on the financial reporting judgements, estimates or significant assumptions as at December 31, 2024.

Our focus on fraud and non-compliance with laws and regulations

Our responsibility

Although we are not responsible for preventing fraud or non-compliance and we cannot be expected to detect non-compliance with all laws and regulations, it is our responsibility to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether caused by fraud or error. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Our audit response related to fraud risks

We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the company and its environment and the components of the system of internal control, including the risk assessment process and the board of directors' process for responding to the risks of fraud and monitoring the system of internal control and how the non-executive directors, advised by the audit committee, exercises oversight, as well as the outcomes. We refer to section Risk and Risk Management of the board report for board of directors' (fraud) risk assessment.

We evaluated the design and relevant aspects of the system of internal control and in particular the fraud risk assessment, as well as UMG's Code of Conduct, standalone Whistleblowing Policy and incident registration. We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness, of internal controls designed to mitigate fraud risks.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption in close co-operation with our forensic specialists. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present.

We incorporated elements of unpredictability in our audit. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance.

We addressed the risks related to management override of controls, as this risk is present in all organizations. For these risks we have performed procedures among other things to evaluate key accounting estimates for management bias that may represent a risk of material misstatement due to fraud, in particular relating to important judgment areas and significant accounting estimates as disclosed in Note 2.2 to the consolidated financial statements under "Accounting Estimates and Judgements". We have also used data analysis to identify and address high-risk journal entries and evaluated the business rationale (or the lack thereof) of significant extraordinary transactions, including those with related parties.

The following fraud risks identified required significant attention during our audit.

Presumed risks of fraud in revenue recognition	
Fraud risk	We presumed that there are risks of fraud in revenue recognition. We evaluated that the contractual agreements and conditions of streaming and subscription revenue in particular give rise to such risks.
Our audit approach	We describe the audit procedures responsive to the presumed risk of fraud in revenue recognition in the description of our audit approach for the key audit matter: ▪ Revenue recognition for streaming and subscriptions

We considered available information and made enquiries of relevant executives, directors, internal audit, legal, compliance, human resources and regional directors and the non-executive directors.

The fraud risks we identified, enquiries and other available information did not lead to specific indications for fraud or suspected fraud potentially materially impacting the view of the financial statements.

Our audit response related to risks of non-compliance with laws and regulations
We performed appropriate audit procedures regarding compliance with the provisions of those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. Furthermore, we assessed factors related to the risks of non-compliance with laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general industry experience, through discussions with the board of directors and key management personnel, reading minutes, inspection of internal audit and compliance reports, and performing substantive tests of details of classes of transactions, account balances or disclosures.

We also inspected lawyers' letters and correspondence with regulatory authorities and remained alert to any indication of (suspected) non-compliance throughout the audit. Finally we obtained written representations that all known instances of non-compliance with laws and regulations have been disclosed to us.

Our audit response related to going concern

As disclosed in section Basis of preparation and consolidation in Note 2.2 to the financial statements, the financial statements have been prepared on a going concern basis. When preparing the financial statements, the board of directors made a specific assessment of the company's ability to continue as a going concern and to continue its operations for the foreseeable future.

We discussed and evaluated the specific assessment with the board of directors exercising professional judgment and maintaining professional skepticism.

We considered whether the board of directors' going concern assessment, based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, contains all relevant events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.

Based on our procedures performed, we did not identify material uncertainties about going concern. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern.

Our key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the audit committee of the board of directors. The key audit matters are not a comprehensive reflection of all matters discussed.

In comparison with previous year, the nature of our key audit matters did not change.

Revenue recognition for streaming and subscriptions	
Risk	Subscriptions and streaming revenues represent the largest type of recorded music revenue and account for 51% (51% in 2023) of total UMG revenue. The streaming and subscription revenues of the Company are driven through global digital contracts and recognized over time. The total amount of streaming and subscription revenue recognized for the year ended December 31, 2024 amounts to EUR 6.0 billion (2023: EUR 5.7 billion). As described in Note 2.3.5 and Note 3 to the consolidated financial statements, revenues from contracts with customers are recognized when performance obligations included in the contract are satisfied, and for an amount for which it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. As described in Note 2.2 to the consolidated financial statements, significant judgement is required to identify performance obligations under contracts with customers and to determine whether these performance obligations are satisfied, among other factors. We consider this to be a key audit matter due to the complexity of the contractual terms and conditions and the significant judgements applied by management in its revenue recognition. Moreover, we presumed that there are risks of fraud in revenue recognition for streaming and subscriptions.
Our audit approach	Our audit procedures included, among others, evaluating the appropriateness of the Company's revenue recognition policies for streaming and subscription revenue in accordance with IFRS 15 "Revenue from Contracts with Customers" and whether the policies have been applied consistently or whether changes, if any, are appropriate in the circumstances. We performed the following procedures, among others: ▪ We gained insight in the process for identifying and accounting for specific revenue terms and conditions included in contracts with digital sales partners ▪ We evaluated the design and implementation of controls that address the identified risks ▪ We performed contract reviews on significant contracts with digital sales partners in order to verify if these are recognized in accordance with IFRS 15 ▪ We evaluated management's judgement on revenue recognition for specific contractual terms, based on the relevant digital revenue contracts, (monthly) information from digital sales partners and reconciled this to revenue recorded in the financial administration ▪ We performed a look-back analysis on management's judgement made on the prior year recognition of revenue for specific contractual terms ▪ We also evaluated the adequacy of the disclosures provided by the Company
Key observations	We did not identify any material misstatements in the revenue recorded for 2024, either due to fraud or error.

Valuation of royalty advances to artists and repertoire owners	
Risk	The Company provides royalty advances to artists and repertoire owners. As of December 31, 2024, the total amount of royalty advances amounted to EUR 3.3 billion (2023: EUR 2.6 billion). As described in Note 2.3.8 and Note 10 to the consolidated financial statements, these advances to artists, songwriters and co-publishers are capitalized as an asset when their current popularity and past performances provide a reasonable basis to conclude that a future recoupment of such royalty advances against earnings otherwise payable to them is reasonably assured. Royalty advances are recognized as an expense as subsequent royalties are earned by the artist, songwriter or co-publisher. Any portion of capitalized royalty advances not deemed to be recoverable against future royalties is expensed during the period in which the loss becomes evident. As described in Note 2.2 to the consolidated financial statements, estimation of the future performance of artists and repertoire owners is considered a significant management estimate, for evaluating whether capitalized royalty advances are recoverable against future earnings and mainly relates to the estimated future earnings performance of artists, songwriters and co-publishers. We consider this to be a key audit matter based on the significant judgements applied by management in valuing royalty advances.
Our audit approach	As part of our audit procedures, we obtained an understanding of the estimation process and management’s application of the related accounting policies. Specifically, we evaluated the Company’s accounting policy over recognition and measurement of royalty advances in accordance with IAS 38 “Intangible assets”. Furthermore, we performed, amongst others, the following audit procedures: ▪ We obtained an understanding of the estimation models for determining the future projections relating to royalty advances ▪ We evaluated the contracts and payments relating to material royalty advances during the year ▪ We tested the recoupment for 2024 of new and existing royalty advances capitalized with material net exposure as at December 31, 2024 ▪ We assessed the recoverability of net advances and related future contractual commitments by performing sensitivity analyses on historical recoupment run-rates to evaluate the assumptions made by management in its royalty advances recoverability analysis ▪ We assessed the classification of advances between Non-current royalty advances and Current royalty advances recorded on the Company’s statement of financial position ▪ We performed a look-back analysis on management’s judgement and estimates made in prior year valuation of royalty advances ▪ We evaluated the adequacy of the disclosures
Key observations	We did not identify any material misstatements in the valuation of royalty advances to artists and repertoire owners as at December 31, 2024.

