UNIVERSAL MUSIC A/S

Dronningensgade 68, 1., 1420 København K

Annual report

2023

Company reg. no. 43 32 46 16

The annual report was submitted and approved by the general meeting on the 25 June 2024.

Morten Ingholt
Chairman of the meeting

Notes:
- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Contents

Management's statement

Today, the Board of Directors and the Managing Director have approved the annual report of UNIVERSAL MUSIC A/S for the financial year 2023.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

We consider the chosen accounting policy to be appropriate, and in our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2023 and of the results of the Company's operations for the financial year 1 January – 31 December 2023.

Further, in our opinion, the Management's review gives a true and fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the Annual General Meeting.

København K, 25 June 2024

Managing Director

Casper Arp Bengtson
CEO

Board of directors

Eddie Clas Hammaren Smith Nygren Chairman of the board	Pia Dahl Egeskov Larsen Board member	Casper Arp Bengtson Board member

Independent auditor's report

To the Shareholders of UNIVERSAL MUSIC A/S

Opinion

We have audited the financial statements of UNIVERSAL MUSIC A/S for the financial year 1 January - 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Company. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2023, and of the results of the Company's operations for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. 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.

Independent auditor's report

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. 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.

- Obtain 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.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to 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. 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 the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

Independent auditor's report

In connection with our audit of the financial statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that Management's Review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of Management's Review.

Frederiksberg, 25 June 2024

EY
Godkendt Revisionspartnerselskab
Company reg. no. 30 70 02 28

Martin Alsbæk	Stig Magne Tran Nielsen
State Authorised Public Accountant	State Authorised Public Accountant
mne28627	mne50642

Company information

The company	UNIVERSAL MUSIC A/S Dronningensgade 68, 1. 1420 København K Company reg. no. 43 32 46 16 Financial year: 1 January - 31 December
Board of directors	Eddie Clas Hammaren Smith Nygren, Skogfaret 36B, Chairman of the board Pia Dahl Egeskov Larsen, Helsinkigade 18, 5. 0003, Board member Casper Arp Bengtson, Olymposvej 49, Board member
Managing Director	Casper Arp Bengtson, Olymposvej 49, CEO
Auditors	EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36 2000 Frederiksberg
Parent company	Universal International Music B.V.
Subsidiary	United Stage Danmark ApS, Copenhagen

Financial highlights

DKK in thousands.	2023	2022	2021	2020	2019
Income statement:					
Revenue	417.878	374.589	343.698	317.609	341.304
Profit from operating activities	23.814	3.093	28.438	10.627	22.846
Net financials	3.449	179	87	-2.056	-1.562
Net profit or loss for the year	25.108	5.779	19.841	2.545	16.804
Statement of financial position:					
Balance sheet total	286.369	258.099	238.247	223.420	266.182
Investments in property, plant and equipment	491	309	450	136	160
Equity	49.086	23.979	51.200	31.359	46.813
Employees:					
Average number of full-time employees	80	76	69	65	70
Key figures in %:					
Profit margin (EBIT-margin)	5,7	0,8	8,3	3,3	6,7
Return on assets	8,4	1,2	11,9	4,8	8,6
Solvency ratio	17,1	9,3	21,5	14,0	17,6
Return on equity	68,7	15,4	48,1	6,5	35,4

Calculations of key figures and ratios follow the recommendations of the Danish Association of Finance Analysts.

Management´s review

The company's main activities

Universal Music A/S is an operating entity within the Universal Music Group (UMG), and the main operating focus is releasing music from existing and new talents for the Danish music scene within the mainstream music genres, while also distributing the global catalogue from UMG in Denmark. The company is the market leader in Denmark.

Uncertainties & estimates

In preparation of the annual report the company has prepared several estimates related to accrued broadcasting income and royalty provisions. These estimates are based on historic tendencies and relevant data that affects the balance sheet.

Irregular events

There have been no irregular events.

Development in activities and financial matters

The gross profit for the year totals DKK 74.2M against DKK 44.6M last year. Income or loss from ordinary activities after tax totals DKK 25.1M against DKK 5.8M last year. Sales have increased from 374.6M to 417.8M.

Actual result for 2023 saw an increase compared to the expected result for 2023 due to better results in the company's projects as well as a price increase in a digital partner.

