HALF-YEAR FINANCIAL REPORT

FOR THE SIX MONTHS ENDED JUNE 30, 2022

BELIEVE SA

A French joint-stock company with a board of director and with share capital of €480,663.51

Registered office: 24 rue Toulouse Lautrec, 75017 Paris, France

Contents

Statement by the persons responsible for the half-year financial report

We certify that to our knowledge, the condensed consolidated interim financial statements for the six months ended June 30, 2022, have been prepared in accordance with the applicable accounting standards and provide a true and fair view of the net assets, financial position and financial performance of the company and of all companies included in the scope of consolidation. We equally certify that to our knowledge, the attached half-year activity report faithfully represents the significant events that have occurred during the first six months of the financial year and their impact on the consolidated financial statements, as well as the main transactions that have taken place with related parties and provide a description of the principal risks and uncertainties associated with the remaining six months of the financial year.

Paris, August 3, 2022

Denis LADEGAILLERIE

Chairman and Chief Executive Officer

Xavier DUMONT

Group Chief Financial Officer

Statutory Auditors' Review report on the half-year financial information

To the shareholders,

In compliance with the assignment entrusted to us by your General Assembly and in accordance with the requirements of article L. 451-1-2 III of the French Monetary and Financial Code ("Code monétaire et financier"), we hereby report to you on:

- the review of the accompanying condensed consolidated interim financial statements of Believe S.A., for the period from January 1 to June 30, 2022,
- the verification of the information presented in the half-yearly management report.

These condensed consolidated interim financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

I. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France.

A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with IAS 34 - standard of the IFRSs as adopted by the European Union applicable to interim financial information.

II. Specific verification

We have also verified the information presented in the half-yearly management report on the condensed consolidated interim financial statements subject to our review. We have no matters to report as to its fair presentation and consistency with the condensed consolidated interim financial statements.

Paris La Défense, on the August 3, 2022

KPMG Audit
KPMG S.A. Department.

Jean-Pierre Valensi
Partner

Paris La Défense, on the August 3, 2022

Aca Nexia

Olivier Juramie
Partner

Part 1: Condensed consolidated interim financial statements for the six months ended June 30, 2022

Consolidated statement of income

(in € thousands)	Notes	Six months ended June 30, 2022	Six months ended June 30, 2021
Revenue	4.1	352,244	260,150
Cost of sales		(238,071)	(173,038)
Sales and marketing expenses		(74,593)	(62,035)
Technology and product expenses		(26,945)	(15,373)
General and administrative expenses		(23,973)	(17,438)
Other operating income (expense)	4.2	(262)	(6,213)
Share of net income (loss) of equity-accounted companies		289	(497)
Operating income (loss)		**(11,311)**	**(14,445)**
Cost of debt		(643)	(1,685)
Other financial income (expense)		10,848	(3,295)
Net financial income (expense)		**10,205**	**(4,980)**
Income (loss) before tax		**(1,107)**	**(19,425)**
Income tax	5	(5,047)	(154)
Net income (loss)		**(6,153)**	**(19,578)**
Attributable to:			
● Owners of the parent		(8,469)	(20,166)
● Non-controlling interests		2,315	588
Earnings per share attributable to owners of the parent company:			
● Basic earnings (loss) per share (€)		(0.09)	(0.25)
● Diluted earnings (loss) per share (€)		(0.09)	(0.25)

Consolidated statement of comprehensive income

(in € thousands)	Six months ended June 30, 2022	Six months ended June 30, 2021
Consolidated net income (loss)	**(6,153)**	**(19,578)**
Translation adjustments	(3,461)	(2,198)
Other comprehensive income (expense) that may be reclassified subsequently to net income	**(3,461)**	**(2,198)**
Remeasurement of net defined benefit obligation	-	-
Other comprehensive income (expense) that may not be reclassified subsequently to net income	**-**	-
TOTAL COMPREHENSIVE INCOME (EXPENSE)	**(9,614)**	**(21,776)**
Attributable to:		
● Owners of the parent	(10,745)	(21,054)
● Non-controlling interests	1,130	(722)

Consolidated statement of financial position

(in € thousands)	Notes	June 30, 2022	December 31, 2021
ASSETS			
Goodwill		107,263	98,875
Other intangible assets		126,996	118,118
Property, plant and equipment		31,008	31,212
Advances to artists and labels – non-current portion	4.3	87,063	77,937
Investments in equity-accounted companies		47,489	49,353
Non-current financial assets		6,548	3,898
Deferred tax assets		4,030	4,064
Total non-current assets		**410,398**	**383,456**
Inventories		5,978	4,632
Trade receivables		156,970	136,627
Advances to artists and labels – current portion	4.3	91,609	88,021
Other current assets		33,942	29,408
Current tax assets		7,593	7,264
Current financial assets		1,731	726
Cash and cash equivalents		263,360	262,705
Total current assets		**561,183**	**529,383**
TOTAL ASSETS		**971,581**	**912,839**
EQUITY			
Share capital		481	480
Share premiums		465,280	464,975
Treasury shares		(1,918)	(1,274)
Reserves and retained earnings		(55,698)	(53,278)
Translation reserve		(11,017)	(8,741)
Equity attributable to owners of the parent		**397,128**	**402,163**
Non-controlling interests		8,050	2,941
TOTAL EQUITY		**405,178**	**405,103**
EQUITY AND LIABILITIES			
Non-current provisions		770	718
Non-current borrowings and debt		23,828	25,752
Other non-current liabilities		16,429	16,099
Deferred tax liabilities		19,616	16,502
Total non-current liabilities		**60,644**	**59,071**
Current provisions		164	1,147
Current borrowings and debt		10,592	7,541
Trade payables and contract liabilities	4.4	466,706	411,197
Other current liabilities		27,126	27,354
Current tax liabilities		1,171	1,425
Total current liabilities		**505,759**	**448,664**
TOTAL EQUITY AND LIABILITIES		**971,581**	**912,839**

