



H1 2023 earnings

Analyst and Investor Meetings

02 August 2023

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Forward Looking Statement

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This document contains forward-looking statements that involve risks and uncertainties, including references, concerning the Group's expected growth and profitability in the future which may significantly impact the expected performance indicated in the forward-looking statements. These risks and uncertainties are linked to factors out of the control of the Company and not precisely estimated, such as market conditions or competitors' behaviors. Any forward-looking statements made in this document are statements about Believe's beliefs and expectations and should be evaluated as such.

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Today's presenters



Denis Ladegaillerie

**Founder & Chief Executive
Officer**



Xavier Dumont

**Chief Financial and Strategy
Officer**

Significant profitability improvement and solid organic growth despite digital market currency headwinds in H1'23

Very strong commercial activity driving market share gains

- Strong level of new signings of established artists and tier 1 labels,
- Multiple contract renewal opportunities on longer-term contracts and improved economics,
- Leading to an elevated level of advances in H1 23 weighing on free cash flow.

Solid organic growth in H1'23 with a weaker Q2'23

- Significant euro appreciation affecting digital revenues from non-euro zone,
- Moderate ad-funded monetization, with mature markets doing better than emerging markets,

Strong profitability increase reflecting operating leverage

- Improved Segment margin,
- Better amortization of Central Platform costs,
- Adjusted EBITDA margin up +250bps YoY.



Al James

Hip Hop – Philippines

+2.5m Spotify monthly listeners

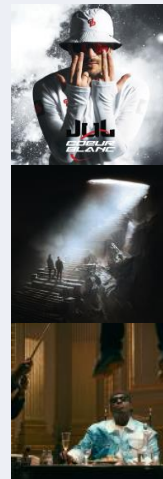
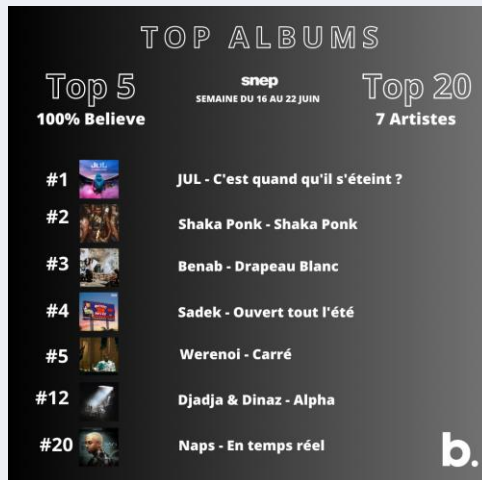
H1'23 highlights: successful track record of developing artists and labels unlocking new commercial opportunities

Stronger track record at the top and recognized quality of services unlocking new commercial opportunities with established artists

Leadership in local acts in France

27% market-share on the top albums locally⁽¹⁾ – including 3 of the 5 most streamed albums in France

AllPoints 1st label on Rap and R&B with 22 albums in Top 200



Artist Service Indian team: 3 awards at CLEF Music Awards 2023



Brodha V

Rap - Best Regional Song/Album
Tamil (Basti Bounce)



Gur Sidhu

Pop - Best Regional Song/Album
Punjabi (Bamb Aagya)



Lucky Ali

Pop - Editorial Choice Outstanding
Work – Original Music

Best Label/ Artist Services in the UK at the Music Week Awards 2023



Notes

1. Physical + digital, based on SNEP data H1 2023

Strong appeal to established artists across a greater variety of territories and music genres

Artists served by Believe reaching the top of the charts



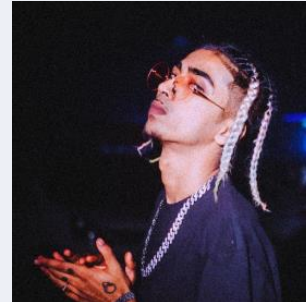
Jul - "C'est quand qu'il s'éteint ?"
Rap - France
8 albums in the Top 20



Yazmin Lacey "Voice notes"
Soul/Jazz - UK
#1 in Jazz & Blues chart



Cheema Y & Gur Sidhu "California Love"
Punjabi pop - India
+22m streams on Spotify



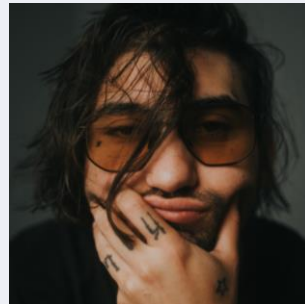
MC Stan - "Insaan"
Hip Hop - India
+1bn cumulated views on YouTube



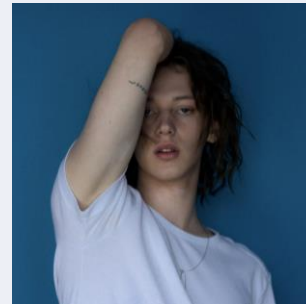
Shaka Ponk "Shaka Ponk"
Rock - France
#2 in France album chart