Last year the overall increase in cost of living and inflation caused the main cost base to increase more than usual. This year, however, the cost of sales and other external expenses have not increased significantly since 2022. Management believes this is because cost of living and inflation has settled since last year, but also due to the success of implementing savings where relevant.

Market outlook

The music market in Denmark is expected to continue to show growth, especially in digital sales, but also within physical sales, driven by vinyl LP sales, that have been growing for several years now. License income from broadcasting, merchandise sales and brand partnerships have also shown growth potential but growth in these areas is less linear in nature. For 2024 they are expected to show growth, even though long-term growth is expected to be more fluctuating.

The expected increase in earnings will be secured by the company's release plans which is expected to bring competition to the top-charts in the market, while also increasing focus on costs. Expected result after taxes for 2024 is DKK 12 – 17M.

Events occurring after the end of the financial year

There have been no material events after the balance sheet date, that impacts the numbers reported in this report.

Declaration of social responsibilities in accordance with Danish Financial Statements Act §99 a

Business model and engagement

Universal Music A/S develops new talents and help them deliver new music for all available streaming platforms in the world. The company finances recording and marketing of domestic repertoire, either as master owner, distributor or under exclusive license. The company is part of the Universal Music Group that operates globally through operating companies such as Universal Music A/S, or through regionally based offices spanning over several territories.

Universal Music A/S owns 100 % of the subsidiary United Stage Danmark Aps, that operates as a booking agent for talents signed to Universal Music A/S and other labels. Combined, the Danish companies employ approx. 100 employees.

Universal Music A/S complies with all relevant legislation within social responsibility, including environmental, climate, human rights, social- and employee concerns and anti-corruption.

The company's own assessment of risk determines that the risk of affecting the environment, climate, human rights, social- and employee concerns and anti-corruption are limited.

Despite the low risk, the company is very focused on the potential risks related to the company's operation and social impact. There is a high priority focus on maintaining a high level of employee satisfaction, through development projects and employee care. Environmental concerns are limited to energy improvements and waste management in the local offices. The company also has a prioritized focus on the impression that the artists represented by the company may have on the market, ensuring these to be in line with the core values of the company, while leaving headroom for creativity and artistic freedom.

Environmental impacts Policy

Universal Music A/S's most significant risk regarding environment and climate is related to the emissions stemming from the office facilities' energy consumption and our travel activities.

IIn accordance with the company's goals and concerns, the following environmental policy applies:

Resource consumption

- Consumption of consumables and energy will be reduced on a continuing basis
- Usage of environmentally harmful materials and products by the company and its suppliers are to be minimized
- Waste production is to be minimized through planning and recycling in the highest possible degree and waste management and sorting is maintained with an environmental focus

Company stakeholders

- As a minimum, environmental legislation will be always followed
- Purchases and supplier selection must consider the environment as a high priority
- Employee responsibilities and active involvement is secured through guidance and communication

The company will pursue future environmental improvements, which will impact the environmental policy when they are implemented, as the company seeks to reduce the negative impact on the environment from daily operations.

Social concerns & employee concerns

Universal Music A/S considers the safety and wellbeing of its employees and its artists a crucial part of the ability to achieve success, making these concerns the main topics within social and employee concerns.

Universal Music recognize that the music industry is highly competitive and that the fast-paced work environment can lead to an increased risk of stress, due to the shifting work hours related to the artists’ live performances outside regular hours.

The company is also aware of the risks of working with talented people across different music genres, who focus mainly on their creativity and ability to perform, while often depending on partners to guide them through administrative tasks. In recognition of this responsibility, Universal Music A/S has implemented ‘Financial Well Being’ to be available to its artists, with the purpose of providing financial stability to artists whose careers may develop dramatically on a short term. Similarly, the company also offers its healthcare benefits to its artists, to provide health related support when needed.

Both offers are also available for employees.

The company is monitoring employee satisfaction on a yearly basis and continue to implement feedback from these surveys and educate management levels on how to perform in a manner that maintains the high degree of satisfaction.

Universal Music A/S will continue to monitor employee satisfaction and implement improvements as suggested by employee satisfaction surveys that are performed biennially.

Human rights
The company supports and respects human rights, and employees are trained through mandatory global training programs at least once a year, to report any behavior that violate human rights or company code of conduct, which from a group level holds a very high priority for all employees to be well informed and trained in.

The most material risk related to human rights lie within our supply chain. We recognize that unethical behavior may present a risk, when dealing with third parties while operating in a global setting.