Valuation of music catalogues	
Risk	The Company has presented Catalogues (of music and publishing rights) - hereinafter: music catalogues - on the balance sheet as of December 31, 2024 amounting to EUR 3.4 billion (2023: EUR 3.0 billion). As described in Note 2.3.8 to the consolidated financial statements, music catalogues are recognized at cost, and music catalogues acquired in a business combination are recorded at their fair value at the acquisition date. Amortization expenses are charged on a straight-line basis over the estimated useful life. Annually, impairment tests are performed to compare the future cash flows of each music catalogue against the carrying amount. As described in Note 2.2, the Company identifies a significant estimate relating to the assumptions in the impairment tests performed as well as the determination of the (remaining) useful life for the music catalogues. As the related amounts of the music catalogues presented are significant and the estimation involved includes significant judgement applied by management, we consider this a key audit matter.
Our audit approach	As part of our audit procedures, we obtained an understanding of the estimation process to determine the valuation of the music catalogues and the Company's application of the related accounting policies. We evaluated the Company's accounting policies over recognition and measurement of music catalogues for compliance with IAS 36 "Impairment of assets" and IAS 38 "Intangible assets". Additionally, we performed, amongst others, the following audit procedures: ▪ We obtained an understanding of management's information model to determine the qualitative and quantitative factors supporting the catalogues' useful life, such as the asset's expected pattern of the future earnings and the period of the contractual arrangements ▪ We assessed the historical revenues associated with the music catalogues, along with forecasted revenues, in order to assess the appropriateness of the catalogues' (remaining) useful life ▪ We evaluated management's impairment indicator assessment over catalogues, and, in case of an impairment indicator identified by management, we evaluated the impairment assessment to determine whether any impairment should be recorded as at December 31, 2024 ▪ We evaluated the adequacy of the disclosures to the financial statements
Key observations	We did not identify any material misstatements in the valuation of music catalogues as at December 31, 2024.

Report on other information included in the annual report

The annual report contains other information in addition to the financial statements and our auditor's report thereon.

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code for the management report (excluding the sustainability statement) and the other information as required by Part 9 of Book 2 of the Dutch Civil Code and as required by Sections 2:135b and 2:145 sub–section 2 of the Dutch Civil Code for the remuneration report

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 and Section 2:135b sub-Section 7 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

The board of directors is responsible for the preparation of the other information, including the management report, in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information required by Part 9 of Book 2 of the Dutch Civil Code. The board of directors is responsible for ensuring that the remuneration report is drawn up and published in accordance with Sections 2:135b and 2:145 sub-section 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements and ESEF

Engagement

We were engaged by the general meeting as auditor of Universal Music Group N.V. on September 20, 2021, as of the audit for the year 2021 and have operated as statutory auditor ever since that date.

No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

European Single Electronic Reporting Format (ESEF)

Universal Music Group N.V. has prepared the annual report in ESEF. The requirements for this are set out in the Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (hereinafter: the RTS on ESEF).

In our opinion the annual report prepared in the XHTML format, including the (partially) marked-up consolidated financial statements as included in the reporting package by Universal Music Group N.V., complies in all material respects with the RTS on ESEF.

The board of directors is responsible for preparing the annual report, including the financial statements, in accordance with the RTS on ESEF, whereby the board of directors combines the various components into a single reporting package.

Our responsibility is to obtain reasonable assurance for our opinion whether the annual report in this reporting package complies with the RTS on ESEF.

We performed our examination in accordance with Dutch law, including Dutch Standard 3950N, "Assurance-opdrachten inzake het voldoen aan de criteria voor het opstellen van een digitaal verantwoordingsdocument" (assurance engagements relating to compliance with criteria for digital reporting). Our examination included amongst others:

- Obtaining an understanding of the company's financial reporting process, including the preparation of the reporting package
- Identifying and assessing the risks that the annual report does not comply in all material respects with the RTS on ESEF and designing and performing further assurance procedures responsive to those risks to provide a basis for our opinion, including:

- Obtaining the reporting package and performing validations to determine whether the reporting package containing the Inline XBRL instance document and the XBRL extension taxonomy files, has been prepared in accordance with the technical specifications as included in the RTS on ESEF
- Examining the information related to the consolidated financial statements in the reporting package to determine whether all required mark-ups have been applied and whether these are in accordance with the RTS on ESEF

Description of responsibilities regarding the financial statements

Responsibilities of the board of directors for the financial statements

The board of directors is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs as issued by the IASB, EU-IFRSs and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the board of directors is responsible for such internal control as the board of directors determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the board of directors is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, the board of directors should prepare the financial statements using the going concern basis of accounting unless the board of directors either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. The board of directors should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The non-executive directors, advised by the audit committee, are responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material misstatements, whether due to fraud or error during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. The Information in support of our opinion section above includes an informative summary of our responsibilities and the work performed as the basis for our opinion. Our audit further included among others:

- Performing audit procedures responsive to the risks identified, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Communication

We communicate with the audit committee of the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit. In this respect we also submit an additional report to the audit committee in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor’s report.

We provide the audit committee of the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit committee of the board of directors, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Amsterdam, March 27, 2025

EY Accountants B.V.

Signed by F.J. Blenderman

LIMITED ASSURANCE REPORT OF THE INDEPENDENT AUDITOR ON THE SUSTAINABILITY STATEMENT

To: the shareholders and non-executive directors of Universal Music Group N.V.

Our conclusion

We have performed a limited assurance engagement on the consolidated sustainability statement for the financial year ended December 31, 2024 of Universal Music Group N.V. based in Amsterdam, the Netherlands in section 'Sustainability statement' of the accompanying board report including the information incorporated in the sustainability statement by reference (hereinafter: the sustainability statement).

Based on our procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the sustainability statement is not, in all material respects:

- prepared in accordance with the European Sustainability Reporting Standards (ESRS) as adopted by the European Commission and compliant with the double materiality assessment process carried out by Universal Music Group N.V. to identify the information reported pursuant to the ESRS; and
- compliant with the reporting requirements provided for in Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation).