Ciccio Merolla "Malatia"
Pop - Italy
+8.3m streams since release



Ian - "Kankun"
Rap - Romania
+1m Spotify streams in the past 3 months



Jann "Gladiator"
Pop - Poland
14.5m streams in Q2'23

Examples of key signings in Q2'23



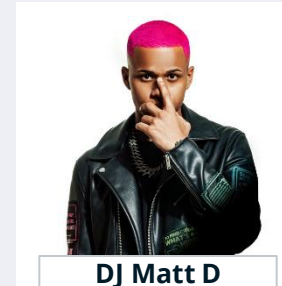
Yamê
Rap - France



Sea Girls
Alternative - UK



MC Davi
Funk - Brazil



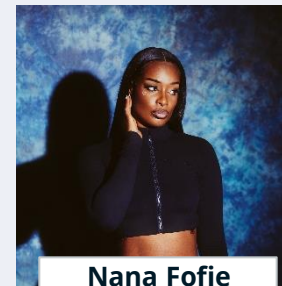
DJ Matt D
Trap - Brazil



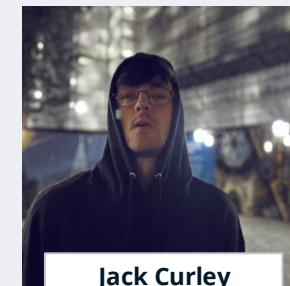
Chani Nattan
Pop - India



Imminence
Metal - Germany



Nana Fofie
R&B - Netherlands

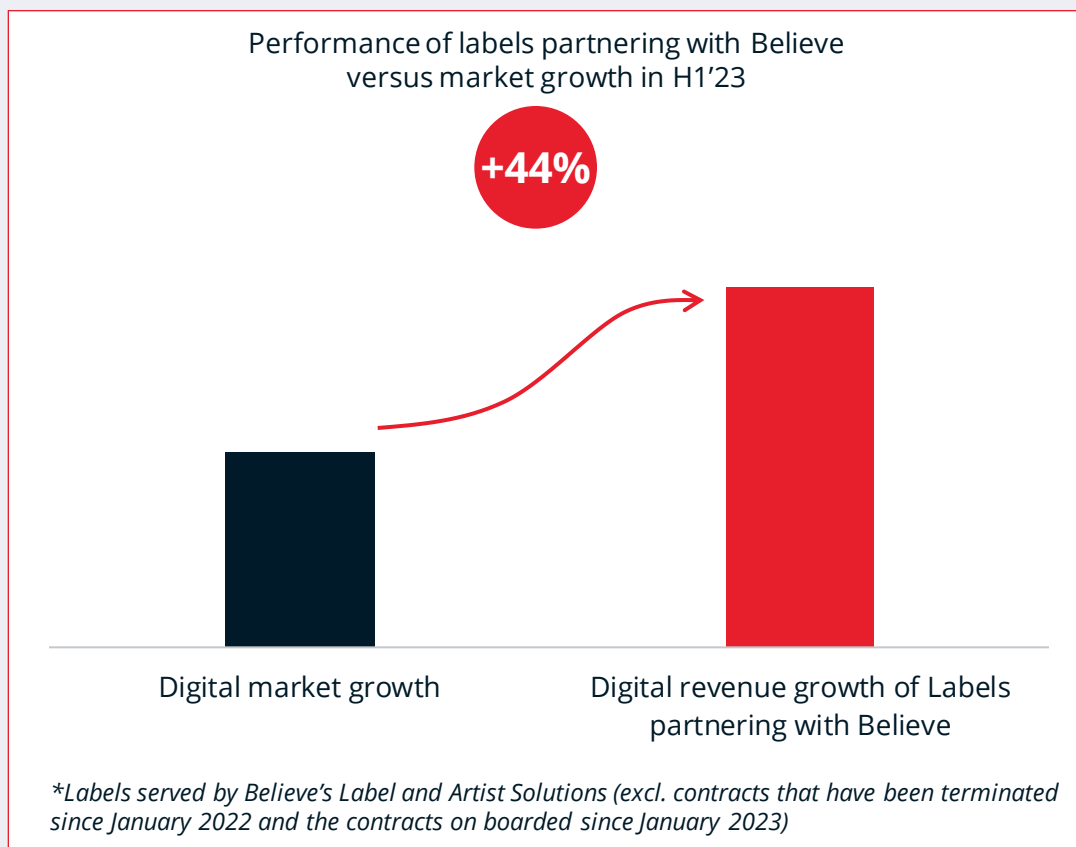


Jack Curley
Pop - Germany



Mimie
Afropop - Cameroon

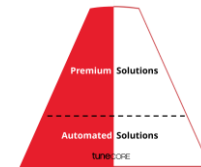
Labels served by Believe grew faster than the market



Attractive commercial opportunities to sign at better conditions with Tier 1 labels

- Leveraging superior quality of service and access to larger roster
- Broadening relationships with several Tier 1 labels with longer terms and better margins
- Allocating more cash to Advances to capture attractive returns and support to long term growth

Believe Southeast Asia 10-year anniversary: Strengthening a leadership position already at scale

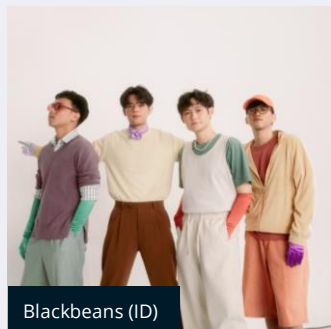


Shaping the music landscape in the region over the past decade

- Fueling the growth of a **sustainable local music ecosystem** with our services (including financing),
- **A leading music company in the region** with solid presence in both large (Indonesia, the Philippines, Thailand) and booming (Malaysia, Vietnam, Singapore).

A solid setup to get the most out of the next decade

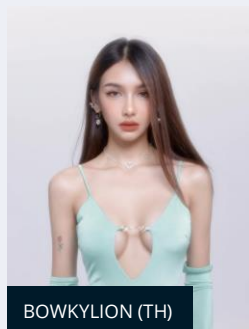
- Paid streaming users **expected to grow almost x4.5⁽¹⁾ by 2030 in the region**,
- **Expert local teams and innovative partnerships with DSPs⁽²⁾** ensuring the success of Believe's ever-growing roster of local labels and artists.



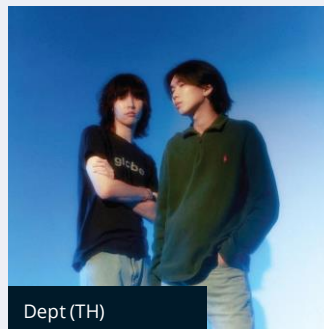
Blackbeans (ID)



Jeff Garcia (PH)



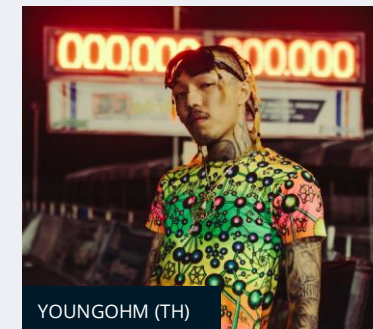
BOWKYLION (TH)



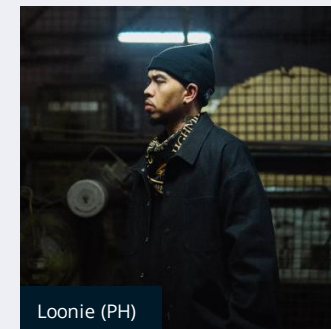
Dept (TH)



Els Warouw (ID)



YOUNGOHM (TH)