IIn 2023, no human rights violations were reported, and all employees took part in the code of conduct training that specifies how to uphold human rights and how to report potential violations.

Universal Music A/S will continue to train employees in Human rights topics and develop our focus on human rights to include an even broader perspective.

Anti- corruption & bribery
The company code of conduct describes in detail how to navigate in situations where suspicion of corruption or bribery exists and how to report them via secure channels, ensuring no threat of retaliation.

Universal Music A/S recognizes the risk of corruption in interaction between business partners in the music industry and the company upholds a zero tolerance towards any corruption or bribery attempts. There is an established approach to reporting any concerns that may relate to suspicion on corruption and bribery, to ensure that nothing is withheld in any organizational level within the group.

Employees are instructed on how to identify and react to such circumstances in the yearly code of conduct training, that will continue to be a mandatory course for all employees in the future and thereby promote guidelines and expectations regarding anti-corruption.

For 2023, there has been no reported incidents related to corruption or bribery and course completion was satisfactory.

Declaration of gender balance within company management in accordance with 'Section §99 b of the Danish Financial Statements Act

Segmentation of company management positions.

The company seeks to uphold its obligation to maintain the legal requirements of having an equal representation of gender within the board. The board consists of 2 male and 1 female board members.

Target figures and policies for the underrepresented gender

Overview of the status of target figures for the underrepresented gender

	2023
Board of Directors	
Total number of members of board of Directors, excluding employee-elected members	3
Underrepresented gender in board of Directors	33 %
Target figure of underrepresented gender in board of Directors	50 %
Year of expected fulfillment	2030
Other management levels	
Total number of other management levels	11
Underrepresented gender at other management levels	36 %
Target figure of underrepresented gender at other management levels	50 %
Year of expected fulfillment	2030

Policies within other management levels

The company's other management levels count 11 full time employed individuals that consists of 4 female and 7 male managers, and thus has a 36 % representation of the underrepresented gender at other management levels. We have therefore achieved an equal gender distribution at other management levels.

The other management consists of directors, team leaders and 'Head of' with reference to the board or the director level. The other management level is calculated via head count.

Report on the company's policy on data ethics according to section 99 d of the Danish Financial Statements Act

The importance of maintaining client confidentiality is emphasized through a variety of mechanisms.

We have policies on information security, confidentiality, personal information and data privacy.

Universal Group firms have a document retention policy concerning the retention period for audit documentation and other records relevant to an engagement in accordance with the relevant IESBA requirements as well as other applicable laws, regulations and professional standards.

We provide training on confidentiality, information protection and data privacy requirements to all Universal Group personnel annually

Relevant information is shared with the public on our website regarding the legally required data policy according to section 99 d:

https://privacy.umusic.com/dk/

Income statement 1 January - 31 December

All amounts in DKK.

Note		2023	2022
2	Revenue	417.877.692	374.588.812
	Other operating income	14.273	0
	Cost of sales	-316.111.091	-301.817.994
	Other external expenses	-27.589.070	-28.184.050
	Gross profit	**74.191.804**	**44.586.768**
4	Staff costs	-48.717.265	-39.640.211
5	Depreciation, amortisation, and impairment	-1.660.600	-1.853.680
	Operating profit	**23.813.939**	**3.092.877**
	Income from investments in subsidiaries	4.279.914	3.685.427
	Other financial income from group enterprises	3.680.037	651.477
	Other financial income	53.732	201.799
	Other financial expenses	-284.904	-674.217
	Pre-tax net profit or loss	**31.542.718**	**6.957.363**
6	Tax on net profit or loss for the year	-6.435.090	-1.178.101
7	**Net profit or loss for the year**	**25.107.628**	**5.779.262**

Balance sheet at 31 December

All amounts in DKK.

Note	Assets	2023	2022
	Non-current assets		
8	Acquired intangible assets	8.152.333	9.413.609
	Total intangible assets	8.152.333	9.413.609
9	Other fixtures, fittings, tools and equipment	600.099	305.732
10	Leasehold improvements	379.580	581.780
	Total property, plant, and equipment	979.679	887.512
11	Investments in group enterprises	30.721.560	26.441.647
12	Deposits	1.599.403	1.395.821
	Total investments	32.320.963	27.837.468
	Total non-current assets	**41.452.975**	**38.138.589**
	Current assets		
	Goods for resale	924.301	685.839
	Total inventories	924.301	685.839
	Trade receivables	30.100.131	37.038.332
13	Receivables from group enterprises	149.555.206	114.280.771
14	Deferred tax assets	477.060	613.018
	Tax receivables from group enterprises	2.074.099	1.882.540
	Other receivables	61.752.922	64.452.948
15	Prepayments	26.733	516.088
	Total receivables	243.986.151	218.783.697
	Cash and cash equivalents	5.883	491.071
	Total current assets	**244.916.335**	**219.960.607**
	Total assets	**286.369.310**	**258.099.196**

Balance sheet at 31 December

All amounts in DKK.