Our conclusion has been formed on the basis of the matters outlined in this limited assurance report.

Basis for our conclusion

We have performed our limited assurance engagement on the sustainability statement in accordance with Dutch law, including Dutch Standard 3810N, "Assurance-opdrachten inzake duurzaamheidsverslaggeving" (Assurance engagements relating to sustainability reporting), which is a specified Dutch standard that is based on the International Standard on Assurance Engagements (ISAE) 3000 (Revised), "Assurance engagements other than audits or reviews of historical financial information".

Our assurance engagement was aimed to obtain a limited level of assurance that the sustainability statement is free from material misstatements. The procedures vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our responsibilities in this regard are further described in the section 'Our responsibilities for the limited assurance engagement on the sustainability statement' of our report.

We are independent of Universal Music Group N.V. in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. This includes that we do not perform any activities that could result in a conflict of interest with our independent assurance engagement and we are not involved in the preparation of thesustainability statement, as doing so may compromise our independence. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics for Professional Accountants). The ViO and VGBA are at least as demanding as the International code of ethics for professional accountants (including International independence standards) of the International Ethics Standards Board for Accountants (the IESBA Code) as relevant to limited assurance engagements on sustainability statements of public interest entities in the European Union.

We believe that the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Emphasis of matter

The sustainability statement has been prepared in a context of new sustainability reporting standards, requiring entity-specific interpretations and addressing inherent measurement or evaluation uncertainties. In this context, we want to emphasize the following matters:

Emphasis on the most significant uncertainties affecting the quantitative metrics and monetary amounts

We draw attention to section ESRS 2 General Disclosures in the sustainability statement that identifies the quantitative metrics and monetary amounts that are subject to a high level of measurement uncertainty and discloses information about the sources of measurement uncertainty and the assumptions, approximations and judgements Universal Music Group N.V. has made in measuring these in compliance with the ESRS. The comparability of sustainability information between entities and over time may be affected by the lack of historical sustainability information in accordance with the ESRS and by the absence of a uniform practice on which to draw, to evaluate and measure this information. This allows for the application of different, but acceptable, measurement techniques, especially in the initial years.

Emphasis on the double materiality assessment process

We draw attention to section Our Double Materiality Assessment Process in the sustainability statement. This disclosure explains future improvements in the ongoing due diligence and double materiality assessment process, including robust engagement with affected stakeholders. Due diligence is an ongoing practice that responds to and may trigger changes in the company's strategy, business model, activities, business relationships, operating, sourcing and selling contexts. The double materiality assessment process requires Universal Music Group N.V. to make key judgments and use thresholds and may also be impacted in time by sector-specific standards to be adopted. Therefore, the sustainability statement may not include every impact, risk and opportunity or additional entity-specific disclosure that each individual stakeholder (group) may consider important in its own particular assessment.

Our conclusion is not modified in respect of these matters.

Comparative information not assured

Sustainability information for 2023 and earlier included in the sustainability statement, has not been part of this limited assurance engagement. Consequently, we do not provide any assurance on the comparative information and thereto related disclosures in the sustainability statement for 2023 and earlier.

Our conclusion is not modified in respect of this matter.

Limitation to the scope of our assurance engagement

In reporting forward-looking information in accordance with the ESRS, the board of directors describes the underlying assumptions and methods of producing the information, as well as other factors that provide evidence that it reflects the actual plans or decisions made by the company (actions). Forwardlooking information relates to events and actions that have not yet occurred and may never occur. The actual outcome is likely to be different since anticipated events frequently do not occur as expected. We do not provide assurance on the achievability of forward-looking information.

Our conclusion is not modified in respect of this matter.

Responsibilities of the board of directors for the sustainability statement

The board of directors is responsible for the preparation of the sustainability statement in accordance with the ESRS, including the double materiality assessment process carried out by Universal Music Group N.V. as the basis for the sustainability statement and disclosure of material impacts, risks and opportunities in accordance with the ESRS. As part of the preparation of the sustainability statement, the board of directors is responsible for compliance with the reporting requirements provided for in Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation). The board of directors is also responsible for selecting and applying additional entity-specific disclosures to enable users to understand the company's sustainability-related impacts, risks or opportunities and for determining that these additional entity-specific disclosures are suitable in the circumstances and in accordance with the ESRS.

Furthermore, the board of directors is responsible for such internal control as it determines is necessary to enable the preparation of the sustainability statement that is free from material misstatement, whether due to fraud or error.

The non-executive directors, advised by the audit committee, are responsible for overseeing the sustainability reporting process including the double materiality assessment process carried out by Universal Music Group N.V.

Our responsibilities for the limited assurance engagement on the sustainability statement

Our responsibility is to plan and perform the limited assurance engagement in a manner that allows us to obtain sufficient and appropriate assurance evidence for our conclusion.

We apply the applicable quality management requirements pursuant to the Nadere voorschriften kwaliteitsmanagement (NVKM, regulations for quality management) and the International Standard on Quality Management (ISQM) 1, and accordingly maintain a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and other relevant legal and regulatory requirements.

Our limited assurance engagement included amongst others:

- Performing inquiries and an analysis of the external environment and obtaining an understanding of relevant sustainability themes and issues, the characteristics of the company, its activities and the value chain and its key intangible resources in order to assess the double materiality assessment process carried out by the company as the basis for the sustainability statement and disclosure of all material sustainability-related impacts, risks and opportunities in accordance with the ESRS
- Obtaining through inquiries a general understanding of the internal control environment, the company's processes for gathering and reporting entity-related and value chain information, the information systems and the company's risk assessment process relevant to the preparation of the sustainability statement and for identifying the company's activities, determining eligible and aligned economic activities and prepare the disclosures provided for in Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation), without obtaining assurance information about the implementation or testing the operating effectiveness of controls
- Assessing the double materiality assessment process carried out by the company and identifying and assessing areas of the sustainability statement, including the disclosures provided for in Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation), where misleading or unbalanced information or material misstatements, whether due to fraud or error, are likely to arise ('selected disclosures'). Designing and performing further assurance procedures aimed at assessing that the sustainability statement is free from material misstatements responsive to this risk analysis.
- Considering whether the description of the double materiality assessment process in the sustainability statement made by the board of directors appears consistent with the process carried out by the company.
- Performing analytical review procedures on quantitative information in the sustainability statement, including consideration of data and trends.
- Assessing whether the company's methods for developing estimates are appropriate and have been consistently applied for selected disclosures. We considered data and trends, however our procedures did not include testing the data on which the estimates are based or separately developing our own estimates against which to evaluate the board of directors' estimates.
- Analyzing, on a limited sample basis, relevant internal and external documentation available to the company (including publicly available information or information from actors throughout its value chain) for selected disclosures.
- Reading the other information in the annual report to identify material inconsistencies, if any, with the sustainability statement.
- Considering whether the disclosures provided to address the reporting requirements provided for in Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation) for each of the environmental objectives, reconcile with the underlying records of the company and are consistent or coherent with the sustainability statement, appear reasonable, in particular whether the eligible economic activities meet the cumulative conditions to qualify as aligned and whether the technical screening criteria are met, and whether the key performance indicators disclosures have been defined and calculated in accordance with the Taxonomy reference framework, and comply

with the reporting requirements provided for in Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation), including the format in which the activities are presented.
- Considering the overall presentation, structure and fundamental qualitative characteristics of information (relevance and faithful representation: complete, neutral and accurate) reported in the sustainability statement, including the reporting requirements provided for in Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation).
- Considering, based on our limited assurance procedures and evaluation of the evidence obtained, whether the sustainability statement as a whole, is free from material misstatements and prepared in accordance with the ESRS.