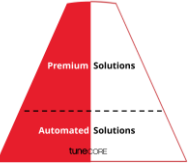


Loonie (PH)

Notes

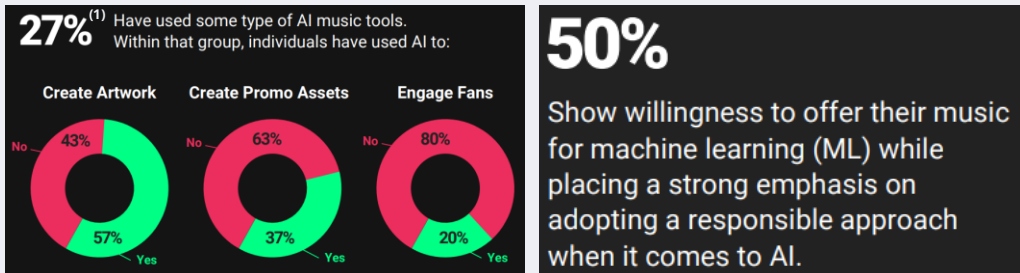
1. Based on industry experts and company estimates
2. Digital Service Providers

Embracing Artificial Intelligence: new opportunities to foster growth and efficiency with 4 Responsibility principles

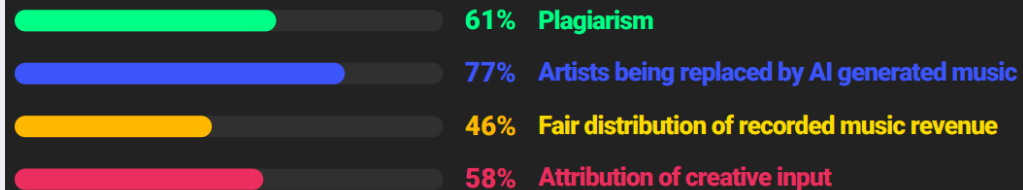


The 4 Responsibility principles: **consent, control, compensation and transparency.**

Building trust with transparency & education TuneCore global AI survey



Consent, Control, Compensation & Transparency are key principles to manage AI deployment, as a direct answer to artists' main fear of plagiarism (61%) & of being replaced by AI generated music (77%)



Experimenting with Generative AI with CreateSafe and Grimes

Experiment launched in June using AI to facilitate collaborations with TuneCore artists.

Illustrating Believe's commitment to **a responsible deployment of generative AI** in line with the 4 key principles defined by the Group.



tuneCORE.
© CREATESAFE

Note

1. Survey conducted on 1,558 TuneCore independent artists in 10 countries with 57% reporting over 10 years of experience in the music industry.



Sevdaliza

Electronic – Netherlands

Upstream from TuneCore to Artist Solutions

**H1'23 financials: significant
profitability improvement
and solid organic growth
impacted by currency
headwinds**

H1'23 key financial indicators integrating Forex impact and still weak ad-funded monetization

+17.5% Organic ⁽¹⁾ Growth

- A strong level of activity, reflecting solid performance of the roster.
- Sustained market share gains, aligned in Q1 and Q2.
- A lower Q2 growth rate reflecting higher forex impacts than expected.

+18.0% Digital Organic Revenue Growth

- Strong and resilient paid streaming monetization and single digit ad-funded monetization growth.
- Growth impacted by currency headwinds to revenues paid by DSPs⁽²⁾.

5.8% Adjusted EBITDA margin

- Adj. EBITDA more than doubling vs. H1'22.
- Margin up +250bps vs. H1'22, at mid-term objective level.
- Improved segments' margin, better Central Platform optimization.

€(32.9m) Free Cash Flow

- FCF resulting from negative working cap reflecting higher level of advances.
- Attractive commercial opportunities driving a strong commercial activity.

Note

1. Organic growth: revenue growth at constant perimeter and constant exchange rate. 2. DSPs: digital service providers

H1'23 organic revenue growth up +17.5%, a strong start to the year despite Q2'23 currency headwinds

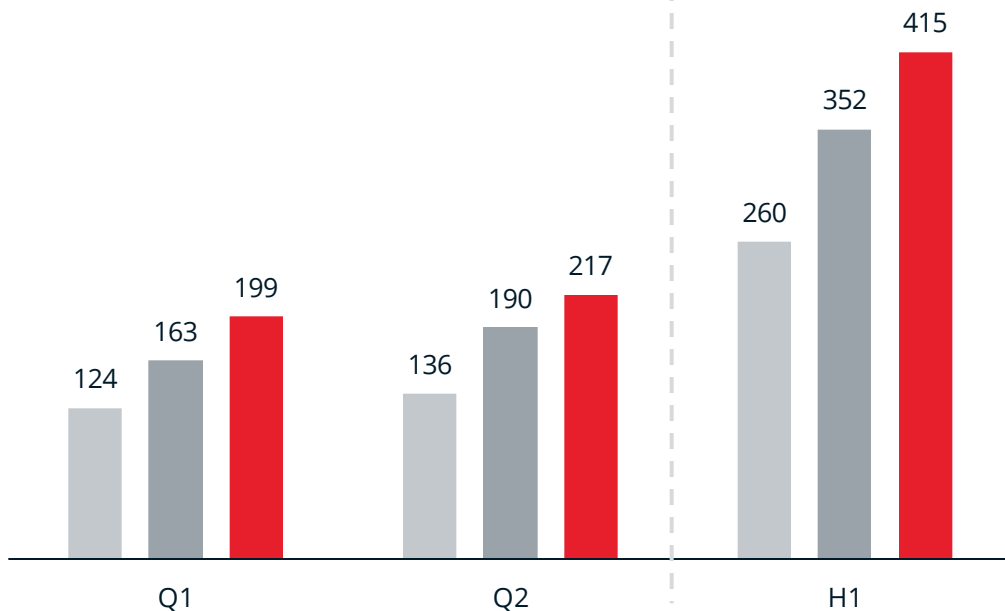
Strong organic revenue increase in H1'23, despite a slower growth pace in Q2'23...