Consolidated statement of cash flows

(in € thousands)	Six months ended June 30, 2022	Six months ended June 30, 2021
OPERATING ACTIVITIES		
Net income (loss)	**(6,153)**	**(19,578)**
Depreciation, amortization and impairment of non-current assets	20,156	15,034
Share-based payment	2,362	197
Cost of debt	643	1,685
Income tax	5,047	154
Net charges to provisions and employee benefits	(931)	565
Share of net income (loss) of equity-accounted companies (incl. dividends received)	(67)	497
Elimination of net gains or losses on disposals of assets	16	-
Other items with no cash impact	(7,056)	250
Income tax collected/paid	(3,856)	(3,624)
Change in operating working capital	11,214	(17,512)
Net cash from (used in) operating activities	**21,375**	**(22,332)**
INVESTING ACTIVITIES		
Acquisitions of property, plant and equipment and intangible assets	(11,587)	(12,985)
Acquisitions of subsidiaries, net of cash acquired	(1,520)	-
Decrease (increase) in loans	(3,238)	(337)
Decrease (increase) in non-current financial assets	(31)	1,408
Net cash from (used in) investing activities	**(16,376)**	**(11,914)**
FINANCING ACTIVITIES		
Decrease in borrowings	(763)	(93,760)
Repayment of lease liabilities	(3,464)	(2,269)
Interest paid	(237)	(1,882)
Capital increase (decrease) by owners	305	293,955
Net cash from (used in) financing activities	**(4,159)**	**196,044**
Net cash and cash equivalents at beginning of period	**262,694**	**152,331**
Increase (decrease) in cash and cash equivalents net of bank overdrafts, before the impact of changes in foreign exchange rates	840	161,798
Impact of changes in foreign exchange rates	(174)	(122)
Net cash and cash equivalents at end of period	**263,360**	**314,007**
Of which:		
● *Cash and cash equivalents*	*263,360*	*314,007*
● *Bank overdrafts*	-	-

Consolidated statement of changes in equity

In € thousands, except share data	*Number of shares* [1]	Share capital	Share premiums	Treasury shares	Reserves and retained earnings	Translation reserve	**Equity attributable to owners of the parent**	Non-controlling interests	**Total equity**
	Attributable to owners of the parent								
EQUITY AT JANUARY 1st, 2021	***80,468,842***	**402**	**169,799**	**-**	**(19,975)**	**(5,306)**	**144,921**	**6,609**	**151,530**
Remeasurement of net defined benefit obligation							-		-
Translation adjustments						(888)	(888)	(1,310)	(2,198)
Other comprehensive income (expense)				**-**	**-**	**(888)**	**(888)**	**(1,310)**	**(2,198)**
Net income (loss) for the period					(20,166)		(20,166)	588	(19,578)
Total comprehensive income				**-**	**(20,166)**	**(888)**	**(21,054)**	**(722)**	**(21,776)**
Capital increase	*15,384,616*	77	294,454				294,531		294,531
Share-based payment					197		197		197
Other					(3)		(3)	(251)	(255)
EQUITY AT JUNE 30, 2021	***95,853,458***	**479**	**464,253**	**-**	**(39,946)**	**(6,194)**	**418,592**	**5,635**	**424,228**

In € thousands, except share data	*Number of shares*	Share capital	Share premiums	Treasury shares	Reserves and retained earnings	Translation reserve	**Equity attributable to owners of the parent**	Non-controlling interests	**Total equity**
	Attributable to owners of the parent								
EQUITY AT JANUARY 1st, 2022	***96,054,202***	**480**	**464,975**	**(1,274)**	**(53,278)**	**(8,741)**	**402,163**	**2,941**	**405,103**
Remeasurement of net defined benefit obligation							-		-
Translation adjustments						(2,276)	(2,276)	(1,185)	(3,461)
Other comprehensive income (expense)					**-**	**(2,276)**	**(2,276)**	**(1,185)**	**(3,461)**
Net income (loss) for the period					(8,469)		(8,469)	2,315	(6,153)
Total comprehensive income					**(8,469)**	**(2,276)**	**(10,745)**	**1,130**	**(9,614)**
Capital increase	78,500	-	305				305		305
Net change in treasury shares				(643)			(643)		(643)
Share-based payment					2,226		2,226		2,226
IAS 29 Hyperinflationary Economies					3,822		3,822	2,548	6,370
Changes in the scope of consolidation							-	430	430
Other							-	1,002	1,002
EQUITY AT JUNE 30, 2022	***96,132,702***	**481**	**465,280**	**(1,918)**	**(55,698)**	**(11,017)**	**397,128**	**8,050**	**405,178**

(1) *The number of shares on January 1, 2021 was adjusted following two-for-one share split carried out by Believe SA on May 25, 2021.*

For the “Non-controlling interests” in 2022:

- the heading “Changes in the scope of consolidation” corresponds in 2022 to the acquisition of an additional 2% stake in the capital of 6&7, previously consolidated by using the equity method. The company is now fully consolidated,
- the heading “Other” corresponds to the provisional recognition of the allocation of the acquisition price of Jo and Co company, acquired in 2021.

Changes in translation adjustments reflect the impact of exchange rate fluctuations on the equity of foreign operations denominated in currencies other than the euro. Changes in translation adjustments in 2022 mostly result from our companies based in Russia and Türkiye, partially offset by US companies; and in 2021 from our companies based in Türkiye. The Hyperinflationary Economies line corresponds to the impact at opening of the application of IAS 29 (see Note 2 - Significant events of the period).

Notes to the condensed interim consolidated financial statements

Note 1. Accounting policies

Presentation of the Group

Believe SA (hereafter the "Company") was incorporated on April 7, 2005. It is based in France and its registered office is at 24 rue Toulouse Lautrec, 75017 Paris – France.

Believe is one of the world's leading digital music companies. Believe's mission is to develop artists and labels in the digital world 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. Its 1,565 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, Nuclear Blast, Naïve. Groove Attack and AllPoints.

Its main subsidiaries are located in Germany, Canada, China, United States, France, India, Italy, Japan, Luxembourg, United Kingdom, Russia, Singapore and Türkiye.

The Group's consolidated financial statements include the Company and its subsidiaries (hereafter referred to as the "Group").