Note	Equity and liabilities	2023	2022
	Equity		
16	Contributed capital	8.000.000	8.000.000
	Reserves for net revaluation as per the equity method	6.823.621	2.543.707
	Results brought forward	15.432.103	13.435.110
	Proposed dividend for the financial year	18.830.721	0
	Total equity	**49.086.445**	**23.978.817**
	Provisions		
17	Other provisions	0	728.915
	Total provisions	**0**	**728.915**
	Liabilities other than provisions		
	Bank debts	1.392.988	1.829.497
	Trade creditors	47.548.005	43.619.428
	Payables to group enterprises	173.573.131	179.351.181
	Corporate tax	5.389.973	664.808
	Other payables	9.378.768	7.926.550
	Total short term liabilities other than provisions	237.282.865	233.391.464
	Total liabilities other than provisions	**237.282.865**	**233.391.464**
	Total equity and liabilities	**286.369.310**	**258.099.196**

1 **Accounting policies**

3 **Fees for auditor**

18 **Charges and security**

19 **Contingencies**

20 **Related parties**

Statement of changes in equity

All amounts in DKK.

	Contributed capital	Reserve for net revaluation according to the equity method	Retained earnings	Proposed dividend for the financial year	Total
Equity 1 January 2023	8.000.000	2.543.707	13.435.110	0	23.978.817
Share of results	0	4.279.914	1.996.993	18.830.721	25.107.628
	8.000.000	**6.823.621**	**15.432.103**	**18.830.721**	**49.086.445**

1. Accounting policies

The annual report for UNIVERSAL MUSIC A/S has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class C enterprises (large enterprises).

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

No consolidated financial statements have been prepared pursuant to section 112 (1) of the Danish Financial Statements Act. The financial statements of UNIVERSAL MUSIC A/S and its group enterprises are included in the consolidated financial statements for Universal Music Group N.V, Netherlands, reg. no. 47427345.

Pursuant to section 86 (4) of the Danish Financial Statements Act, no statement of cash flows for the enterprise has been prepared, as the relevant information is included in the consolidated financial statements of Universal Music Group N.V.

Foreign currency translation

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials. If currency positions are considered to hedge future cash flows, the value adjustments are recognised directly in equity in a fair value reserve.

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

Income statement

Revenue

The enterprise will be applying IAS 11 and IAS 18 as its basis of interpretation for the recognition of revenue.

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Revenue is measured at the fair value of the consideration promised exclusive of VAT and taxes and less any discounts relating directly to sales.

Cost of sales

Cost of sales comprises costs concerning purchase, consumables, less discounts and changes in inventories.

1. **Accounting policies (continued)**

Other operating income

Other operating income comprises items of a secondary nature as regards the principal activities of the enterprise, including profit from the disposal of intangible and tangible assets, operating loss and conflict compensation as well as salary reimbursements received. Compensation is recognized when it is overwhelmingly probable that the company will receive the compensation

Other external expenses

Other external expenses comprise expenses incurred for sales, advertising, administration, premises, loss on receivables, and operational leasing costs.

Staff costs

Staff costs include salaries and wages, including holiday allowances, pensions, and other social security costs, etc., for staff members.

Depreciation, amortisation, and writedown for impairment

Depreciation, amortisation, and writedown for impairment comprise depreciation on, amortisation of, and writedown for impairment of intangible and tangible assets, respectively.

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, financial expenses from financial leasing, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

Results from investments in subsidiaries

After full elimination of intercompany profit or loss less amortised consolidated goodwill, the investment in the individual entities are recognised in the income statement as a proportional share of the entities' post-tax profit or loss.

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

The company is subject to Danish rules on compulsory joint taxation of Danish group enterprises. The company acts as an administration company in relation to the joint taxation. This means that the total Danish tax payable by the Danish consolidated companies is paid to the tax authorities by the company.