Organic growth

+22.8%

+12.9%

+17.5%



Net revenues (€m)

■ 2021 ■ 2022 ■ 2023

...reflecting currency headwinds embedded in royalties paid out by digital partners

Organic digital growth

+22.6%

+14.0%

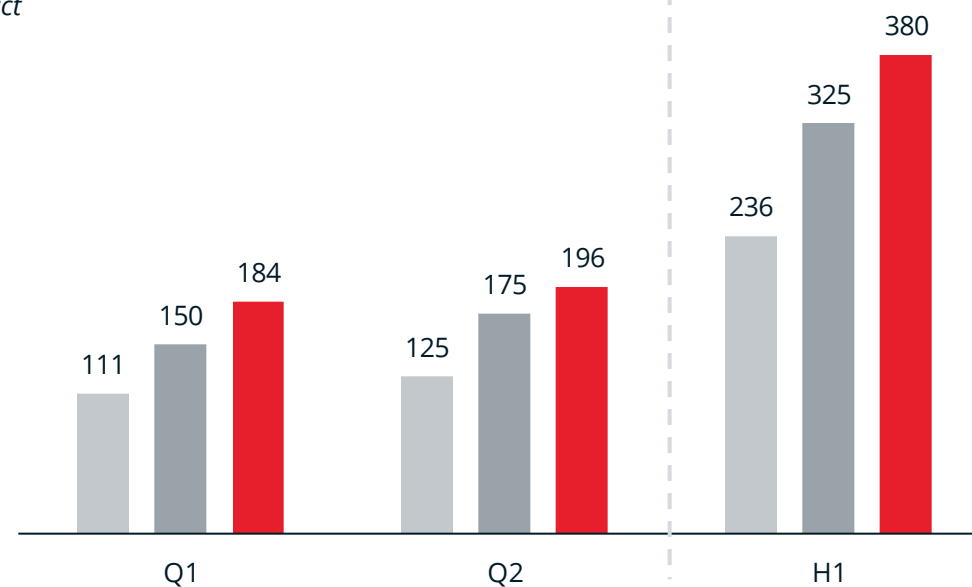
+18.0%

o/w currency impact

c. -1.0%

c. -6.5%

c. -3.6%



Digital sales (€m)

■ 2021 ■ 2022 ■ 2023

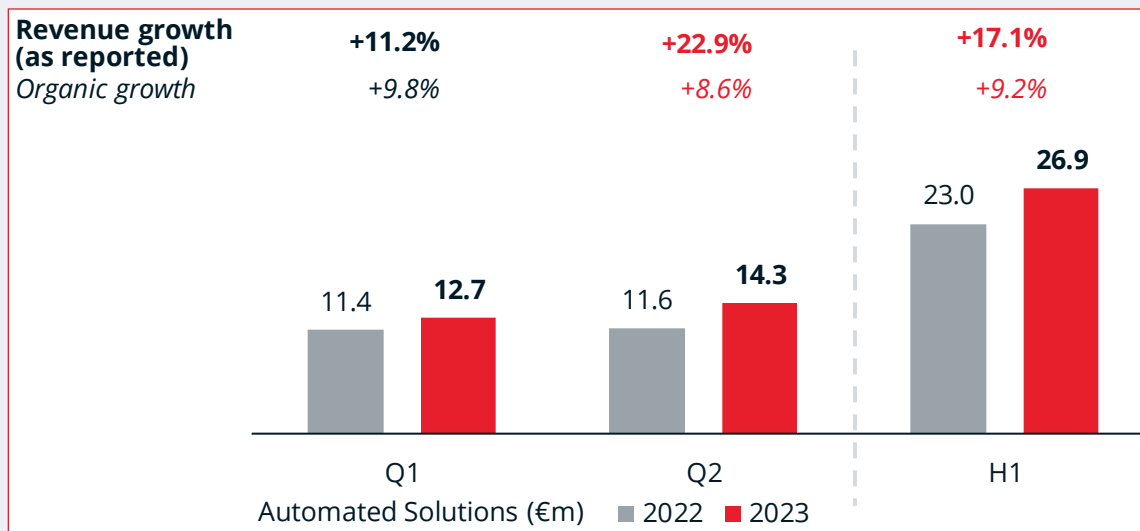
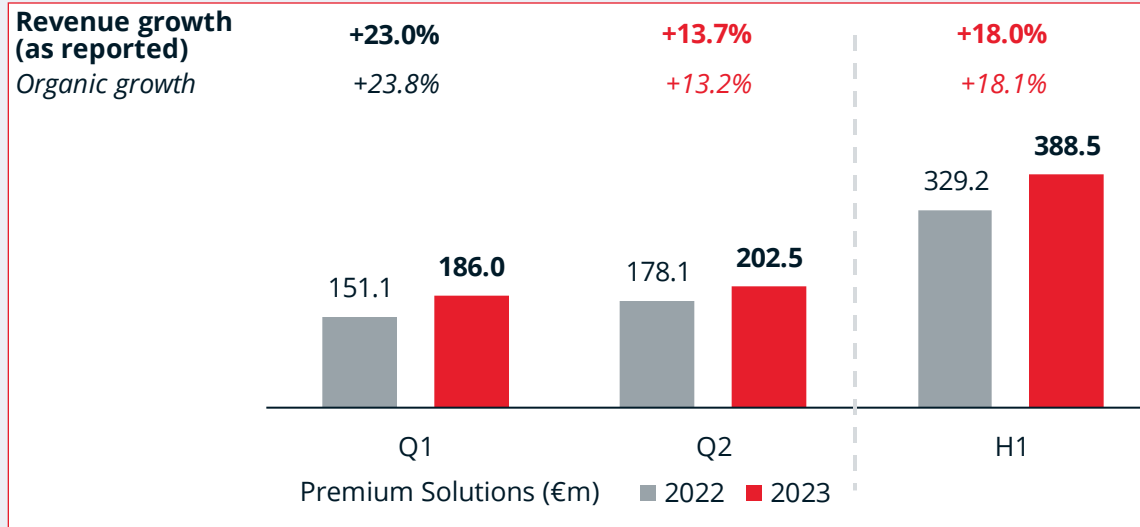
Organic growth impacted by currency headwinds in Q2'23

Premium Solutions: solid organic growth despite Q2 forex headwinds

- Organic growth in line with reported growth as Sentric contribution (1,5% to Premium Solutions revenue) was fully offset by the depreciation of the Turkish lira versus the euro.
- Digital monetization reflecting resilient paid streaming, additional market share gains stable in Q1 and Q2 and moderate ad-funded monetization.
- Q2'23 digital monetization including negative currency impacts** directly embedded in royalty payments of digital partners.