1.1. Basis of preparation

These condensed interim consolidated financial statements of the Believe Group for the six months ended June 30, 2022 must be read with the annual consolidated financial statements disclosed in the Universal Registration approved by the French financial market authority (*Autorité des marchés financiers* – AMF) on April 22, 2022.

These condensed interim consolidated financial statements were approved for issue by the Board of Directors on August 3, 2022.

Pursuant to European Regulation (EC) No. 1606/2002 of July 19, 2002 on international accounting standards, the Group's condensed interim consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB) and adopted by the European Union. All of the standards adopted by the European Union can be consulted on the European Commission website: https://eur-lex.europa.eu/eli/reg/2008/1126/2021-01-01

International Financial Reporting Standards include IFRS, International Accounting Standards (IAS), along with the related interpretations issued by the Standing Interpretations Committee (SIC) and by the International Financial Reporting Interpretations Committee (IFRIC).

Standards, amendments and interpretations applied by the Group

The condensed interim consolidated financial statements of the Believe Group for the six months ended June 30, 2021 were prepared in accordance with IAS 34 – Interim Financial Reporting. Condensed interim financial statements do not include all of the information required under IFRS to prepare annual financial statements and should therefore be read in conjunction with the consolidated financial statements for the year ended December 31, 2021, as approved by the Board of Directors on March 17, 2022. The significant accounting policies applied in these condensed interim consolidated financial statements are similar to those applied by the Group to prepare its consolidated financial statements for the year ended December 31, 2021, with the exception of the following amendments adopted by the European Union and effective for reporting periods beginning on or after January 1st, 2022:

- Amendments to IFRS 3 – Reference to the Conceptual Framework;
- Amendments to IAS 16 – Property, Plant and Equipment – Proceeds before Intended Use;
- Amendments to IAS 37 – Onerous Contracts: Cost of Fulfilling a Contract;
- Annual Improvements to IFRSs (2018 – 2020 Cycle).

These amendments to existing standards do not have a material impact on the consolidated financial statements for the six months ended June 30, 2022.

Standards, amendments, and interpretations adopted by the IASB but not yet adopted by the European Union and adopted by anticipation by the Group at June 30, 2022

The Group has not decided to adopt any standards, amendments or interpretations by anticipation for the period ended June 30, 2022. The following published standards, amendments and interpretations that will be effective after June 30, 2022 may have an impact on the Group's financial statements:

- Amendments to IAS 1 and to the IFRS Practice Statement 2 – Disclosure of Accounting Policies.
- Amendments to IAS 8 – Definition of Accounting Estimates.
- Amendments to IAS 12 – Income taxes – Deferred taxes related to Assets and Liabilities arising from a Single Transaction.
- Amendments to IAS 1 – Presentation of Financial Statements: Classification of Liabilities as Current or Non-current. The IASB has deferred the effective date of this amendment to January 2023.

Unless otherwise indicated, financial information is presented in thousands of euros without decimal places, and the Group's presentation currency is the euro. Rounding to the nearest thousand euros may lead to non-material differences between reported totals and the sum of the reported amounts.

Comparability

The condensed interim consolidated financial statements were prepared using the accounting policies applied by the Group in preparing its consolidated financial statements for the year ended December 31, 2021, except as regards the following items, for which a specific basis of valuation was applied:

- Income tax: current and deferred income tax expense for the period was calculated based on an effective tax rate for each entity, as estimated for the full year ;

- Employee benefits: the post-employment benefit expense for the six-month period corresponds to the half of the projected expense for the full year. In accordance with the requirements of IAS 19 and IAS 34, the net projected post-employment benefit obligation in the interim financial statements takes account of significant changes in market conditions. There were no significant changes in market conditions in the first semester of 2022.

The Group generally records higher revenue during the final quarter of the year because of the increase in the activities of distribution platforms and social media, depending on the advertising ahead of the end-of-year celebrations. This leads to growth in their advertising revenue, which increases the revenue base used to calculate the royalties that must be paid to the Group.

As a consequence, figures for the six months ended June 30, 2022 are not necessarily representative of those that may be achieved over the full year.

1.2. Use of judgement and estimates

The preparation of consolidated financial statements requires the use of accounting estimates and judgments to determine the carrying amounts of certain assets, liabilities, income and expenses. These estimates and assumptions are regularly reviewed to ensure that they are reasonable in light of the Group's history, the economic climate and the information available to the Group. Certain events could result in changes in these estimates and assumptions, which would affect the value of the Group's assets, liabilities, equity and earnings. In preparing its consolidated financial statements, the Group used estimates and judgments to:

- Determine the term and discount rate of leases ;
- Determine whether or not to recognize deferred tax assets ;
- Estimate revenue ;
- Determine the recoverable amount of advances paid to artists and labels ;
- Calculate the recoverable amount of non-current assets ;

- Measure the intangible assets acquired as part of a business combination and estimate any earn-out liabilities: since there was no evidence of impairment, the inputs for the CGU impairment tests at June 30, 2022, were the same as those used by the Group in preparing its annual financial statements for the year ended December 31, 2021 ;
- Measure pension obligations and share-based payments.

The assumptions and estimates made are described in Note 1.3 to the consolidated financial statements for the year ended December 31, 2021.

Note 2. Significant events of the period

2.1. Consequences of the Russia-Ukraine crisis

The Russian and Ukrainian business units recorded a revenue growth slowdown in Q2’22 more limited than initially expected, with revenues up +9.2% in H1’22 compared with last year (Q2’22 revenue growth: +2.9%). The strength of the rubble and better than expected monetization by local DSPs are the key factors explaining a better than anticipated performance.

2.2. Turkish Hyperinflation

Following Türkiye's inclusion in the list of hyperinflationary economies on April 30, 2022, the Group was required to apply IAS 29 "Hyperinflation" for its activities in Türkiye for the consolidated financial statements for the six months ended June 30, 2022. Application of this standard requires the revaluation of non-monetary assets and liabilities, the equity and the income statement to reflect changes in purchasing power in the local currency. These revaluations may result a profit or a loss on the net monetary position included in the financial result.