Communication

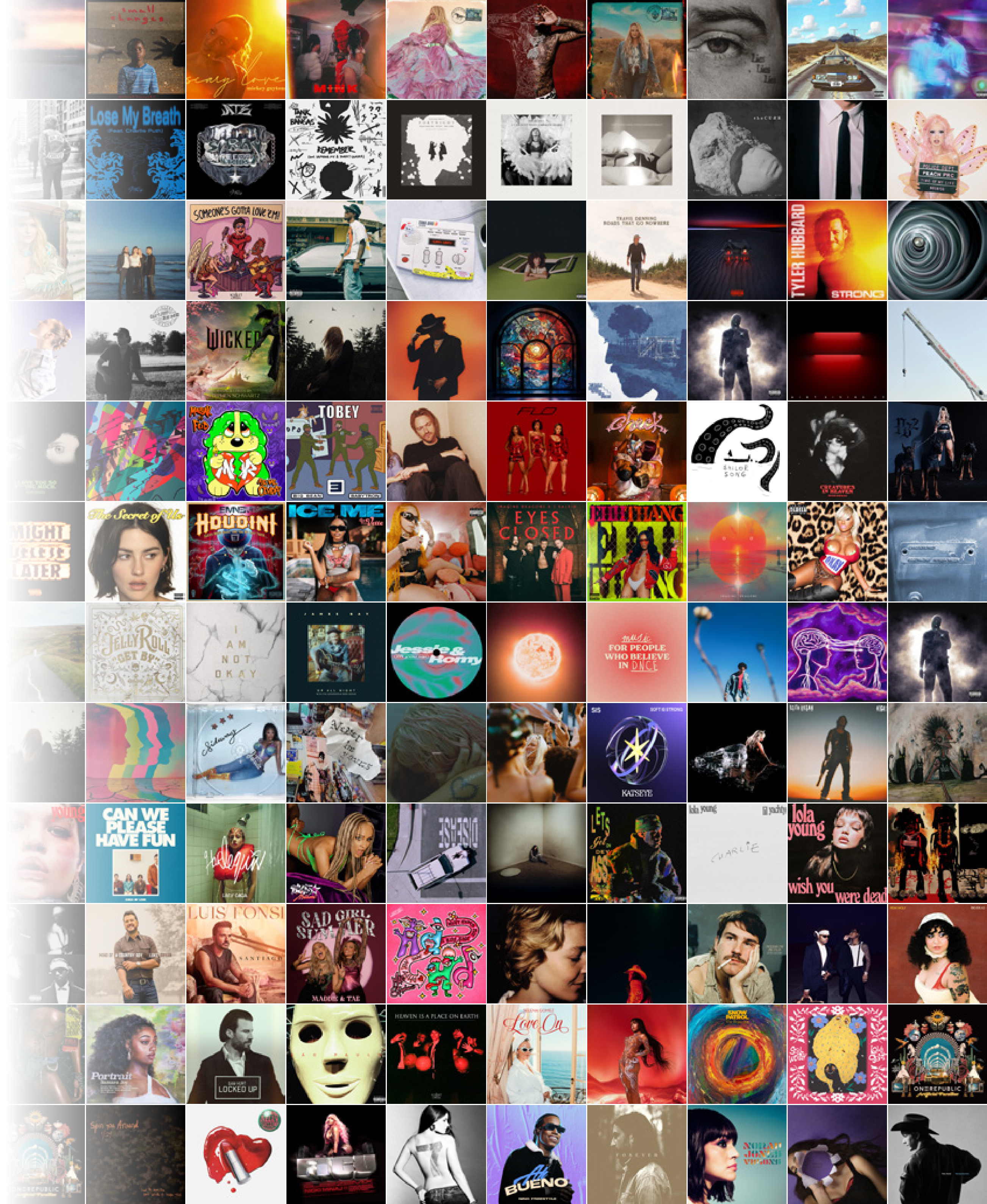
We communicate with the audit committee of the board of directors regarding, among other matters, the planned scope and timing of the assurance engagement and significant findings that we identify during our assurance engagement.

Amsterdam, March 27, 2025

EY Accountants B.V.

Signed by F.J. Blenderman

Appendix



UNIVERSAL

UNIVERSAL MUSIC GROUP

BIOGRAPHIES OF THE CORPORATE EXECUTIVES

Sir Lucian Grainge

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Sir Lucian Grainge has spent his entire career in the music industry and has signed and worked with many worldwide stars, including ABBA, Jay Z, Elton John, Katy Perry, Queen, Rihanna, The Rolling Stones, Sam Smith, U2 and Amy Winehouse, among many others.

During the span of four decades, he not only pioneered new approaches to the signing and development of the world's most successful recording artists and songwriters, he also consistently championed the development of innovative business models and partnerships with a wide range of technology and media partners around the world. He has transformed Universal Music Group (UMG) into the most successful company in the history of the music industry, both competitively and financially, and his vision and leadership is widely recognized as having returned the entire industry to growth after years of decline. In 2011, he led UMG's successful acquisition of the recorded music assets of the legendary British music company EMI, revitalizing its iconic Capitol Records, and, in the process, further strengthening UMG's position as the global leader in music.

A native of London, Sir Lucian was bestowed with a knighthood in 2016 by Her Majesty Queen Elizabeth II in the Queen's 90th Birthday Honours list for accomplishments in the music industry and leadership through its challenging times, contributions to British business and inward investment, as well as his development of innovative business models, technology and media partnerships that have expanded UMG's global presence.

Philippe Flageul

EXECUTIVE VICE PRESIDENT, CONTROLLER

Philippe Flageul is Executive Vice President, Controller for Universal Music Group. He is responsible for overseeing many aspects of UMG's finance operations, including accounting, tax, treasury, risk management and IT and supply chain finance. He also oversees UMG's global procurement. Flageul joined UMG in 2015 from Bolloré Group, where he worked for more than two decades as CFO of the industrial division and Chairman of IER. Flageul holds an MBA from EDHEC.