1. **Accounting policies (continued)**

The current Danish income tax is allocated among the jointly taxed companies proportional to their respective taxable income (full allocation with reimbursement of tax losses).

Statement of financial position

Intangible assets

Other Intangible assets

Acquired intangible rights are measured at cost less accrued amortisation. Other intangible assets include other acquired intangible rights. Other intangible assets are measured at cost less accumulated amortisation and impairment losses.

Property, plant, and equipment

Property, plant, and equipment are measured at cost less accrued depreciation and write-down for impairment.

Leasehold improvements are measured at cost less accrued depreciations. Depreciation is done on a straightline basis over the estimated useful life of the asset.

The depreciable amount is cost less any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, the depreciation is discontinued.

If the amortisation period or the residual value is changed, the effect on amortisation will, in future, be recognised as a change in the accounting estimates.

The cost comprises acquisition cost and costs directly associated with the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing, and the individual component representing a material part of the total cost.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life and the residual value of the individual assets:

	Useful life	Residual value
Leasehold improvements	5-10 years	0-20 %
Other fixtures and fittings, tools and equipment	3-5 years	0-20 %

Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.

1. Accounting policies (continued)

Profit or loss derived from the disposal of property, land, and equipment is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

Leases

The enterprise will be applying IAS 17 as its base of interpretation for recognition of classification and recognition of leases.

All other leases are regarded as operating leases. Payments in connection with operating leases and other lease agreements are recognised in the income statement for the term of the contract. The company's total liabilities concerning operating leases and lease agreements are recognised under contingencies, etc.

Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible fixed assets as well as equity investments in subsidiaries are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. Writedown for impairment is done to the recoverable amount if this value is lower than the carrying amount.

The recoverable amount is the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist. Impairment relating to goodwill is not reversed.

Investments

Investments in subsidiaries

Investments in subsidiaries are recognised and measured by applying the equity method. The equity method is used as a method of consolidation.

1. **Accounting policies (continued)**

Investments in subsidiaries are recognised in the statement of financial position at the proportionate share of the enterprise's equity value. This value is calculated in accordance with the parent's accounting policies with deductions or additions of unrealised intercompany gains and losses as well as with additions or deductions of the remaining value of positive or negative goodwill calculated in accordance with the acquisition method. Negative goodwill is recognised in the income statement at the time of acquisition of the equity investment. If the negative goodwill relates to contingent liabilities acquired, negative goodwill is not recognised until the contingent liabilities have been settled or lapsed.

Consolidated goodwill is amortised over its estimated useful life, which is determined on the basis of the management's experience with the individual business areas. Consolidated goodwill is amortised on a straight-line basis over the amortisation period, which represent 5-20 years. The depreciation period is determined on the basis of an assessment that these are strategically acquired enterpriseswith a strong market position and a long-term earnings profile.

In relation to material assets and liabilities recognised in subsidiaries but are not represented in the parent, the following accounting policies have been applied.

Investments in subsidiaries with a negative equity value are measured at DKK 0, and any accounts receivable from these enterprises are written down to the extent that the account receivable is uncollectible. To the extent that the parent has a legal or constructive obligation to cover an negative balance that exceeds the account receivable, the remaining amount is recognised under provisions.

To the extent the equity exceeds the cost, the net revaluation of equity investments in subsidiaries transferred to the reserve under equity for net revaluation according to the equity method. Dividends from subsidiaries expected to be adopted before the approval of this annual report are not subject to a limitation of the revaluation reserve. The reserve is adjusted by other equity movements in subsidiaries.

Newly acquired or newly established companies are recognised in the financial statement as of the time of acquisition. Sold or liquidated companies are recognised until the date of disposal.

On the acquisition of enterprises, the acquisition method, the uniting-of-interests method or the book value method is applied, cf. the above description under Business combinations.

Deposits

Deposits are measured at amortised cost and represent lease deposits, etc.

1. **Accounting policies (continued)**

Inventories

Goods for resale are measured at cost, which comprises the cost of acquisition plus delivery costs as well as other expenses directly attributable to the acquisition

The net realisable value for inventories is recognised as the estimated selling price less costs of completion and selling costs. The net realisable value is determined with due consideration of negotiability, obsolescence, and the development of expected market prices.