As of June 30, 2022, the impacts in the main balance sheet and income statement aggregates are as follows:

(In € million)	**June 30, 2022**
Total Other non-current assets	11.5
Total Other non-current liabilities	0.6
TOTAL EQUITY	**10.9**

(In € million)	**June 30, 2022**
Revenue	1.0
Operating income	(0.1)
Other financial income (expenses)	5.7
NET INCOME	**5.4**

2.3. Dispute between the Group and Round Hill

In July 2020, proceedings were brought against certain Group companies before a federal court of the State of New York by music publishing companies Round Hill Music LLP and Round Hill Music LP. These companies alleged that the Group used, reproduced and distributed 219 musical works in the course of its business (in particular the Group making available works covered by Round Hill to platforms for downloading), without having previously secured a license to the song rights (known as “mechanical royalties” under US law) owned by Round Hill.

A settlement was signed between the parties on June 9, 2022 and the dispute is now over.

Note 3. Segment information

3.1. Key segment data

Information relating to operating segments is prepared using the same accounting policies as those used in preparing the annual consolidated financial statements and are described in the notes of the consolidated financial statements for the year ended December 31, 2021. The Group uses the following indicators to assess the performance of the operating segments presented:

- Revenue, corresponding to revenue as reported in the consolidated financial statements;
- Adjusted EBITDA, calculated based on operating income (loss) before (i) depreciation, amortization and impairment, (ii) share-based payments (IFRS 2) including social security contributions and employer contributions, (iii) other operating income and expenses, and (iv) of depreciation of identified assets at the acquisition date, net of deferred taxes, for the share of net income (loss) of equity-accounted companies.

No statement of financial position information is presented by operating segment to the chief operating decision-maker.

	Six months ended June 30, 2022				**Six months ended June 30, 2021**			
(in € thousands)	Premium Solutions	Automated Solutions	Other – Central Platform	**TOTAL**	Premium Solutions	Automated Solutions	Other – Central Platform	**TOTAL**
Revenue	329,241	23,003	-	**352,244**	243,104	17,046	-	**260,150**
Adjusted EBITDA	43,177	4,291	(35,731)	**11,737**	32,266	2,529	(27,485)	**7,311**

3.2. Reconciliation with Group financial data

The table below provides a reconciliation of adjusted EBITDA with operating income:

(in € thousands)	**Six months ended June 30, 2022**	**Six months ended June 30, 2021**
Operating income (loss)	**(11,311)**	**(14,445)**
Restatement of depreciation, amortization and impairment expense	20,156	15,034
Restatement of share-based payment including social security contributions and employer contributions	2,362	197
Restatement of other operating income (expense)	262	6,213
Restatement of depreciation of identified assets at the acquisition date, net of deferred taxes, for the share of net income (loss) of equity-accounted companies	268	311
ADJUSTED EBITDA	**11,737**	**7,311**

3.3. Information by geographic area

In accordance with IFRS 8.33, the table below shows revenue generated within and outside France based on the location of the Group's operations:

Revenue:

(in € thousands)	Six months ended June 30, 2022	Six months ended June 30, 2021
France	59,382	43,404
Germany	53,898	47,676
Rest of Europe	98,379	75,389
Americas	49,805	37,307
Asia-Pacific and Africa	90,780	56,374
TOTAL REVENUE	**352,244**	**260,150**

The table below shows French and foreign non-current assets based on the location of the legal entity holding the assets:

Non-current assets [(1)]:

(in € thousands)	June 30, 2022	December 31, 2021
France	104,184	101,354
Germany	57,644	59,704
Rest of Europe	26,304	16,900
Americas	38,824	36,540
Asia-Pacific and Africa	85,801	83,059
Total non-current assets [(1)]	**312,757**	**297,557**

[(1)] Excluding financial instruments, the non-current portion of advances to artists and labels, and deferred tax assets.

3.4. Major customers

As of June 30, 2022, the Group's three largest customers respectively accounted for 31%, 27% and 11% of its total revenue, compared to 32%, 23% and 11% of its total revenue as of June 30, 2021.

Note 4. Operating data

4.1. Revenue

Breakdown of revenue by type

(in € thousands)	Six months ended June 30, 2022		Six months ended June 30, 2021	
Digital sales	325,460	*92,4%*	236,102	*90.8%*
Other [(1)]	26,784	*7,6%*	24,048	*9.2%*
TOTAL REVENUE	**352,244**	***100%***	**260,150**	***100%***

[(1)] The amounts shown on this line essentially relate to physical sales.

4.2. Others operating income (expenses)

The other operating income can be analyzed as follow:

(in € thousands)	Six months ended June 30, 2022	Six months ended June 30, 2021
Acquisition-related income (costs)	(246)	53
Other [(1)]	(16)	(6,266)
TOTAL OTHER OPERATING INCOME (EXPENSE)	**(262)**	**(6,213)**

[(1)] In the six months to June 30, 2021, "Other" mainly includes (i) expenses of €5.4 million related to the admission of shares to trading on the French regulated market and (ii) expenses of €0.5 million related to organizational and legal restructuring regarding the Group.

4.3. Advances to artist and labels

Advances to artists and labels can be analyzed as follows:

(in € thousands)	**June 30, 2022**	**December 31, 2021**
Advances to artists and labels – current portion	91,609	88,021
Advances to artists and labels – non-current portion	87,063	77,937
TOTAL ADVANCES TO ARTISTS AND LABELS, NET	**178,672**	**165,958**

4.4. Trade payables and contract liabilities

Trade payables and contract liabilities can be analyzed as follows:

(in € thousands)	**June 30, 2021**	**December 31, 2021**
Trade payables [(1)]	434,862	388,729
Contract liabilities	31,844	22,468
TOTAL TRADE PAYABLES AND CONTRACT LIABILITIES	**466,706**	**411,197**

[(1)] Trade payables include amounts received and to be paid over to artists in the Automated Solutions business, representing €220 million at June 30, 2022 and €188 million at December 31, 2021.

Note 5. Income tax

The current and deferred income tax expense for the period was calculated based on an effective tax rate for each entity, as estimated for the full year. This rate is adjusted to take account of the tax impact of certain items recognized in the six months to June 30, 2022 and June 30, 2021, respectively. The Group's effective tax rate is based on pre-tax income, which includes without distinction the profits and losses of the group's tax entities. When deferred tax income on losses is not recognized, the effective tax rate that appears does not measure the effective tax rate on the Group's results but the tax rate on profits and the share of losses for which recovery exceeds 5 years. As a result, the effective tax rate shown in the interim financial statements may differ from the effective tax rate estimated by the Group in its annual financial statements.