Automated Solutions: single digit organic growth in line with Group's anticipations and strong contribution of Sentric

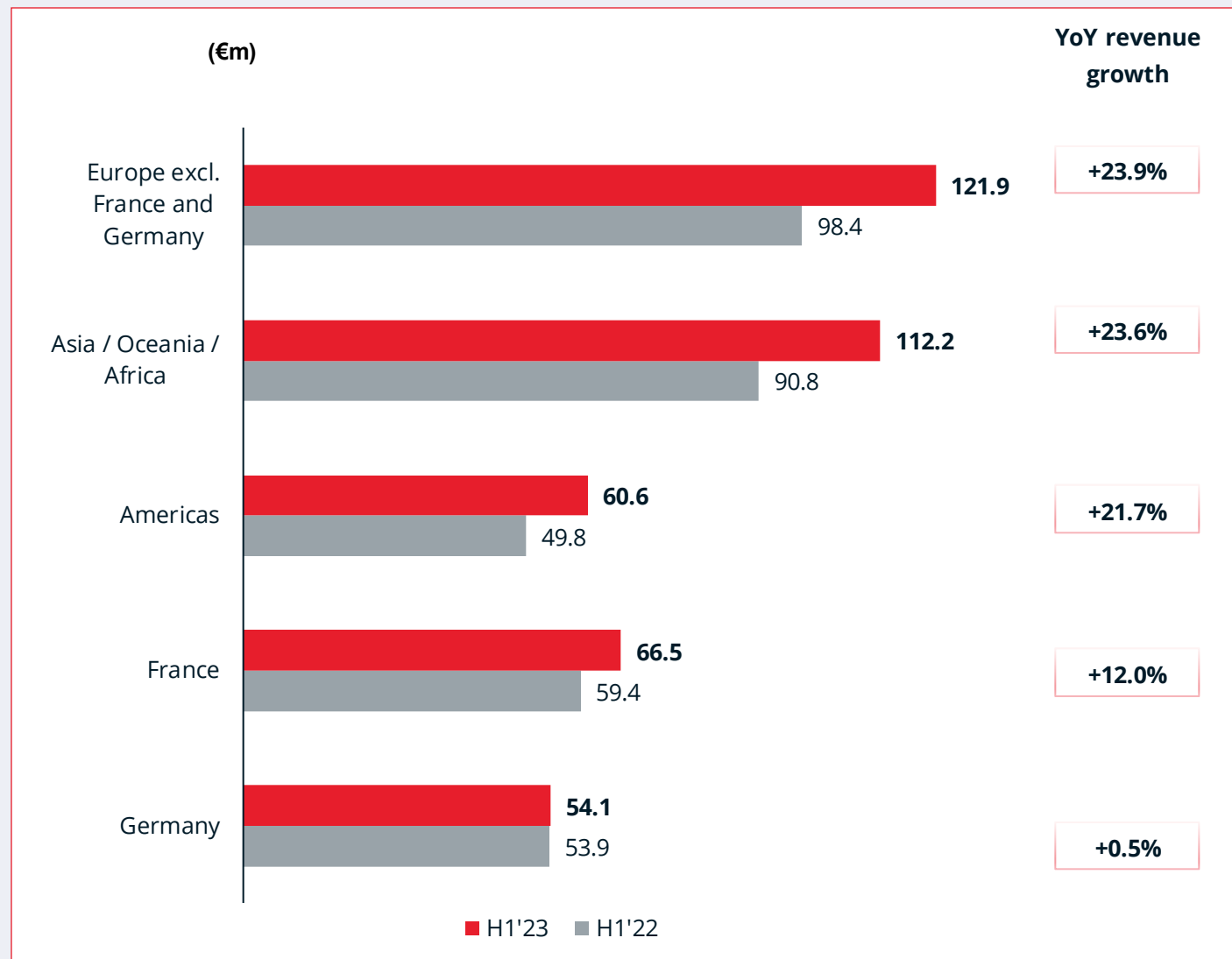
- Increased exposure of TuneCore to challenging ad-funded streaming since the introduction of Discovery Plan in November'21.
- Self-served activities of Sentric accounted for in Automated Solutions adding 8.4% of revenue growth in H1'23 (or 16.6% to Q2'23 revenue growth).
- Revenue growth was, however, mitigated by negative forex.



Strong growth in most regions **notwithstanding** a more challenged environment

Key regional highlights

- **Europe (excl. France and Germany): up +23.9%** reflecting strong growth trajectory in Southern and Eastern Europe. While the UK remained solid with a positive impact from the integration of Sentric. Turkey was negatively impacted by the depreciation of the Turkish Lira.
- **APAC & Africa: up +23.6%** reflecting strong market dynamics despite lower growth in ad-funded. Negative currency headwinds embedded in royalties paid by DSPs affecting the performance in Q2'23.
- **Americas: up +21.7%** reflecting strong level of activity in Brazil and Mexico. Positive trajectory of TuneCore despite the weakening dollar and less favorable comparison basis.
- **France: up +12.0%** reflecting Believe's position as a key player and its capacity to develop better and further artists and labels at any stage of their career.
- **Germany: up +0.5%** reflecting a less dynamic market at the end of the quarter, further impacted by the exit from contracts with heavy physical components.



Continued investment to fuel future profitable growth in Premium and Automated, with strong level of control resulted in increasing Segment margin in H1'23

- Continued investment in Automated and Premium Solutions to fuel future profitable growth and increase market share.
- Growth investment represented 4.4% of Group revenues in H1'23⁽¹⁾.
- Continuous investment, notably in Europe and Asia, to capture opportunities offered by the ever-growing music genres switching to digital.
- Successful investment management according to the level of revenue growth ramp-up, as per the Group well-tested investment blueprint.