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

In order to meet expected losses, impairment takes place at the net realisable value. The company has chosen to use IAS 39 as a basis for interpretation when recognising impairment of financial assets, which means that impairments must be made to offset losses where an objective indication is deemed to have occurred that an account receivable or a portfolio of accounts receivable is impaired.If an objective indication shows that an individual account receivable has been impaired, an impairment takes place at individual level.

Accounts receivable for which there is no objective indication of impairment at the individual level are evaluated at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' domicile and credit rating in accordance with the company's and the group's credit risk management policy. Determination of the objective indicators applied for portfolios are based on experience with historical losses.

Impairment losses are calculated as the difference between the carrying amount of accounts receivable and the present value of the expected cash flows, including the realisable value of any securities received. The effective interest rate for the individual account receivable or portfolio is used as the discount rate.

Prepayments

Prepayments recognised under assets comprise incurred costs concerning the following financial year.

Cash and cash equivalents

Cash at bank and in hand comprise bank balances.

Considering the nature of the scheme, account balances relating to the Group's cash pool scheme are not considered cash and cash equivalents, but are included in the financial statement item receivables from group entities.

1. **Accounting policies (continued)**

Equity

Reserve for net revaluation according to the equity method

The reserve for net revaluation according to the equity method comprises net revaluation of equity investments in subsidiaries, associates and equity interests proportional to cost.

The reserve may be eliminated in the event of losses, realisation of equity investments, or changes in the accounting estimates.

The reserve cannot be recognised by a negative amount.

Dividend

Dividend expected to be distributed for the year is recognised as a separate item under equity.

Income tax and deferred tax

As administration company, UNIVERSAL MUSIC A/S is liable to the tax authorities for the subsidiaries' corporate income taxes.

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

The company is jointly taxed with consolidated Danish companies. The current corporate income tax is distributed between the jointly taxed companies in proportion to their taxable income and with full distribution with reimbursement as to tax losses. The jointly taxed companies are comprised by the Danish tax prepayment scheme.

Joint taxation contributions payable and receivable are recognised in the statement of financial position as "Tax receivables from group enterprises" or "Income tax payable to group enterprises"

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Adjustments take place in relation to deferred tax concerning elimination of unrealised intercompany gains and losses.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

1. **Accounting policies (continued)**

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.

Provisions

Provisions comprise expected costs of returned products. Provisions are recognised when the company has a legal or actual commitment resulting from a previously occurred event and when it is probable that the settlement of the liability will result in consumption of the financial resources of the company.

Provisions are measured at net realisable value or at fair value. If the fulfilment of a liability is expected to take place far in the future, the liability is measured at fair value.

Liabilities other than provisions

The Company has chosen IAS 39 as interpretation for liabilities. Labilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.

Segmental statement

Information on activity and geographical markets is provided. The segmental statement complies with the consolidated accounting policies, risks, and management control systems of the company.

All amounts in DKK.

		2023	2022
2.	**Revenue**		
	Sales	296.411.106	280.472.004
	Royalties and licenses	121.466.586	94.116.808
		417.877.692	**374.588.812**

Segmental statement

	Physical	Digital	Licenses	Total
Activities – primary segment:	29.267.227	267.940.511	120.669.954	417.877.692

	Denmark	Rest of the world	Total
Geographical – secondary segment:	370.725.068	47.152.624	417.877.692

3. Fees for auditor

Audit fees are not disclosed with reference to section 96(3) of the Danish Financial Statements Act. The fee is specified in the consolidated financial statements for Universal Music Group N.V, s-Gravelandseweg 80, 1217EW Hilversum, Netherlands

		2023	2022
4.	**Staff costs**		
	Salaries and wages	41.191.817	31.870.458
	Pension costs	2.790.337	2.499.658
	Other costs for social security	583.965	657.378
	Other staff costs	4.151.146	4.612.717
		48.717.265	**39.640.211**
	Average number of employees	80	76

By reference to section 98b(3), (ii), of the Danish Financial Statements Act, remuneration to Management is not disclosed.

		2023	2022
5.	**Depreciation, amortisation, and impairment**		
	Amortisation of acquired intangible assets	1.261.277	1.261.277
	Depreciation on other fixtures fittings, tools and equipment	399.323	592.403
		1.660.600	**1.853.680**

All amounts in DKK.