For the semester ended June 30, 2022, income tax expense amounted to €5,047 thousand, representing a negative effective tax rate, due mainly to tax expenses on taxable profits greater than deferred taxes income recognized on losses during the period, by the withholding taxes on internal dividends received and by the effect of the restatement of hyperinflation in Türkiye.

For the semester ended June 30, 2021, income tax expense amounted to €154 thousand, representing an effective tax rate close to 0%, due mainly to tax expenses on taxable profits which were broadly in line with income on deferred taxes recognized on losses in the period.

Note 6. Transaction with related parties

For the six months ended June 30, 2022, no transaction had a material effect on the amounts of transactions with related parties published as of December 31, 2021.

Note 7. Subsequent events

No subsequent events.

Part 2: Review of the group’s financial position and result

Disclaimer

This presentation contains forward-looking statements about Group's financial situation, results of operations and strategy. Although we believe these statements are based on reasonable assumptions, they are subject to numerous risks and uncertainties, including matters not yet known to us or not currently considered material by us, and there can be no assurance that anticipated events will occur or that the objectives set out will actually be achieved. More detailed information on the potential risks that could affect our financial results is included in the Registration Document that was approved by the Autorité des Marchés Financiers on April 22, 2022. Other than required by law, the Group does not undertake any obligation to update forward-looking statements in light of new information or future developments. At the date of publication of this report, this description remains valid and makes it possible to assess the main risks and uncertainties for the remaining six months of 2022.

Readers are invited to read the following information on the Group’s results together with the Group’s condensed consolidated interim financial statements for the period from January 1st, 2022 to June 30, 2022.

The condensed consolidated interim financial statements of the Group for the period from January 1st, 2022 to June 30, 2022 have been subject to a limited review by the Company’s Statutory Auditors. The limited review report of the Statutory Auditors on the interim condensed consolidated financial statements is set out on page 3 of this document.

Analysis of results for the semester ended June 30, 2022 and June 30, 2021

Key indicators of the consolidated statement of profit or loss *(€ million)*	**Six months ended June 30, 2022**	**Six months ended June 30, 2021**
Revenue	352.2	260.1
Cost of sales	(238.1)	(173.0)
Sales and marketing expenses	(74.6)	(62.0)
Technology and product expenses	(26.9)	(15.4)
General and administrative expenses	(24.0)	(17.4)
Other operating income (expense)	(0.3)	(6.2)
Share of net income (loss) of equity-accounted companies	0.3	(0.5)
Operating income	**(11.3)**	**(14.4)**
Financial income	10,2	(5.0)
Income before tax	**(1.1)**	**(19.4)**
Income tax	(5.0)	(0.2)
Net income (loss)	**(6.2)**	**(19.6)**
Adjusted EBITDA	**11.7**	**7.3**

1. Revenue

The Group’s consolidated revenue increased by €92.1 million, or 35.4%, during the semester ended June 30, 2022, jumping from €260.1 million for the semester ended June 30, 2021 to €352.2 million for the semester ended June 30, 2022.

The table below shows the reconciliation of consolidated revenue to organic revenue at constant exchange rates, as well as the growth rates for the semester ended June 30, 2022 and June 30, 2021:

(€ million)	Six months ended June 30, 2022	Change H1 2021 – H1 2022		Six months ended June 30, 2021
		€ million	As %	
Consolidated revenue	**352.2**	**92.1**	**35.4%**	**260.1**
Change of perimeter	(1.8)	(1.8)	-	-
Foreign exchange effect	3.3	3.3	-	-
IAS 29 Hyperinflationary Economies	(1.0)	(1.0)	-	-
Organic revenue at constant exchange rates	**352.8**	**92.6**	**35.6%**	**260.1**

The breakdown between revenue generated by digital sales and by other activities (consisting primarily of physical sales and, to a lesser extent, secondary products, the organization of music events, neighboring rights, synchronization and brand partnerships) is as follow:

(€ million)	Six months ended June 30, 2022	Change H1 2021 – H1 2022		Six months ended June 30, 2021
		€ million	As %	
Digital sales	325.5	89.4	37.8%	236.1
Other	26.8	2.7	11.4%	24.0
CONSOLIDATED REVENUE	**352.2**	**92.1**	**35.4%**	**260.1**

The change in consolidated revenue during the semester ended June 30, 2022 primarily reflects organic growth at constant exchange rates[1] of 35.6%, or €92.6 million, the foreign exchange effect for €3.3 million, the effect of the adjustment of the Turkish hyperinflation for €1.0 million, offset by the positive impact of the acquisitions purchased after the semester ended June 30, 2021, i.e., the acquisition of SPI Music (100%), in December 2021, the acquisition of Jo and Co (51%) and the acquisition of an additional 2% stake in the capital of 6&7, from 49% to 51% in February 2022.

The Group recorded a growth in revenue from digital sales of 37.8% compared with the semester ended June 30, 2021, reflecting increased paid streaming, better monetization of ad-funded streaming services and additional market gains in all major DSPs both in mature and emerging countries.

Revenue from the Group's non-digital sales increased by 11.4% in the fiscal year ended June 30, 2022, mostly thanks to Live Affair which, in early June, organized the sold-out stadium performance of French rap super star Jul in Marseille (France).

In the semester ended June 30, 2022, France accounted for 16.9% of the Group's revenue: Organic and external developments resulted in significant market share gains, allowing Believe to be positioned in the Top three of the new release digital market. In Germany, which accounted for 15.3% of the Group's revenue, revenues were impacted by ongoing reorganization of the activities to optimize digital distribution and reduce exposure to physical distribution. Americas and Asia/Oceania/Africa/Rest of Europe zones represented 14.1%, 25.8% and 27.9% of the Group's revenue. Revenue growth was strong during the semester ended June 30,2022 and several emerging markets, particularly in Asia and Latin America, continued to grow rapidly, in line with last year's trends thanks to the increase of the subscription streaming, a better monetization of the streaming services funded by advertising, and by the investments in local teams over the last years. Besides, the impact of lower performance from Russia and Ukraine was minimal. The growth was driven both by mature and emerging countries.