Jody Gerson

CHAIRMAN AND CEO, UNIVERSAL MUSIC PUBLISHING GROUP

Jody Gerson is Chairman and CEO of Universal Music Publishing Group (UMPG) and a member of Universal Music Group's (UMG's) Executive Management Board. One of the industry's most respected and accomplished executives, Gerson leads a global company with 48 offices in 40 countries and more than 850 employees. She made history as the first female chairman of a global music company and the first woman to be named CEO of a major music publisher.

Since joining UMPG in 2015, Gerson has transformed the company into a global powerhouse that ownes and administers more than 5 million copyrights and the industry's best global home for songwriters.

A highly respected creative authority and thought leader in our culture, Gerson has signed and works with the world's biggest superstars, including Adele, Bee Gees, Bad Bunny, Justin Bieber, Sabrina Carpenter, Lana Del Rey, Ariana Grande, Coldplay, Drake, Billie Eilish, H.E.R., Elton John, Alicia Keys, Steve Lacy, Kendrick Lamar, Post Malone, Maren Morris, the Prince estate, Rosalia, Harry Styles, Taylor Swift, SZA, The Weeknd, and more. She also led UMPG's historic and highly competitive acquisitions of the iconic catalogs of Bob Dylan, Neil Diamond, Sting, and others.

As a champion for women in music and advocate for education, Gerson cofounded the global nonprofit She Is The Music. She also serves on boards for the USC Annenberg Inclusion Initiative, the Rock & Roll Hall of Fame, the National Music Publishers Association, New Roads School, and Project Heathy Minds.

In January 2020, Gerson made history as the first woman and first music publishing executive to be named *Billboard*'s 'Executive of the Year' for that outlet's most coveted Power 100 list, and annualy ranks within that list's Top Ten. She is the recipient of numerous other prestigious honors, including *Billboard*'s Power Players' Choice Award; *Variety*'s Hitmakers Executive of the Year; *Billboard*'s 2015 Executive of the Year for their Women In Music issue; *Rolling Stone*'s 'Future 25'; *Variety*'s Power of Women L.A.; the 2016 March of Dimes Inspiring Woman of the Year; and more.

Gerson jointly oversees Polygram Entertainment, a film and television development and production division of UMG which produces award-winning feature-length films and music-centric series. In 2024 alone, she served as Executive Producer on a broad array of projects, including *Music Box: Yacht Rock: A DOCKumentary*, *The Beach Boys*, *STAX: Soulsville, U.S.A.*; and *Billy Preston: That's The Way God Planned It*. Other recent projects that Gerson Executive Produced include *The Bee Gees: How Can You Mend a Broken Heart* and HBO's *Music Box* series. Among her and Polygram's many projects in development are documentaries on Bernie Taupin and Prince.

Jeffrey Harleston

GENERAL COUNSEL AND EXECUTIVE VICE PRESIDENT OF BUSINESS AND LEGAL AFFAIRS

Jeffrey Harleston is responsible for the global oversight of all business transactions, contracts and litigation. He is additionally responsible for the development of corporate policies, including the coordination of UMG's government relations, trade and anti-piracy activities, to ensure a unified strategy across the Company's divisions.

Harleston joined the Company in 1993 at MCA Records, after serving as Associate Independent Counsel for the Iran Contra Investigation and prior to that as a Litigation Associate at Covington & Burling LLP. Throughout his career, Harleston has been recognized for his many achievements including receiving *The Recording Academy*'s 2020 Entertainment Law Initiative Service Award, *Billboard*'s 2018 'Lawyer of the Year', the 2018 Diversity Award from the Association of Corporate Counsel for Southern California. In 2017, Harleston was named one of *Ebony magazine*'s 'Power 100' and he is annually recognized by *Billboard* on the magazine's 'Power 100' list of the most powerful executives in the music industry.

Harleston is a Member of the Board of Trustees of Williams College and the Board of Harvard-Westlake School. He also serves on the boards of the Recording Industry Association of America the TJ Martell Foundation, MusiCares and the Motown Museum. Harleston is proud to be a Founder of the Universal/Motown Fund, an endowment dedicated to providing financial assistance for artists from the 50's, 60's and 70's. He received a B.A. in Political Science from Williams College and a J.D. from the University of California, Berkeley School of Law.

Eric Hutcherson

EXECUTIVE VICE PRESIDENT, CHIEF PEOPLE AND INCLUSION OFFICER

With a focus on people, culture and inclusion, Eric Hutcherson leads a global team across UMG's record labels, publishing division and operating companies to align talent functions, amplify the Company's entrepreneurial-based culture, accelerate diversity and inclusion across all levels and territories, attract, retain and develop talent, accelerate the Company's social justice initiatives and build on UMG's successful track-record of driving innovation by recruiting employees who bring new ideas, perspectives and skillsets.

Prior to joining UMG, he was EVP, Chief Human Resources Officer of the National Basketball Association (NBA) where he managed a team that drove the NBA's global workforce strategy. Hutcherson currently serves as Vice-Chair of Covenant House International and Chair of the Human Capital Committee, and on the Board of Councilors for the USC Annenberg School for Communication and Journalism. Additionally, he serves as strategic advisor to the Board of Directors for the Young People's Chorus; a multicultural youth chorus whose mission is to provide children of all economic and cultural backgrounds with a unique program of music education and choral performance.

Hutcherson earned a bachelor's degree in Political Science from New York University and a master's degree in Sports Management and Administration from the University of Massachusetts Amherst.

Boyd Muir

CHIEF OPERATING OFFICER (COO) AND CHIEF FINANCIAL OFFICER (CFO)

Boyd Muir is Chief Operating Officer (COO), and Chief Financial Officer (CFO) of Universal Music Group (UMG). As COO, Muir is responsible for driving strategic growth across the Company's worldwide operations and has played a central role in the physical-to-digital reshaping of Company resources, in addition to leading its global financial operations, asset management, information technology, accounting and supply chain.

Muir, who was appointed COO in October 2024, will continue to serve as CFO until his successor is appointed. As UMG's CFO, Muir played a key role in the Company's successful listing on the Euronext stock exchange in 2021. He has also been involved in a number of significant acquisitions, including Sanctuary Group and V2 Music Group, as well as leading the Company's successful acquisitions of EMI, Ingrooves Music Group, [PIAS] and UMG's minority investment in Chord Music Partners.

He was appointed as UMG's EVP, CFO and President of Operations in 2010, having previously served as CFO for Universal Music Group International, the division which manages UMG's businesses in more than 50 countries for more than a decade. From 1984 to 1991, Muir worked for Ernst & Young, including at its entertainment media division in London, and for EMI from 1991 to 1994. At the latter group, he was head of internal audit, spending considerable time working in Los Angeles and New York. He was also closely involved in EMI's acquisition of Virgin Music and Chrysalis Records.

