



## Press release

### **Believe announces the approval of its Registration Document by the French *Autorité des marchés financiers* (“AMF”) and takes first step towards an IPO**

- Believe is one of the world's leading digital music companies, specialized in developing independent artists and labels with solutions best adapted to their evolving needs at each level of their career, in a digital world.
- As a fast-growing and profitable company, Believe recorded €728 million of digital music sales (DMS<sup>1</sup>) in 2020 up from €472 million in 2018 (+24% CAGR<sup>2</sup>) and €441 million of consolidated revenues in 2020 up from €238 million in 2018 (+36% CAGR).
- Believe is contemplating an Initial Public Offering (“IPO”) on Euronext Paris with a capital raise of approximately €500 million to finance its growth strategy.

**Paris, 10 May 2021** – Believe, one of the world's leading digital music companies, today announced the approval of its registration document, dated May 7, 2021, by the French securities regulator (*Autorité des marchés financiers*, “AMF”) under number I.21-018.

The approval of Believe's registration document constitutes the first step of its contemplated IPO on the regulated market of Euronext Paris. The completion of the IPO is subject to the approval of the prospectus relating to the offering by the AMF, as well as favourable market conditions.

**Denis Ladegaillerie, Founder and CEO of Believe, said:** *“In the last decade, streaming has changed how people discover music, paving the way for the rise of independent artists and labels. Believe is ideally positioned at the core of this transformation with a unique model to provide solutions best adapted to meet the evolving needs of each independent artist and label, at all levels of development, in the digital world. Believe has the technological platform, the global reach and the people on the ground to be at the forefront of this new cycle. Believe's CSR strategy centered around respectful, fair and transparent talent development is at the heart of our ambition to become the best and most value-added partner for artists and labels in the digital world. This IPO project would enable us to accelerate our development and continue to pursue our profitable growth trajectory while achieving our mission to help build a better, more diverse, more respectful, more transparent and fairer future for all artists.”*

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<sup>1</sup> DMS is a non-GAAP indicator used by the Group to track the volume of business generated on digital platforms and social media. DMS corresponds to gross amounts paid to the Group by digital platforms and social media in exchange for the Group delivering audio and video content.

<sup>2</sup> Compound annual growth rate

## **Believe, the artist and label development platform for the digital world**

Believe's mission is to develop independent recording artists and labels in the digital world. We accomplish our mission by providing them the solutions they need to grow their audience at each stage of their career and development. Believe's passionate teams of local digital music experts around the world leverage the Group's global technology platform to advise them, distribute and promote their music.

Believe differentiates by:

- **Building solutions best adapted to artists and labels needs at each stage of their career and development.** New artists, established artists, top artists and labels have different needs. Through its portfolio of brands and its global technology platform, Believe provides solutions best adapted to meet their evolving needs, at all levels of development, in all geographies and across a large diversity of music genres.
- **The priority given to the development of artists and labels in their local market.** The music industry is primarily made up of artists singing in their own language and shaping local culture with their music. Believe's focus is on local artists and labels, helping them to develop independently in their home markets.
- **Its expertise and digital DNA.** Artist and record labels are not developed in the same way in the traditional world and in the digital music world. Believe leverages its proprietary technology platform, all the data it collects, its relationships with local and global digital platforms, and its digital expertise to build the reference platform for the digital development of artists and labels worldwide.
- **Integrating values and CSR at the core of its development.** Believe aims to develop artists with respect, fairness and transparency. These values are the foundation of the trust relationships the Group aims to establish with its artists and labels, its partners, its employees and more generally all its stakeholders. Believe strives to integrate these values in all aspects of its business from establishing simple and fair contracts, transparent royalty statements, protecting the data privacy and freedom of expression our artists and labels to promoting gender equality, diversity and inclusion.

Believe's solutions are available in a large number of segments of the music industry all over the world. Believe provides automated solutions for artists and labels under the TuneCore brand and premium solutions through its *Label & Artist Solutions* and *Artist Services* commercial offers, the second one under a large portfolio of brands including AllPoints, Naïve and Nuclear Blast.