[1] Organic growth at constant exchange rates corresponds to revenue growth on a like-for-like basis, at comparable exchange rates in year N-1, i.e. adjusted of the impact of exchange rate fluctuations and also of the impact of IAS 29 "Hyperinflationary Economies"

Change in revenue by operating segment

(€ million)	Six months ended June 30, 2022	Change H1 2021 – H1 2022 € million	As %	Six months ended June 30, 2021
Premium solutions	329.2	86.1	35.4 %	243.1
Automated solutions	23.0	6.0	34.9 %	17.0
CONSOLIDATED REVENUE	**352.2**	**92.1**	**35.4 %**	**260.1**

Premium Solutions

Revenue generated by the Premium Solutions business increased by €86.1 million for the semester ended June 30, 2022, or 35.4%, from €243.1 million in the semester ended June 30, 2021 to €329.2 million for the semester ended June 30, 2022. The solid organic performance was driven by market trends which remained positive throughout the first half and by Believe's investment in local teams, while expanding its service offering in several key countries.

Automated Solutions

Revenue generated by the Automated Solutions segment rose €6.0 million for the semester ended June 30, 2022, i.e., 34.9 % (or 28.1 % at constant exchange rates, as TuneCore revenue is recorded in US dollars), from €17.0 million for the semester ended June 30, 2021, to €23.0 million for the semester ended June 30, 2022.

This improvement is mainly due to the implementation of the international business development strategy and the uptrend in business related to social networks and music publishing administration, and the introduction in June of a new pricing offer.

2. Cost of sales

The Group's cost of sales increased by €65.0 million (+37.6 %) during the semester ended June 30, 2022, from €173.0 million for the semester ended June 30, 2021 to €238.1 million for the semester ended June 30, 2022.

The change in cost of sales during the semester ended June 30, 2022 is mainly due to the increase in the total amounts paid by the Group to artists and labels, in line with the growth in revenue relating to the content of the Group's catalogue for the reasons described in paragraph 1 "Revenue" above.

3. Sales and marketing expenses

The Group's sales and marketing expenses rose €12.6 million (or +20.2 %) for the semester ended June 30, 2022, from €62.0 million for the semester ended June 30, 2021 to €74.6 million for the semester ended June 30, 2022.

The change in sales and marketing expenses during the semester ended June 30, 2022 is essentially explained by the substantial investments made by the Group in 2021 and to a lesser extent in 2022, mainly in the form of recruitment of new teams and through the increase in operational costs in the context of marketing and sales activities. The growth of sales and marketing expenses remains lower than the significant growth in revenue over the period.

4. Technology and product expenses

The Group's technology and product expenses were up €11.6 million (or +75.3 %) during the semester ended June 30, 2022, from €15.4 million for the semester ended June 30, 2021 to €26.9 million for the semester ended June 30, 2022.

The change in technology and product expenses for the semester ended June 30, 2022 was driven mainly by the impact of the full-year effect of substantial investments made in the development of its central technology platform in 2021, as well as the impact of the recruitment of staff.

5. General and administrative expenses

The Group's general and administrative expenses rose €6.5 million (or +37.5 %) for the semester ended June 30, 2022, from €17.4 million for the semester ended June 30, 2021 to €24.0 million for the semester ended June 30, 2022.

The increase in general and administrative expenses for the semester ended June 30, 2022 is mainly driven by the full year effect of the recruitments made in 2021 to strengthen support functions and support the growth of the Group's activities and to a lesser extent by the cost of compensation paid in shares. Furthermore, the Group had a much lower capitalization rate than last year, resulting in higher costs accounted for in the Adjusted EBITDA. As every semester some investments in the Central Platform are capitalized according to IFRS accounting standards, but the nature of the projects (specifically the focus on digital marketing and cloud data) reduced the capitalization rate in the semester.

6. Other operating income (expense)

Other operating income (expense) of the Group decreased by €6.0 million for the semester ended June 30, 2022, from a net expense of €6.2 million for the semester ended June 30, 2021 to a net expense of €0.3 million for the semester ended June 30, 2022.

Other operating income (expense) for the semester ended June 30, 2021 mainly represented (i) €5.4 million in expenses related to the plan to list the Company's shares for trading on the regulated market of Euronext Paris), and (ii) €0.5 million in expenses related to the Group's organizational and legal structuring.

7. Operational income

The Group's operating income increased by €3.1 million (or +21.7 %) during the semester ended June 30, 2022, from €(14.4) million for the semester ended June 30, 2021 to €(11.3) million for the semester ended June 30, 2022.

The improvement in the Group's operating income during the semester ended on June 30, 2022, is attributable to the 35.4% increase in the Group's revenue partially offset by the 32.4% increase in operating expenses (see sections above).

8. Net financial expense

The Group's net financial expense went from an expense of €5.0 million for the semester ended June 30, 2021 to an income of €10.2 million for the semester ended June 30, 2022.

(€ million)	**Six months ended June 30, 2022**	**Six months ended June 30, 2021**
Cost of financial debt	(0.6)	(1.7)
Other financial income (expenses)	10.8	(3.3)
TOTAL NET FINANCIAL EXPENSE	**10.2**	**(5.0)**

The change in net financial expense for the semester ended June 30, 2022 primarily reflects the adverse change in currency losses net of currency gains for €8.3 million and by the hyperinflation effects for €5.7 million (see Note 2).

9. Income before tax

The Group's income before tax increased by €18.3 million for the semester ended June 30, 2022, from a loss before tax of €19.4 million for the semester ended June 30, 2021 to a loss before tax of €1.1 million for the semester ended June 30, 2022.

The change in income before tax for the semester ended June 30, 2022 was mainly driven by changes in operating income and net financial expense described in paragraphs 7 and 8 above.

10. Income tax

The Group's income tax increased by €4.9 million for the semester ended June 30, 2022, from €0.2 million for the semester ended June 30, 2021 to €5.0 million for the semester ended June 30, 2022.