		2023	2022
6.	**Tax on net profit or loss for the year**		
	Tax of the results for the year, parent company	6.222.128	705.824
	Adjustment for the year of deferred tax	135.958	472.277
	Adjustment of tax for previous years	77.004	0
		6.435.090	**1.178.101**

7.	**Proposed distribution of net profit**		
	Reserves for net revaluation according to the equity method	4.279.914	2.543.707
	Dividend for the financial year	18.830.721	0
	Transferred to retained earnings	1.996.993	3.235.555
	Total allocations and transfers	**25.107.628**	**5.779.262**

		31/12 2023	31/12 2022
8.	**Acquired intangible assets**		
	Cost 1 January 2023	23.004.424	23.004.424
	Cost 31 December 2023	**23.004.424**	**23.004.424**
	Amortisation and write-down 1 January 2023	-13.590.815	-12.329.537
	Amortisation for the year	-1.261.276	-1.261.278
	Amortisation and write-down 31 December 2023	**-14.852.091**	**-13.590.815**
	Carrying amount, 31 December 2023	**8.152.333**	**9.413.609**

All amounts in DKK.

		31/12 2023	31/12 2022
9.	**Other fixtures, fittings, tools and equipment**		
	Cost 1 January 2023	1.702.610	1.558.775
	Additions during the year	491.490	143.835
	Disposals during the year	-498.415	0
	Cost 31 December 2023	**1.695.685**	**1.702.610**
	Amortisation and write-down 1 January 2023	-1.396.878	-1.142.652
	Depreciation for the year	-197.123	-254.226
	Reversal of depreciation, amortisation and writedown, assets disposed of	498.415	0
	Amortisation and write-down 31 December 2023	**-1.095.586**	**-1.396.878**
	Carrying amount, 31 December 2023	**600.099**	**305.732**
10.	**Leasehold improvements**		
	Cost 1 January 2023	4.499.975	4.334.800
	Additions during the year	0	165.175
	Disposals during the year	-2.858.220	0
	Cost 31 December 2023	**1.641.755**	**4.499.975**
	Depreciation and write-down 1 January 2023	-3.918.195	-3.580.018
	Depreciation for the year	-202.200	-338.177
	Reversal of depreciation, amortisation and writedown, assets disposed of	2.858.220	0
	Depreciation and write-down 31 December 2023	**-1.262.175**	**-3.918.195**
	Carrying amount, 31 December 2023	**379.580**	**581.780**

All amounts in DKK.

		31/12 2023	31/12 2022
11.	**Investments in group enterprises**		
	Acquisition sum, opening balance 1 January 2023	23.897.940	23.897.940
	Cost 31 December 2023	**23.897.940**	**23.897.940**
	Revaluations, opening balance 1 January 2023	2.543.707	-1.141.720
	Results for the year before goodwill amortisation	7.094.854	6.500.368
	Depreciation on group goodwill	-2.814.941	-2.814.941
	Revaluations 31 December 2023	**6.823.620**	**2.543.707**
	Carrying amount, 31 December 2023	**30.721.560**	**26.441.647**
	The item includes goodwill with an amount of	1.172.893	3.987.834

Group enterprises:

	Domicile	Equity interest
United Stage Danmark ApS	Copenhagen	100 %

		31/12 2023	31/12 2022
12.	**Deposits**		
	Cost 1 January 2023	1.395.821	1.258.051
	Additions during the year	203.582	137.770
	Cost 31 December 2023	**1.599.403**	**1.395.821**
	Carrying amount, 31 December 2023	**1.599.403**	**1.395.821**

13. Receivables from group enterprises

Universal Music A/S has an agreement regarding a cash pool scheme with Universal Music Group Treasury SAS.

Universal Music A/S' account in the cash pool scheme, amount to DKK 149.044 thousand (DKK 112.343 thousand for 2022) and is recognised as a receivable from group entities.

All amounts in DKK.

		31/12 2023	31/12 2022
14.	**Deferred tax assets**		
	Deferred tax assets 1 January 2023	613.018	1.085.295
	Deferred tax of the results for the year	-135.958	-472.277
		477.060	**613.018**
	The following items are subject to deferred tax:		
	Property, plant, and equipment	302.218	355.549
	Current assets	174.842	97.662
	Other provisions	0	159.807
		477.060	**613.018**

The company has recognized a tax asset of a total of 477 thousand DKK as of December 31, 2023. The tax asset consists of unused tax deductions from deferred differences amounting to 477 thousand DKK.