Michael Nash

EXECUTIVE VICE PRESIDENT, CHIEF DIGITAL OFFICER

Michael Nash is Executive Vice President, Chief Digital Officer and oversees UMG's digital business development activities around the world. Nash has worked at the forefront of media and technology convergence for his entire career as an executive, entrepreneur and producer. Most recently, Nash served as a strategic advisor to Warner Music Group (WMG), as well as several digital media startups and new technology companies. Prior to that, he served as an executive at WMG from 2000 to 2011, rising to the role of Executive Vice President of Digital Strategy and Business Development where he oversaw WMG's worldwide new media projects, strategic relationships and business development activities.

Before joining WMG, Nash was the Executive Director of the Madison Project, the music industry's first digital distribution trial. From 1994 to 1997, Nash was founding CEO of Inscape, an interactive entertainment and games publishing joint venture between WMG and HBO that produced titles with artists such as William S. Burroughs, DEVO, Thomas Dolby and The Residents. Prior to that, Nash served as Director of The Criterion Collection, working closely with directors and artists such as Robert Altman, David Bowie, Terry Gilliam and Louis Malle.

Will Tanous

EXECUTIVE VICE PRESIDENT, CHIEF ADMINISTRATIVE OFFICER

Will Tanous plays a key role in the development of the Company's business strategy, overseeing several major strategic and corporate endeavors, as well as managing worldwide external and internal communications, global public policy, investor and government relations, event functions and global impact.

Prior to joining UMG in 2013, Tanous served as Executive Vice President of Communications & Marketing for Warner Music Group (WMG) where he was central in all of the Company's major corporate initiatives, including: the sale of WMG to Access Industries, Inc.; WMG's initial public offering on the New York Stock Exchange in 2005; and the sale of WMG by Time Warner Inc. to a private equity consortium. In 2019, he was awarded the prestigious Ellis Island Medal of Honor, which is presented annually to U.S. citizens "who have distinguished themselves within their own ethnic groups while exemplifying the values of the American way of life." He serves on the board of the Recording Industry Association of America and is a graduate of Georgetown University in Washington D.C.

Vincent Vallejo

DEPUTY CHIEF EXECUTIVE OFFICER, CORPORATE AND EXECUTIVE DIRECTOR

Based at the Company's corporate headquarters in Hilversum, the Netherlands, Vincent Vallejo is in the lead of a number of corporate initiatives related to the Company's listing on Euronext Amsterdam. Vallejo joined UMG in 2021 and has worked closely across UMG matters ever since he joined Vivendi in 1998, where he served most recently as SVP, Audit & Special Projects. Prior to joining Vivendi, Vallejo held positions at AGF-ALLIANZ in France where he was Deputy CFO and Ernst & Young in Paris and Madrid. He received an MBA from Montpellier University and a Master of Science from Cornell-Essec, Cergy-Pontoise, France.

BIOGRAPHIES OF THE BOARD OF DIRECTORS

Sir Lucian Grainge

Male, Age: 65, Nationality: British

CHAIRMAN AND CHIEF EXECUTIVE OFFICER AND EXECUTIVE DIRECTOR

Sir Lucian Grainge has spent his entire career in the music industry and has signed and worked with many worldwide stars, including ABBA, Jay Z, Elton John, Katy Perry, Queen, Rihanna, The Rolling Stones, Sam Smith, U2 and Amy Winehouse, among many others.

During the span of four decades, he not only pioneered new approaches to the signing and development of the world's most successful recording artists and songwriters, he also consistently championed the development of innovative business models and partnerships with a wide range of technology and media partners around the world. He has transformed Universal Music Group (UMG) into the most successful company in the history of the music industry, both competitively and financially, and his vision and leadership is widely recognized as having returned the entire industry to growth after years of decline. In 2011, he led UMG's successful acquisition of the recorded music assets of the legendary British music company EMI, revitalizing its iconic Capitol Records, and, in the process, further strengthening UMG's position as the global leader in music.

A native of London, Sir Lucian was bestowed with a knighthood in 2016 by Her Majesty Queen Elizabeth II in the Queen's 90th Birthday Honours list for accomplishments in the music industry and leadership through its challenging times, contributions to British business and inward investment, as well as his development of innovative business models, technology and media partnerships that have expanded UMG's global presence.

Vincent Vallejo

Male, Age: 64, Nationality: French

DEPUTY CHIEF EXECUTIVE OFFICER, CORPORATE AND EXECUTIVE DIRECTOR

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Sherry Lansing

Female, Age: 80, Nationality: American

CHAIRMAN OF THE BOARD AND NON-EXECUTIVE DIRECTOR

Sherry Lansing is the founder and CEO of The Sherry Lansing Foundation, an organization dedicated to funding and raising awareness for cancer research, health, public education, and encore career opportunities. Lansing has extensive knowledge of the creative industries, including but not limited to audio and visual content. During a nearly 30-year career in the motion picture business, Lansing was involved in the production, marketing, and distribution of more than 200 films, including Academy Award winners Forrest Gump, Braveheart, and Titanic. In 1980, she became the first woman to head a major film studio when she was appointed President of 20th Century Fox. Later, as an independent producer, she was responsible for such successful films as Fatal Attraction, The Accused, School Ties, Indecent Proposal, and Black Rain. Returning to the executive ranks in 1992, Lansing was named Chairman and CEO of Paramount Pictures and began an unprecedented tenure that lasted more than 12 years. Lansing graduated cum laude with a Bachelor of Science Degree from Northwestern University in 1966.

Margaret Frerejean-Taittinger

Female, Age: 39, Nationality: American

VICE-CHAIRMAN OF THE BOARD AND NON-EXECUTIVE DIRECTOR

Margaret Frerejean-Taittinger is the co-founder of French Bloom, a company that specializes in organic alcohol-free sparkling wines. Serving as Chief Marketing Officer, Frerejean-Taittinger has successfully positioned French Bloom as the market leader of the super-premium 0.0% category with presence in more than 35 markets. Previously, she served as International Development Manager for the Michelin Guide, the renowned restaurant rating system that publishes its yearly selections in over 35 countries. In this role, Frerejean-Taittinger led the expansion of the Michelin Guide working towards doubling its international footprint over a period of five years. Prior to Michelin, she served as the Director of Communications and Marketing for Laboratories Surface-Paris, a beauty company that specializes in cosmeceutical skincare. Frerejean-Taittinger also spent eight years in the international development field, addressing cross-sector challenges to sustainable development with a focus on education and micro-finance in East Africa. Frerejean-Taittinger holds a Master of Development Practice from l'Institut d'Études Politiques de Paris (Sciences Po), where she graduated summa cum laude.