Growth investment in Premium Solutions and Automated Solutions segments



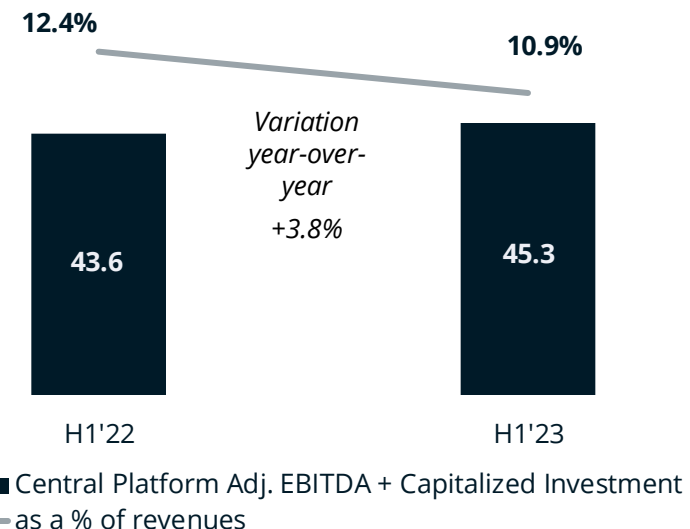
Notes: 1.

Growth investment in the business segments: human resource costs related to the new recruits in Premium Solutions and Automated Solutions, hired in the past 36 months, excluding salary increases. New teams should be break even between 18 to 24 months and take another 12 month to reach target EBITDA margin.

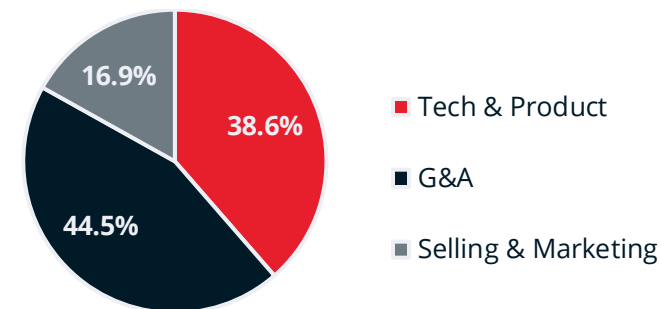
Central Platform costs further reduced thanks to a focus on efficiency plans

- **Optimization of investment in Central Platform in H1'23** with Adjusted EBITDA and capitalized investment up +3.8% adapted to the growth level.
- Lower total investments over revenues (10.9% of Group revenue versus 12.4% in H1'22) providing **further operating leverage in H1'23**.
- Increase in Central Platform **costs driven by Tech & Product and Selling & Marketing**:
 - Further investing in Tech & Product, including AI-backed tools for discovery and audience development solutions. Higher capitalization than in H1'23,
 - Further investing in central sales functions to pursue the ongoing phase of expansion across all artists & labels tiering.

Total investment in the Central Platform (in € million)



Breakdown of the Central Platform investment



Strong increase in Group's Adjusted EBITDA margin – illustrating focus on efficiency and operating leverage

Group Adjusted EBITDA more than doubled, a strong performance reflecting:

- Controlled investments in both segments with a focus on improving efficiency – **delivering 140bps increase in the Adjusted EBITDA margin pre-Central Platform vs. H1'22.**
- A better cost amortization in the Central Platform in line with efficiency plans – **delivering a greater operating leverage in H1'23.**
- A 250bps improvement vs. H1'22** – reaching the mid-term objective level two years ahead IPO plan (Group Adjusted EBITDA margin: 5% to 7% by 2025).

Group's Adjusted EBITDA margin

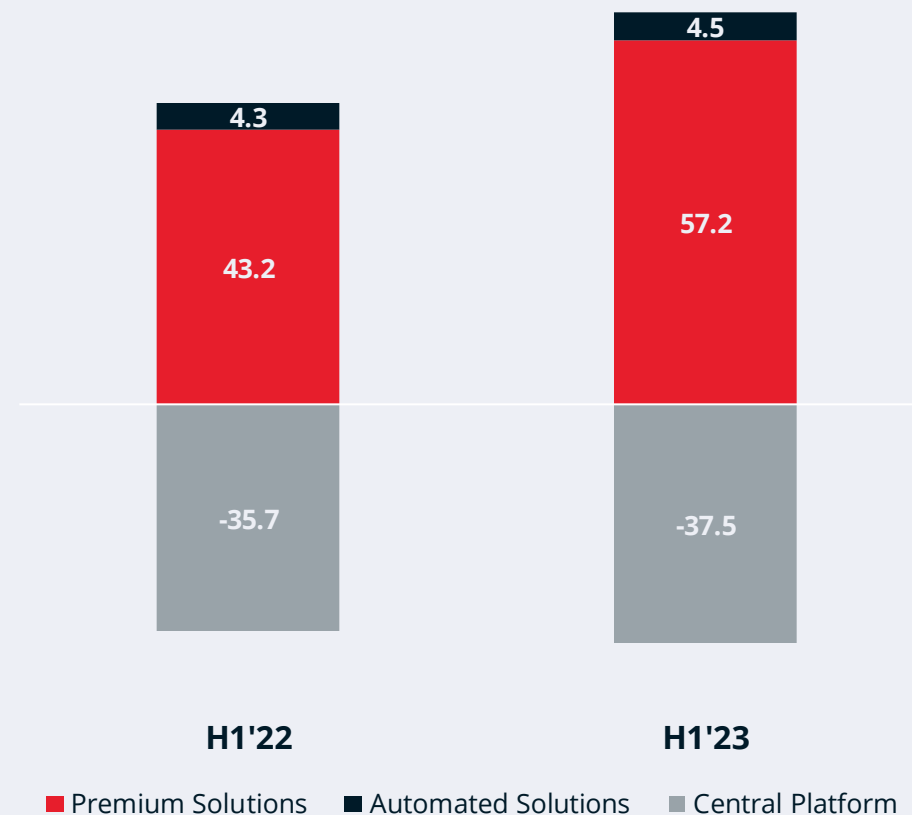
3.3%

5.8%

Adjusted EBITDA margin pre-central platform costs

13.5%

14.9%



Free Cash Flow reflect leveraging strong commercial opportunities at high ROI

Negative free cash flow of €32.9 million reflecting:

- **Cash allocation policy to further privilege Advances given attractive returns and support to future revenue growth:**
 - ✓ Advances up +€75.7 million at end June'23 vs. end December'22.
 - ✓ Historical average annual Return on Investment⁽¹⁾ of Advances paid to Labels: **31%**.
- **Free cash flow reflecting elevated level of advances mentioned above and stable capitalized costs**
- **Solid cash position at end of June'23:**
 - ✓ €210.2m, reflecting Sentric acquisition costs and the level of advances in H1'23.

| | H1'22 | H1'23 |
|---|---------------|---------------|
| Operating cash flow before working capital variation | 10.2 | 15.7 |
| Δ in net working capital | 11.2 | (42.9) |
| Operating cash flow (or net cash from operating activities) | 21.4 | (27.2) |
| Capex | (11.6) | (18.4) |
| <i>o/w capitalized costs</i> | <i>(9.0)</i> | <i>(9.2)</i> |
| Proceeds from sale of assets | - | 1.0 |
| less acquisition-related amounts | 1.0 | 11.7 |
| Free cash-flow | 10.8 | (32.9) |

Focus on customer advances – *balance sheet*

| Assets (€m) | End June'22 | End June'23 |
|---|-------------|-------------|
| Artist and label advances | 178.7 | 256.7 |
| <i>o/w current advance (recoupable within 1y)</i> | <i>51%</i> | <i>49%</i> |

Notes: 1.