For the semester ended June 30, 2022 the income tax expense is mainly explained by income tax expenses on taxable profits of the Group's beneficiary entities, by withholding tax expenses on dividends received, and by the effect of the restatement of hyperinflation in Türkiye which are greater than the deferred tax income recognized on losses of the period. For the semester ended June 30, 2021, incomes tax expenses on taxable profits and deferred tax expenses on temporary differences were of the same order of magnitude as the deferred tax income recognized on losses for the period .

11. Net income (loss)

As a result of the changes described in the paragraphs above, the Group's net income increased by €13.4 million for the semester ended June 30, 2022, from a net loss of €19.6 million for the semester ended June 30, 2021 to a net loss of €6.2 million for the semester ended June 30, 2022.

12. Adjusted EBITDA

The Group's adjusted EBITDA increased by €4.4 million during the semester ended June 30, 2022, from a profit of €7.3 million for the semester ended June 30, 2021 to a profit of €11.7 million, i.e. 3.3% of revenue, for the semester ended June 30, 2022.

The change in the Group's adjusted EBITDA in the semester ended June 30, 2022 was primarily driven by (i) the strong growth witnessed in Premium Solutions and by a return to a solid level of profitability in Automated Solutions resulting from higher subscription revenues (ii) partially offset by the increase of the investments made to develop the Central Platform.

The increase in the Group's adjusted EBITDA for the semester ended June 30, 2022 is explained by (i) the strong growth in revenue of 35.4%, which rose from €260.1 million for the semester ended June 30, 2021 to €352.2 million for the semester ended June 30, 2022 and (ii) an increase in cost for 34.7%, including full-year effect of substantial investment, which rose from €252.8 million for the semester ended June 30, 2021 to €340.5 million for the semester ended June 30, 2022.

Change in adjusted EBITDA by operating segment

(€ million)	Six months ended June 30, 2022	Change H1 2021 – H1 2022 *€ million*	*As %*	Six months ended June 30, 2021
Premium solutions	43.2	10.9	33.8 %	32.3
Automated solutions	4.3	1.8	69.7 %	2.5
Central Platform [(1)]	(35.7)	(8.2)	30.0 %	(27.5)
Adjusted EBITDA	**11.7**	**4.4**	**60.5 %**	**7.3**

[(1)] The Central Platform is not an operating segment under IFRS 8, but is monitored by the Group for its internal reporting needs and covers the costs of the following centralized operating functions that have not been allocated to the Premium Solutions or Automated Solutions operating segments: the IT, products and operations teams, who develop and operate the technology related to the platform for distribution to digital service providers and data analysis; the marketing teams, who develop and use the tools to promote artists; the teams who develop and structure the commercial offerings; and various support functions, such as the finance or human resources teams.

Premium solution

The adjusted EBITDA generated by the Premium Solutions segment up by €10.9 million (or +33.8%) for the semester ended June 30, 2022, from €32.3 million for the semester ended June 30, 2021 to €43.2 million for the semester ended June 30, 2022.

The change in the adjusted EBITDA of the Premium Solutions segment in the semester ended June 30, 2022 was mainly driven by the strong growth in revenue of this segment (see paragraph 1 "Revenue" above) and is partially offset by the significant increase in sales and marketing expenses related to the investments made in local organizations to further increase market positions in key countries as digitalization of music genres is accelerating.

Automated solutions

The adjusted EBITDA generated by the Automated Solution segment was up by €1.8 million (+69.7%) for the semester ended June 30, 2022, from €2.5 million for the semester ended June 30, 2021 to €4.3 million for the semester ended June 30, 2022.

The change in the adjusted EBITDA of the Automated Solutions segment for the semester ended June 30, 2022 was driven by a return to a solid level of profitability in Automated Solutions resulting from higher subscription revenues and by the deceleration of Investment, as TuneCore focused on the launch of the 'Unlimited Pricing' program before developing new products.

Central platform

Believe continued to significantly invest in its Central Platform to enhance the Group's service level, deploying new solutions and further upgrading its infrastructure in H1'22. Total investment decreased as a percentage of revenues in line with Believe's strategic roadmap. The Group had a much lower capitalization rate than last year, resulting in higher costs accounted for in the Adjusted EBITDA. As every semester some investments in the Central Platform are capitalized According to IFRS accounting standards, but the nature of the projects (specifically the focus on digital marketing and cloud data) reduced the capitalization rate in the semester. As a result, Central Platform Adjusted EBITDA was slightly lower than last year in percentage of revenues at 10.1% versus 10.6% in H1'21. Excluding the effect of capitalization, Central Platform costs represented 12.4% of revenues versus 14.6% in H1'21.

Cash position and cash flows

1. Description and analysis of the main categories of utilization of the Group's cash

Advances to artists and labels

Advances paid by the Group to artists and labels (see Chapter 1, section 1.2.3 "Contracts with artists" of this Universal registration document for a description of the mechanism for advances) have a negative impact on its working capital requirement and lead to an immediate use of cash by the Group.

For the last two fiscal years, the amount of advances paid by the Group to artists and labels increased because of the growth in its revenue, but also because of the launch of dedicated commercial offerings (Artist Solutions and Artist Services), the start-up of which resulted in the payment of advances used by the artists to finance the development of singles or albums (see also sections 5.3.2.5 "Working capital requirement", 3.1.2 "Risks related to relationships with artists and labels" and 3.1.4 "Liquidity risks" of this Universal registration document).

The net amount of unrecouped advances to artists was €178.7 million and €166.0 million for the semester ended June 30, 2022 and 2021 respectively. Customer advances continued to progress but at a slower pace than in H1'21, which was marked by the renewals of several large labels under deals with longer term than usual.

Investment expenditure

The Group's investment expenditure can be divided into the following categories:

- investments in the development of its technology platform, mainly represented by the capitalized costs of the development of intangible assets;
- the acquisitions of companies or businesses as part of its external growth policy.

Development costs capitalized as intangible assets for the semesters ended June 30, 2022 and 2021 were €9.0 million and €12.2 million, respectively.

Disbursements related to the acquisition of subsidiaries, net of cash acquired, for the semester ended June 30, 2022 were €1.5 million.