Bill Ackman

Male, Age: 58, Nationality: American

NON-EXECUTIVE DIRECTOR

Bill Ackman is the CEO of Pershing Square Capital Management, L.P., an investment firm he founded in 2003, and Chairman and CEO of Pershing Square SPARC Holdings, Ltd., a special purpose acquisition rights company. He serves as a member of the Investor Advisory Committee on Financial Markets for the Federal Reserve Bank of New York, and as a member of the Board of Dean's Advisors of the Harvard Business School. He served as Chairman of Howard Hughes Holdings Inc. (NYSE: HHH) from November 2010 to May 2024, and as Chairman and CEO of Pershing Square Tontine Holdings, Ltd. (NYSE: PSTH) from July 2020 to July 2022. Ackman is co-trustee of the Pershing Square Foundation, a family foundation. Ackman received an MBA from the Harvard Business School and a Bachelor of Arts magna cum laude from Harvard College.

Cathia Lawson-Hall

Female, Age: 53, Nationality: French and Togolese

NON-EXECUTIVE DIRECTOR

Cathia Lawson-Hall has over 25 years' experience in the financial sector. She was Head of Coverage and Investment Banking for Africa at Société Générale, in charge of the overall relationship and strategic advisory with governments, large corporates and financial institutions in Africa. Previously, she served as Managing Director, Co-Head of Debt Capital Markets for corporates in France, Belgium and Luxembourg. Lawson-Hall is also a member of the Board of Directors of Vivendi SE, Havas N.V., Endeavour Mining Plc and Eurazeo. She sits on the board of directors of 'Amis du Centre Pompidou', the first patrons of the museum who contribute to the enrichment of the collections of the institution. Lawson-Hall was one of six recipients, alongside the Mayor of London, Sadiq Khan, of a Diversity Award in 2017 awarded by the think tank "Club XXIe-Siècle" in the "Career path" category. In 2015, Lawson-Hall was voted Manager of the Year at the sixth edition of La Tribune Women's Awards. Lawson-Hall holds a Master's degree and a postgraduate degree in Finance from Paris Dauphine University.

Cyrille Bolloré

Male, Age: 39, Nationality: French

NON-EXECUTIVE DIRECTOR

Cyrille Bolloré serves as the Chairman and Chief Executive Officer of Bolloré Group, a family-controlled holding company which is among UMG's largest investors and among the 500 largest companies in the world with focused investments in oil logistics, communication, and industrial activities including ultra-thin films and electricity storage and solutions. At Bolloré Group, he additionally serves as Chairman of the Board of Directors of Bolloré Energy, Chairman of the Supervisory Board of Sofibol, Chairman of the Management Board of Compagnie du Cambodge, and Vice-Chairman of Compagnie de l'Odet, as a Director of Bolloré Participations SE, Financière V, Omnium Bolloré, Société Industrielle et Financière de l'Artois, Financière du Champ de Mars, SFA SA, Nord Sumatra Investissements, and Plantations des Terres Rouges, as a permanent representative on the Boards of Financière Moncey, and as a member of the Supervisory Board of JCDecaux Bolloré Holding. In addition, Bolloré serves as a director on the boards of several prominent companies, including on the Supervisory Board of Vivendi SE, and also serves on the Board of Socfinasia and Socfin, and as a permanent representative on the Board of Socfinaf. Bolloré is a graduate of Paris Dauphine University, and holds a Master's degree in Economics and Management, with a major in Finance.

Eric Sprunk

Male, Age 61, Nationality: American
NON-EXECUTIVE DIRECTOR

Eric Sprunk is a global consumer-retail industry leader with more than 25 years' experience delivering outstanding financial results, creating shareholder value and building loyal, high-performance teams. He most recently served as the Chief Operating Officer of Nike from 2013 to 2020, where he led a globally distributed team of 25,000+ Nike employees and an additional 1,200,000 contract employees responsible for its robust and innovative global supply chain, demand/supply planning, procurement, corporate real estate and workplaces and IT/technology for the global enterprise. During his 27 years at Nike, he held various executive positions of increasing responsibility, including EVP, Global Product & Merchandising from 2008 to 2013 and EVP & GM, Global Footwear from 2001 to 2008. As COO, he drove the digital transformation of the company to be consumer direct. He currently serves as a member of the Board of Directors of General Mills, Bombardier and Nordstrom. Sprunk has a Bachelor's degree in Business Administration and Accounting from the University of Montana.

Haim Saban

Male, Age 80, Nationality: American and Israeli
NON-EXECUTIVE DIRECTOR

Haim Saban is an entrepreneur with more than four decades of experience building successful media and telecommunication businesses. He is the Chairman and CEO of Saban Capital LLC, a private Los Angeles-based investment firm that spans operations in real estate, venture capital, film and music. In partnership with News Corp. and Rupert Murdoch, Saban co-founded Fox Family Worldwide in 1996, creating a global television, broadcasting, production, distribution and merchandising company. In 2001, Walt Disney Co. acquired Fox Family for an enterprise value of USD 5.3 billion. Saban founded Saban Capital Group (SCG) and led an investor group in 2003 to buy a controlling stake in ProSiebenSat.1 Media, Germany's largest broadcaster. He served as Chairman of its Supervisory Board and in 2007 oversaw the sale of the controlling stake to KKR and Permira at a USD 7.5 billion valuation, representing five times the initial investment. In 2005, SCG and Apax Partners acquired a controlling stake in Bezeq, Israel's largest telecom company, which they sold to Eurocom Group at a valuation of more than four-and-a-half times the initial investment five years later. SCG led the acquisition in 2007 of Univision Communications, the leading Spanish-language media company in the U.S. for which Saban served as Chairman. SCG continues to make minority and controlling investments in early stage private and public companies, including Epic Games, Keshet, Kite Pharma and Roblox, among others; feature film projects through Saban Films; and private equity investments in companies, including Celestial Tiger.

James Mitchell

Male, Age: 51, Nationality: British
NON-EXECUTIVE DIRECTOR

James Mitchell is a Senior Executive Vice President and Chief Strategy Officer of Tencent Holdings Limited (HKEX: 0700), where he has worked since July 2011. He is a director of certain listed companies including Frontier Developments Plc (AIM: FDEV) and Tencent Music Entertainment Group (NYSE: TME, HKEX: 1698), and of various unlisted companies. He was previously Chairman and Non-Executive Director of the Board of China Literature Limited (HKEX: 0772). Prior to joining Tencent, Mitchell was a Managing Director at Goldman Sachs. Mitchell received a Bachelor of Arts degree from Oxford University and holds a Chartered Financial Analyst certification.

Luc Van Os

Male, Age: 58, Nationality: Dutch
NON-EXECUTIVE DIRECTOR

Luc van Os is co-owner of Misset Uitgeverij, a B2B publisher of multi-media brands for the agricultural sector, and of Rendement Uitgeverij, a B2B multi-media publisher specialized in HR, fiscal and salary information. Previously, he served for 12 years as CEO of Hearst Netherlands and its predecessors, home to titles including Harper's Bazaar, Elle, Quote and Cosmopolitan. Prior to serving as CEO, he held different leadership roles at Hearst and its predecessors, Hachette Filipacchi Media and Quote Media. Under his leadership, Hearst became the largest upscale magazine publisher in the Netherlands. Van Os is also a member of the Supervisory Board of VNO-NCW, the national employers association in the Netherlands.