Annual Return is calculated by producer based on EBITDA which corresponds to Gross Margin less Premium Solutions costs (marketing and sales costs to source, sell and serve) and variable Central Platform costs allocated to the deals (Data music, IT, royalties statements, content ingestion,...). Timing: all paid advances from 2017 to 2022.



Azariah

Pop – Hungary

The most spots on Spotify's Top Artists Hungary (incl. #1, #3, #4, #5)

FY 2023 outlook and mid-term objectives

Revised FY 2023 guidance given current currency environment with strong focus on profitable growth towards long-term Adjusted EBITDA margin of 15%

1. FY'23 Organic growth lowered to +14% (vs +18%) incl. a c -9% embedded FX impact in H2'23, **+19.5% organic growth for FY'23 restated from currency impacts.**

- Resilient paid streaming to pursue its strong growth trajectory.
- Moderate growth of ad-funded activities.
- Continuous market share gains.
- CAGR organic growth for the period 2021-2023: c.+22.6%.

2. Adjusted EBIDTA margin increased to +5.5% (vs +5%).

- **Scale effect and strong operational efficiency** contributing to increased EBIDTA margin despite slower growth.
- **Cash allocation privileging advances on high-growth/high-return commercial opportunities versus M&A for H2'23.**
- **Negative free cash flow for FY'23 with positive free cash flow in H2'23.**

On track to deliver on Mid-term objectives – further building scale in Premium and Automated Solutions to **reach 15% Adjusted EBITDA margin after hyper growth phase**

A STEADY PACE OF INVESTMENT RESULTING IN STRONG REVENUE GROWTH OPERATING LEVERAGE

Accelerated investment in local teams across the countries addressed by Believe.

Continuing investment in Central Platform but scale up phase already completed: investment to progressively decrease as a % of revenue, peak reached end FY'19.

A targeted M&A strategy to accelerate revenue growth.