As of 31 December 2020, Believe operated in more than 50 countries with 1,270 employees and provided solutions to more than 850,000 artists (directly or through their labels), representing more than 100 billion total streams<sup>3</sup> and 375 billion video views<sup>4</sup> in 2020.

Believe's ambition is to build the leading artist and label development platform for the digital world leveraging its differentiated business model, technology, music and digital DNA.

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<sup>3</sup> On Spotify in 2020

<sup>4</sup> On Youtube in 2020

## A high growth profile supported by strong market dynamics

Believe is benefiting from the robust music industry growth driven by the massive shift to streaming in developed markets and its accelerated adoption in emerging markets, as well as the increase in independent artists and labels looking for digital-first and go-to-market expertise.

Streaming represented 62% of the global recorded music market in 2020<sup>5</sup> and has benefitted from significant growth in recent years with a 37% compound annual growth rate (CAGR) over the 2015-2020 period, increasing from \$2.8 billion in 2015 to \$13.4 billion in 2020<sup>6</sup>. Streaming is expected to achieve an estimated market size of \$18.8 billion by 2023 and \$22.4 billion by 2027<sup>7</sup>, i.e. reaching 78% of the global recorded music market in 2027.

Believe has demonstrated its ability to deliver consistent profitable growth over the past few years, at scale and at a faster rate than the buoyant music industry. Over the 2018-2020 period, Believe's digital music sales (DMS) increased by over 54%, from €472 million to €728 million, representing a compound annual growth rate (CAGR) of 24% (vs a CAGR of 7.6% for the recorded music market<sup>8</sup>). Believe's revenues recorded a CAGR of 36%, from €238 million in 2018 to €441 million in 2020. In Q1 2021, Believe continued to experience rapid and profitable growth with revenues of €124 million (+ 26% vs Q1 2020), representing an organic growth at current exchange rates<sup>9</sup> of 23%.

The Group benefitted from a geographically diversified revenue mix, in 2020 18% of its consolidated revenue was generated in France, 22% in Germany, 28% in the rest of Europe, 14% in the Americas and 18% in Asia, Oceania and Africa.

## Strategy and Outlook

The Group's strategy is to build the leading global artist digital development platform, by continuing to invest to broaden its global footprint, pursue its disciplined external growth strategy and enhance and expand existing capabilities through investments in its technological platform.

For the financial year ending December 31, 2021, Believe targets an organic revenue growth at current exchange rates<sup>10</sup> of c.20%. The Group aims to achieve an organic revenue growth CAGR at constant exchange rates<sup>11</sup> of between 22% and 25% over the 2022-2025 period, driven by market growth and continued market share gains in key local markets.

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<sup>5, 6, 8</sup> IFPI, Global Music Report 2021.

<sup>7</sup> MiDIA "Global Music Forecasts 2020-2027".

<sup>9</sup> Organic growth at current exchange rates corresponds to revenue growth at constant scope presented at current exchange rates, i.e., not adjusted for the impact of exchange rate fluctuations. Revenue growth at constant scope corresponds to revenue generated in Q1 2021 by all companies included in the Group's scope of consolidation at 31 March 2020 (excluding any contribution from companies acquired after 31 March 2020), compared to revenue generated in Q1 2020 by the same companies, regardless of when they entered the Group's scope of consolidation.

<sup>10</sup> This revenue forecast is based on the assumption that there will be no major variation in the exchange rates of the main countries outside the Euro zone in which the Group generates its revenues (in particular the euro/dollar exchange rate), compared to those observed during the year ending 31 December 2020.

<sup>11</sup> Organic growth at constant exchange rates is calculated by applying the average exchange rate for the comparative period to the revenue for the period and the comparative period of each Group entity expressed in its reporting currency. Exchange rate fluctuations relating to

As part of the contemplated IPO, Believe intends to raise c. €500 million to finance its growth strategy.

Citi, J.P. Morgan and Société Générale are acting as Joint Global Coordinators and Joint Bookrunners and BNP Paribas, Goldman Sachs, HSBC and UBS are acting as Joint Bookrunners in the contemplated IPO. Rothschild & Co. is acting as independent financial adviser to Believe.