Based on the budgets, the management has assessed it likely that there will be future taxable income available in which the unused tax deductions can be utilized.

All amounts in DKK.

		31/12 2023	31/12 2022
15.	**Prepayments**		
	Prepaid insurance	11.078	69.342
	Prepaid others	15.655	446.746
		26.733	**516.088**
16.	**Contributed capital**		
	Contributed capital 1 January 2023	8.000.000	8.000.000
		8.000.000	**8.000.000**

The share capital consists of the following:
7.000 shares of DKK 1,000.00 each
2.000 shares of DKK 500.00 each

17. Other provisions

Other provisions comprise provision for return commitments.

18. Charges and security

The company has not placed any assets or other items as security for loans at 31 December 2023

19. Contingencies

Contingent liabilities

	31/12 2023 DKK in thousands
Rent and lease liabilities	1.993
Total contingent liabilities	**1.993**

All amounts in DKK.

19. Contingencies (continued)

Contingent liabilities (continued)

Lease liabilities

Rent and lease liabilities include a rent obligation totalling DKK 1.756.318 in interminable rent agreements with remaining contract terms of 6 months. Furthermore, the Company has liabilities under operating leases re. IT equipment, cars etc., totalling DKK 237.090, with remaining contract terms of 6-36 months

	DKK in thounsands
Rent and lease liabilities for 2022	2.016

Joint taxation

The company acts as administration company for the group of companies subject to the Danish scheme of joint taxation and is unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, to pay the total corporation tax.

The company is unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for any obligations to withhold tax on interest, royalties, and dividends.

Any subsequent adjustments of corporate taxes or withholding taxes, etc., may result in changes in the company's liabilities.

20. Related parties

Controlling interest

Universal Music Group N.V, Netherlands	Majority shareholder

Transactions

The company has the following related party transactions:

	2023	2022
Sale of Danish products to foreign group	29.177.555	24.342.674
Royalty expenses	130.973.205	114.142.705
Group expenses to personel	2.677.609	3.023.406
Interest on receivables from group enterprises	3.680.037	651.477
Receivables from group enterprises	149.555.206	114.280.771
Payables from group enterprises	173.573.131	179.351.182

Notes

All amounts in DKK.

Consolidated financial statements

The company is included in the consolidated financial statements of Universal Music Group N.V, s-Gravelandseweg 80, 1217EW Hilversum, Netherlands

Requisitioning of parent's consolidated financial statements:
https://investors.universalmusic.com/

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Pia Dahl Egeskov Larsen
Board member
På vegne af: Universal Music A/S
Serienummer: 9ba6aa09-56f5-4a2e-99d8-2bd86a5ba587
IP: 87.49.xxx.xxx
2024-06-25 08:09:25 UTC

Nygren, Eddie C H Smith
Chairman of the board
På vegne af: Universal Music A/S
Serienummer: no_bankid:9578-5999-4-1559241
IP: 167.167.xxx.xxx
2024-06-25 11:42:16 UTC

Casper Arp Bengtson
CEO
På vegne af: Universal Music A/S
Serienummer: 8cae64b5-d106-4d56-a2ce-cfb2097dc417
IP: 80.80.xxx.xxx
2024-06-25 13:07:29 UTC

Casper Arp Bengtson
Board member
På vegne af: Universal Music A/S
Serienummer: 8cae64b5-d106-4d56-a2ce-cfb2097dc417
IP: 80.80.xxx.xxx
2024-06-25 13:07:29 UTC

Stig Magne Tran Nielsen
EY Godkendt Revisionspartnerselskab CVR: 30700228
Statsaut. revisor
På vegne af: EY Godkendt Revisionspartnerselskab
Serienummer: dd25c198-fec7-4768-b080-5dcdaf2a9fa7
IP: 85.233.xxx.xxx
2024-06-25 13:13:40 UTC

Martin Albsæk
EY Godkendt Revisionspartnerselskab CVR: 30700228
Statsaut. revisor
På vegne af: EY Godkendt Revisionspartnerselskab
Serienummer: 01b60477-6211-4560-be76-59cb0b6ab449
IP: 147.161.xxx.xxx
2024-06-25 14:24:35 UTC

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Morten Ingholt
Dirigent
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Serienummer: 5a9caf85-9eb6-41d1-89ff-9077d25b3b15
IP: 80.80.xxx.xxx
2024-06-25 14:25:45 UTC

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