**Mid-term Organic CAGR
2021-2025 objective:**
+22% - +25%

**Adjusted EBITDA margin
by 2025: 5% to 7%**

**Long term Adjusted
EBITDA margin: 15%**



Jeanne Added - France



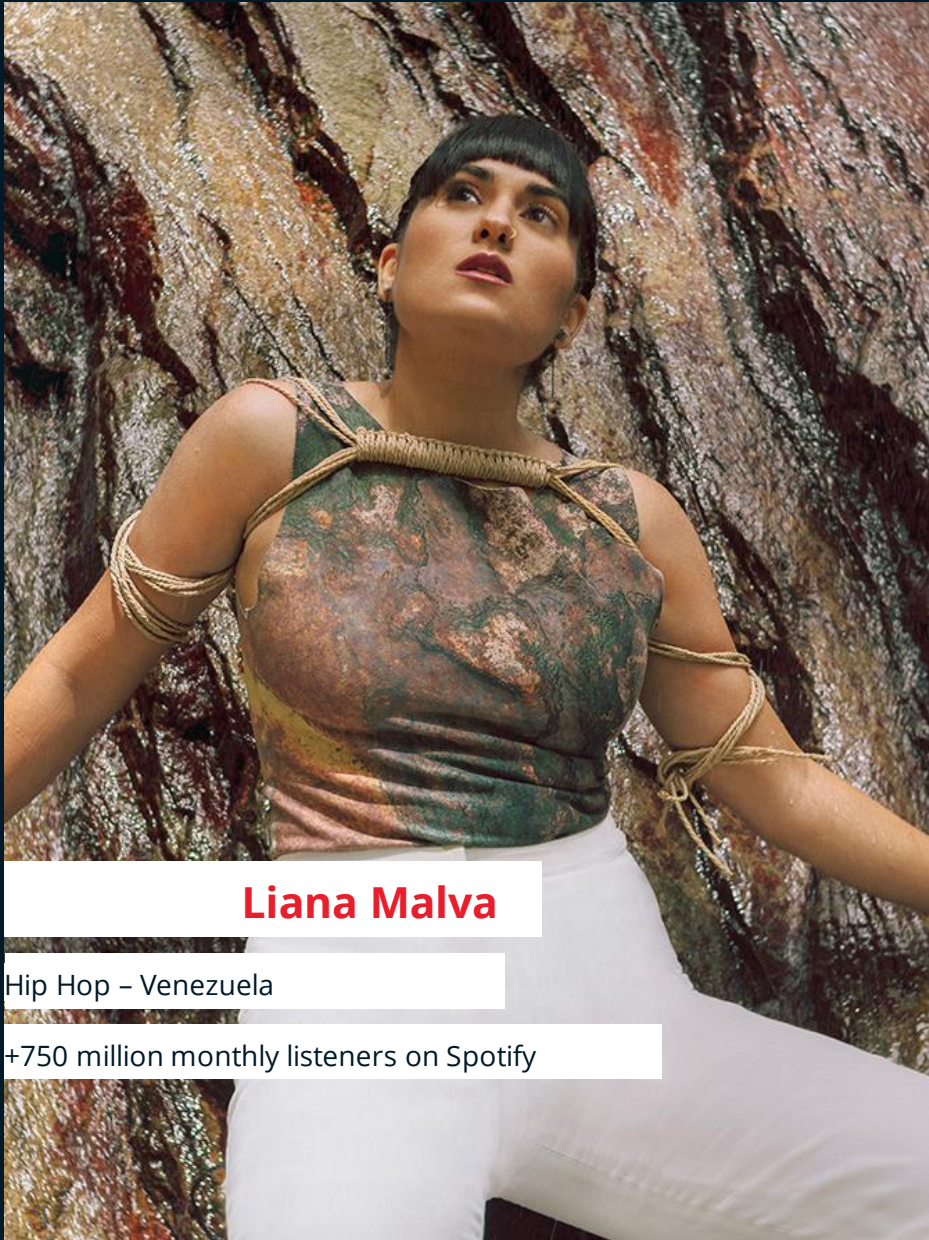
Qujia - China



Kweku Flick - Ghana



Adriana Rios - Mexico



Liana Malva

Hip Hop – Venezuela

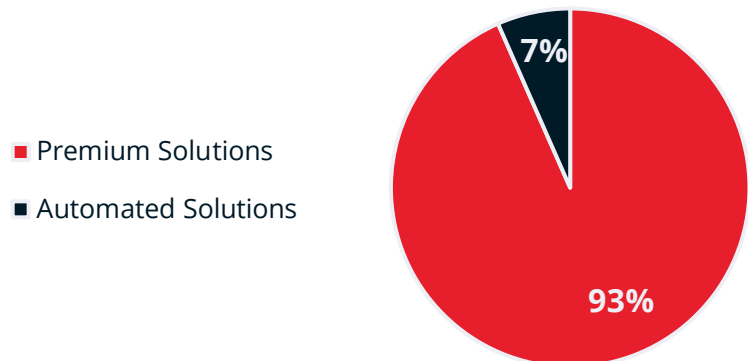
+750 million monthly listeners on Spotify

Appendix

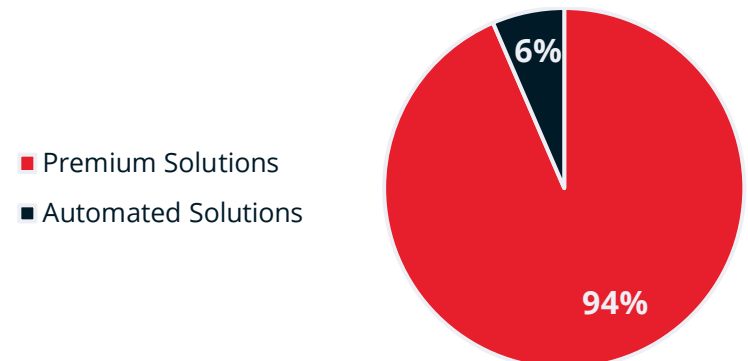
Q2'23 and H1'23 revenue breakdown

Q2'23 and H1'23 Revenue breakdown by segment (in % of Group revenues)

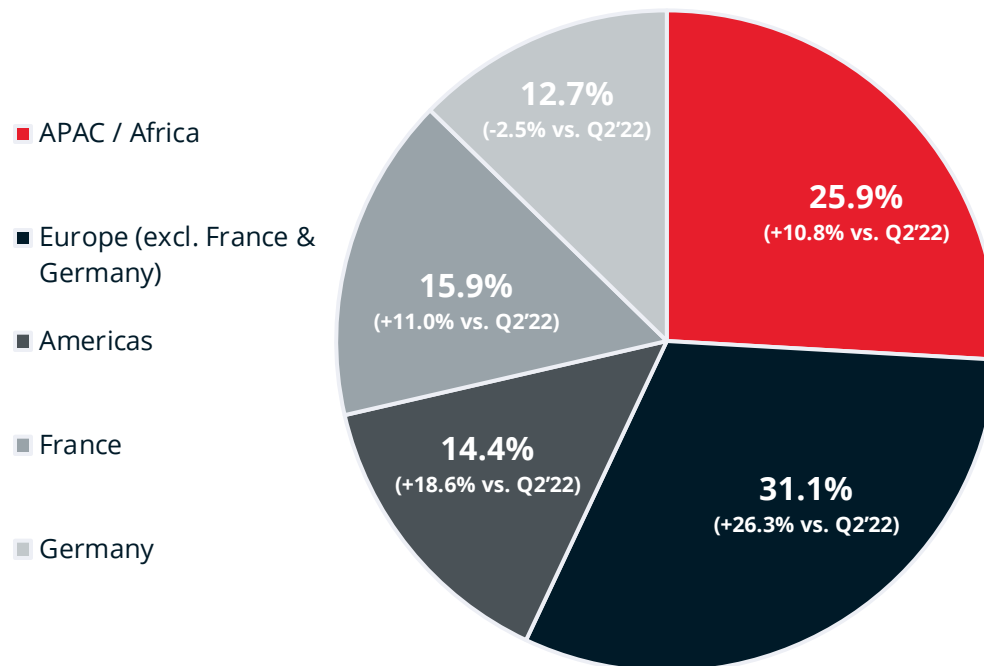
Q2'23 Revenue breakdown by segment



H1'23 Revenue breakdown by segment



Q2'23 Revenue breakdown by geography (in % of Group revenues)



P&L overview – key definitions

| | Automated solutions | Premium solutions | Other (central platform costs) |
|--|---|--|---|
| DMS (Digital Music Sales) ¹ | Royalties paid by the DSPs (Digital Service Providers) primarily based on subscriptions / advertising revenues allocated according to streaming volumes. DMS only apply to recording and are not an indicator used in publishing. | DMS = revenue for digitally distributed music | |
| Revenue | Not correlated to the bulk of revenues , but DMS = revenue generated by 'Social Platforms' | DMS based for digital revenue Other revenues mainly include publishing, physical sales and synchronization rights | |
| Cost of sales | c. 70% subscription fee based – includes self-served publishing services | Primarily royalties paid to artists | |
| Gross profit | Close to nil | Close to 100% | |
| Opex | Close to 100% | According to royalty level negotiated in the contract | |
| EBITDA | <ul style="list-style-type: none"> Includes marketing and promotion costs for artist services and distribution costs for physical channels HR costs for local sales and services Other opex | | Primarily relates to investments in Believe's central platform, focusing on developing operating tools (IT, operations, product) as well as structuring, driving and supporting commercial (Sales, Marketing) and corporate functions (Finance, HR) |
| | Excludes exceptional items and share-based employee compensation | | |

Note

1. Non GAAP definition

Source: Company Information