Mandy Ginsberg

Female, Age: 55, Nationality: American
NON-EXECUTIVE DIRECTOR

Mandy Ginsberg is an operating partner at Advent International, one of the largest global private equity investment firms. An accomplished leader with extensive online consumer acumen, Ginsberg played various roles over fourteen years at Interactive Corp and Match Group, a portfolio of industry leading digital dating platforms. She served as CEO of Match Group Americas from 2016 to 2018 and ultimately served as CEO of the publicly listed entity Match Group from 2018 to 2020 leading its 45 global dating companies, including Tinder, Match.com, OkCupid, and Hinge. As CEO of Match Group, she drove a period of tremendous subscriber and revenue growth and more than doubled the company's enterprise value. During her tenure, she led the company's expansion in North America and overseas, both through organic growth and acquisitions, including the 2018 purchase of relationship-focused platform Hinge. Ginsberg has held roles within the IAC portfolio of digital companies since 2006. This includes tenures as an EdTech CEO of both The Princeton Review and Tutor.com from 2013 to 2015 and CEO of Match.com North America from 2008 to 2012. She currently serves on the Board of Directors at Uber Technologies and ThredUp, and previously served as a director at Match Group, J.C. Penney Company and Care.com. Ginsberg holds an MBA from The Wharton School of the University of Pennsylvania and a BA from the University of California, Berkeley.

Nicole Avant

Female, Age: 57, Nationality: American
NON-EXECUTIVE DIRECTOR

Nicole Avant is the best-selling author of "Think You'll Be Happy - Moving Through Grief with Grit, Grace and Gratitude". She served as the 13th U. S. Ambassador to The Bahamas after being nominated by President Barack Obama and unanimously confirmed by the U. S. Senate, becoming the youngest as well as the first African American woman to hold the position. In addition to her international diplomatic work, Ambassador Avant brings deep commercial insight and knowledge of the media and entertainment industries having worked in the music business for over 25 years and serving as Vice President of Interior Music Publishing, founded by her father, entertainment mogul, Clarence Avant. Ambassador Avant currently focuses her efforts in film and television production and has produced the critically acclaimed and award winning films "The Black Godfather" and "Trees of Peace". Ambassador Avant also serves on the Board of Soho House & Co, Inc. Throughout her career, Ambassador Avant has also pursued an array of business and philanthropic ventures. Ambassador Avant graduated with a Bachelor of Arts degree in Communications from California State University, Northridge.

DEFINITIONS

In this Annual Report 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 presented in UMG's Consolidated 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 its operating performance and 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. 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 are excluded from Operating Profit:

1. amortization of intangible assets;
2. impairment on goodwill and other intangibles;
3. depreciation of tangible assets including right of use assets;
4. (gains)/losses on the sale of tangible assets, including right of use assets and intangible assets; and
5. restructuring expenses.

Adjusted EBITDA and Adjusted EBITDA margin

The difference between EBITDA and Adjusted EBITDA consists of non-cash share-based compensation expenses and certain one-time items when applicable, 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.

Adjusted Net Profit/Adjusted Net Profit per share

UMG's use of Adjusted net profit is 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. During 2024, UMG updated the definition of Adjusted net profit to exclude restructuring expenses which may impact period-to-period comparability.

The accounting impact of the following items are excluded from Net profit attributable to equity holders of the parent:

1. amortization of catalogues;
2. impairment of goodwill and intangible assets;
3. financial income and expenses, excluding interest and income from investments;
4. restructuring expenses;
5. earnings from discontinued operations;
6. non-cash share-based compensation expense;
7. certain one-time items that are deemed by management to be significant and incidental to normal business activity;
8. income tax impact on the above adjustments;

9. non-recurring tax items; and
10. adjustments attributable to non-controlling interests.

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:

1. 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;
2. 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;
3. 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:

1. 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 its cash flow 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.

Reconciliation of net profit attributable to equity holders of the parent to adjusted net profit

(millions of euros)	Year ended, December 31 2024	2023
Net profit attributable to equity holders of the parent[1]	2,086	1,259
Financial income and expenses, excluding interest and income from investments	(1,177)	(377)
Non-cash share-based compensation expense	329	561
Restructuring expense	169	41
Impairment of intangible assets	2	(7)
Amortization of catalogues	245	236
Income tax on adjustments	128	(87)
Adjusted Net Profit[2]	1,782	1,626

1 As reported in the Consolidated Statement of Profit or Loss
2 Following a change in the definition, the FY23 Adjusted Net Profit has been restated to exclude the impacts of restructuring expenses and related tax impacts.

Adjusted net profit per share

(millions of euros)	Year ended December 31, 2024		2023	
	basic	*diluted*	*basic*	*diluted*
Adjusted net profit[1]	1,782	1,782	1,626	1,626
Number of shares[2]				
Weighted average number of shares outstanding	1,827	1,827	1,819	1,819
Potential dilutive effects related to sharebased compensation	-	25	-	23
Adjusted weighted average number of shares	1,827	1,852	1,819	1,842
Adjusted net profit per share (in euros)	0.98	0.96	0.89	0.88

1 Following a change in the definition, the FY23 Adjusted Net Profit has been restated to exclude the impacts of restructuring expenses and related tax impacts.

2 As reported in Note 8 of the Consolidated Financial Statements.

Net cash provided by operating activities - Adjustments

Operating profit includes certain non-cash items that are adjusted to get to the Net cash provided by operating activities as follows:

(millions of euros)	Year ended, December 31 2024	2023
Amortization and depreciation expense	409	382
Non-cash share-based compensation expense, net of employees tax withheld	131	429
Impairment (reversal)/charge of intangible assets	2	(7)
Changes in provisions, net	1	18
(Gain)/loss on sale of assets	(23)	(26)
Adjustments	520	796

CAUTIONARY NOTICE

Forward-looking statements

This Annual Report may contain statements that constitute forward-looking statements relating to UMG's financial condition, results of operations, business, strategy and plans, and the industry in which UMG operates. 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', 'aspiration', 'objective', 'will', 'endeavour', 'optimistic', 'prospects' and similar expressions or variations on such expressions or the negative of such expressions, or by the forward-looking nature of discussions, or by context. 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, challenges related to generative AI, UMG's inability to attract and retain key personnel, UMG's restructuring and reorganization activities, UMG's acquisitions and other investments, changes in laws and regulations (and UMG's compliance therewith), UMG's inability to meet expectations with respect to ESG-related matters and the other risks described in this 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 Annual Report. 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.

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