**Availability of the registration document** – Believe's registration document is available on the company's website dedicated to its IPO process ([ipo.believe.com](http://ipo.believe.com)) as well as the AMF's website ([www.amf-france.org](http://www.amf-france.org)). It is also available free of charge upon request from the company at Believe, 24 rue Toulouse Lautrec, 75017 Paris, France. The Group would like to draw the attention of potential investors to Chapter 3: 'Risk Factors' in the registration document approved by the AMF.

### About Believe

Believe is one of the world's leading digital music company. Believe's mission is to develop independent artists and labels in the digital world. We accomplish our mission by providing them the solutions they need to grow their audience at each stage of their career and development. Believe's passionate team of digital music experts around the world leverages the Group's global technology platform to advise artists and labels, distribute and promote their music. Our 1,270 employees in more than 50 countries aim to support independent artists and labels with a unique digital expertise, respect, fairness and transparency. Believe offers its various solutions through a portfolio of brands including TuneCore, Believe Distribution Services, Nuclear Blast, Naïve, Groove Attack and AllPoints.

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*This announcement is not a prospectus within the meaning of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017.*

*The distribution of this press release is not made, and has not been approved, by an "authorized person" within the meaning of Article 21(1) of the Financial Services and Markets Act 2000. As a consequence, this press release is directed only at persons who (i) are located outside the United Kingdom, (ii) have professional experience in matters relating to investments and fall within Article 19(5) ("investment professionals") of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 (as amended), (iii) are persons falling within Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended) or (iv) are persons to whom this press release may otherwise lawfully be communicated (all such persons together being referred to as*

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transactions, if any, carried out by each reporting entity in currencies other than its functional currency (generally referred to as transactional exchange rate fluctuations) are not included.

*"Relevant Persons"). This press release is not a prospectus which has been approved by the Financial Conduct Authority or any other United Kingdom regulatory authority for the purposes of Section 85 of the Financial Services and Markets Act 2000.*

*Securities may not be offered or sold in the United States of America unless they are registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act"), or exempt from registration. Believe would not register all or any portion of the offering of shares in the contemplated IPO in the United States of America or conduct a public offering of the shares in the United States of America. This press release may not be published, forwarded or distributed, directly or indirectly, in the United States of America.*

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*Some market information included in this press release, including size and growth potential, is taken from independent sources such as IFPI and MIDiA. All data and information presented in this press release attributed to IFPI reflect the Group's interpretation of the data, research and viewpoints expressed in the Global Music Report published by the IFPI in March 2021 and have not been reviewed by the IFPI. Any IFPI publication should be read and interpreted as of its original publication date, not as of the date of this press release. IFPI and MIDiA will not assume responsibility to third parties for information presented in this press release as being extracted from studies, reports or other materials prepared by IFPI or MIDiA.*

*In addition, this press release includes consolidated financial information of the Group for the quarter ended 31 March 2021; the limited review of such consolidated financial information by the Company's auditors is ongoing as of the date of this press release. Such consolidated financial information is provided for information purposes only.*

#### **Forward-Looking Statements**

*Certain information included in this press release are not historical facts but are forward-looking statements. These forward-looking statements are based on current beliefs, expectations and assumptions, including, without limitation, assumptions regarding present and future strategy and the environment in which the Group operates, and involve known and unknown risks, uncertainties and other factors, which may cause actual results, performance or achievements, or industry results or other events, to be materially different from those expressed or implied by these forward-looking statements. These risks and uncertainties include those set out and detailed in Chapter 3 "Risk Factors" of the registration document.*

*Forward-looking statements speak only as of the date of this press release and the Group expressly disclaims any obligation or undertaking to release any update or revisions to any forward-looking statements included in this press release to reflect any change in expectations or any change in events, conditions or circumstances on which these forward-looking statements are based. Forward-looking information and statements are not guarantees of future performances and are subject to various risks and uncertainties, many of which are difficult to predict and generally beyond the control of the Group. Actual results could differ materially from those expressed in, or implied or projected by, forward-looking information and statements.*