Payment of interest and repayment of financial debt

The Group allocates a portion of its cash flows to the servicing and repayment of its debt. The Group paid financial interest in the amount of €0.2 million and €1.9 million for the semesters ended June 30, 2022 and 2021, respectively. It also paid, for the repayment of its loans, €0.8 million and €93.8 million for the semesters ended June 30, 2022 and 2021, respectively. At the time of its IPO, the Group repaid the Credit agreement in full with the proceeds of its capital increase.

Lease payments represented €3.5 million and €2.3 million for the semesters ended June 30, 2022 and 2021, respectively.

2. Group consolidated cash flows

The table below summarizes the Group's cash flows for the semester ended June 30, 2022:

(In € million)	Six months ended June 30 2022	2021
Net cash from (used in) operating activities	21.4	(22.3)
Net cash from (used in) investing activities	(16.4)	(11.9)
Net cash from (used in) financing activities	(4.2)	196.0
Net increase (decrease) in cash and cash equivalents before the impact of changes in foreign exchange rates	**0.8**	**161.8**

(a) Net cash from (used in) operating activities

The following table shows the net cash items from (used in) operating activities:

(In € million)	Six months ended June 30 2022	2021
Net income (loss)	**(6.2)**	**(19.6)**
Depreciation, amortization and impairment of non-current assets	20.2	15.0
Share-based payment	2.4	0.2
Cost of debt	0.6	1.7
Income tax	5.0	0.2
Net charges to provisions and employee benefits	(0.9)	0.6
Share of net income (loss) of equity-accounted companies (incl. dividends received)	(0.1)	0.5
Elimination of net gains or losses on disposals of assets	-	-
Other items with no cash impact	(7.1)	0.3
Income tax collected/paid	(3.9)	(3.6)
Change in operating working capital requirement	11.2	(17.5)
NET CASH FROM (USED IN) OPERATING ACTIVITIES	**21.4**	**(22.3)**

Net cash from (used in) the Group's operating activities amounted to €21.4 million for the semester ended June 30, 2022 and €(22.3) million for the semester ended June 30, 2021.

The increase of €43.7 million in net cash from (used in) the Group's operating activities during the semester ended June 30, 2022 is due to the following effects: (i) the €13.4 million increase in Group net income and (ii) the €28.7 million increase in the Group's working capital requirement.

(b) Net cash from (used in) investing activities

The following table shows the net cash items from (used in) investing activities:

	Six months ended June 30	
(In € million)	**2022**	2021
Acquisitions of property, plant and equipment, and intangible assets	(11.6)	(13.0)
Acquisitions of subsidiaries, net of cash acquired	(1.5)	-
Decrease (increase) in loans	(3.2)	(0.3)
Decrease (increase) in non-current financial assets	-	1.4
NET CASH FROM (USED IN) INVESTING ACTIVITIES	**(16.4)**	**(11.9)**

(c) Net cash from (used in) financing activities

The following table shows the net cash items from (used in) financing activities

	Six months ended June 30	
(In € million)	**2022**	2021
Increase in borrowings	-	-
Decrease in borrowings	(0.8)	(93.8)
Repayment of lease liabilities	(3.5)	(2.3)
Interest paid	(0.2)	(1.9)
Capital increase (decrease) by owners	0.3	294.0
Disposal (acquisition) of treasury shares	-	-
NET CASH FROM (USED IN) FINANCING ACTIVITIES	**(4.2)**	**196.0**

The Group's net cash flows from (used in) financing activities amounted to €(4.2) million for the semester ended June 30, 2022 and €196.0 million for the semester ended June 30, 2021.

The Group's net cash flows from (used in) financing activities decreased by €200.2 million compared to the semester June 30, 2021, mainly due to Believe SA's capital increase in the total net amount of €294.0 million as a result of the Company's IPO, partially offset by the repayment of the Credit Agreement in the amount of €93.8 million.

Capital increases

Believe was listed on the Euronext regulated market in Paris on June 10, 2021 in order to finance its growth strategy for an offering size of approximately €300.0 million, less costs related to the listing of the shares on the French regulated market; *i.e.* a total net amount of €294.0 million.

(d) Free cash flow

Free cash flow corresponds to net cash flows from operating activities, after taking into account acquisitions and disposals of intangible assets and property, plant and equipment, and restated for (i) costs related to acquisitions, (ii) acquisition costs of a group of assets that does not meet the definition of a business combination, and (iii) advances related to Distribution contracts intended specifically for the acquisition of assets (acquisition of companies, catalogs, etc.), current accounts or loans granted to companies acquired and consolidated using the equity method.

This indicator, which reflects the Group's capacity to generate cash from its operating activities, is taken into consideration by Executive Management to define its investment strategy and financing policy.

Free cash flow is an alternative performance indicator within the meaning of AMF position no. 2015-12. Free cash flow is not a standardized accounting aggregate with a single definition generally accepted by IFRS. It must not be regarded as a substitute for operating income, net income or cash flows from operating activities, which are IFRS-defined measures, or even as a measure of liquidity. Other issuers may calculate free cash flow differently from the definition used by the Group.

Free cash flow and net cash flow relating to operations can be reconciled as follows with the consolidated statement of cash flows:

(In € million)	**Six months ended June 30, 2022**	Six months ended June 30, 2021
Net cash from (used in) operating activities	**21.4**	**(22.3)**
Acquisitions of property, plant and equipment, and intangible assets	(11.6)	(13.0)
Disposals of property, plant and equipment and intangible assets	-	-
Acquisition-related costs	0.2	-
Acquisition costs of a group of assets	0.8	-
Advances related to Distribution contracts intended specifically for the acquisition of assets (acquisition of companies, catalogs, etc.)	-	-
FREE CASH FLOW	**10.8**	**(35.3)**

The Group's free cash flow amounted to €10.8 million and €(35.3) million for the semesters ended June 30, 2022 and 2021.

The increase in free cash flow of €46.1 million during the semester ended June 30, 2022 is mainly due to the increase in net cash from (used in) operating activities for an amount of €43.7 million as well as the decrease in the investments related to the acquisition of property, plant and equipment and intangible assets for an amount of €1.4 million.