

believe®

HALF-YEAR FINANCIAL REPORT

FOR THE SIX MONTHS ENDED JUNE 30, 2024

BELIEVE SA

A French joint-stock company with a board of director and with share capital of €503,543.93

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

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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, 2024, 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 1, 2024

Denis LADEGAILLERIE

Chairman and Chief Executive Officer

Xavier DUMONT

Chief Strategy and Finance Officer

Statutory Auditors' Review report on the Half-yearly financial information 2024

For the period from January 1, 2024, to June 30, 2024

To the Shareholders,

In compliance with the assignment entrusted to us by the general meetings 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 half-yearly consolidated financial statements of Believe S.A., for the period from January 1, 2024, to June 30, 2024,
- the verification of the information presented in the half-yearly management report.

These condensed half-yearly consolidated 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 half-yearly consolidated 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 half-yearly consolidated financial statements subject to our review. We have no matters to report as to its fair presentation and consistency with the condensed half-yearly consolidated financial statements.

The Statutory Auditors

French original signed by

Paris La Défense, on the August 1, 2024

KPMG SA

Jérôme Lo lacono
Partner

Paris, on the August 1, 2024

ACA Nexia

Olivier Juramie
Partner

Part 1: Condensed consolidated interim financial statements for the six months ended June 30, 2024

Consolidated statement of income

<i>(in € thousands)</i>	Notes	Six months ended June 30, 2024	Six months ended June 30, 2023
Revenue	4.1	474,131	415,418
Cost of sales		(315,003)	(276,940)
Sales and marketing expenses		(98,394)	(84,932)
Technology and product expenses		(32,318)	(25,810)
General and administrative expenses		(28,947)	(27,741)
Other operating income (expense)	4.2	(7,342)	1,975
Share of net income (loss) of equity-accounted companies		852	(938)
Operating income (loss)		(7,021)	1,033
Cost of debt		1,087	2,630
Other net financial income (expense)		3,831	139
Net financial income (expense)		4,919	2,769
Income (loss) before tax		(2,103)	3,802
Income tax	5	(3,149)	(1,820)
Net income (loss)		(5,251)	1,982
Attributable to:			
• Owners of the parent		(7,565)	334
• Non-controlling interests		2,314	1,649
Earnings per share attributable to owners of the parent company:			
• Basic earnings (loss) per share (€)		(0.07)	0.00
• Diluted earnings (loss) per share (€)		(0.07)	0.00

Consolidated statement of comprehensive income

<i>(in € thousands)</i>	Six months ended June 30, 2024	Six months ended June 30, 2023
Consolidated net income (loss)	(5,251)	1,982
Translation adjustments	360	(8,695)
Other comprehensive income (expense) that may be reclassified subsequently to net income	360	(8,695)
Remeasurement of net defined benefit obligation	-	-
Other comprehensive income (expense) that may not be reclassified subsequently to net income	-	-
TOTAL COMPREHENSIVE INCOME (EXPENSE)	(4,891)	(6,713)
Attributable to:		
• Owners of the parent	(6,262)	(4,888)
• Non-controlling interests	1,371	(1,826)

Consolidated statement of financial position

<i>(in € thousands)</i>	Notes	June 30, 2024	December 31, 2023
ASSETS			
Goodwill		145,093	141,196
Other intangible assets		132,302	135,572
Property, plant and equipment		30,779	30,960
Advances to artists and labels – non-current portion	4.3	170,578	155,451
Investments in equity-accounted companies		47,668	48,815
Non-current financial assets		10,154	9,576
Deferred tax assets		20,546	20,107
Total non-current assets		557,119	541,677
Inventories		3,375	4,110
Trade receivables		208,278	200,203
Advances to artists and labels – current portion	4.3	113,164	103,129
Other current assets		39,916	38,275
Current tax assets		3,168	4,074
Current financial assets		4,148	1,354
Cash and cash equivalents		183,554	214,221
Total current assets		555,604	565,365
TOTAL ASSETS		1,112,723	1,107,043
EQUITY			
Share capital		504	485
Share premiums		481,615	470,334
Treasury shares		(965)	(1,113)
Reserves and retained earnings		(79,814)	(77,022)
Translation reserve		(20,616)	(21,919)
Equity attributable to owners of the parent		380,724	370,766
Non-controlling interests		9,814	8,442
TOTAL EQUITY		390,537	379,208
EQUITY AND LIABILITIES			
Non-current provisions		520	409
Non-current borrowing and debt		22,190	21,510
Other non-current liabilities		16,987	16,473
Deferred tax liabilities		20,290	20,708
Total non-current liabilities		59,988	59,100
Current provisions		1,681	1,624
Current borrowing and debt		9,465	10,381
Trade payables and contract liabilities	4.4	614,878	611,756
Other current liabilities		30,371	40,616
Current tax liabilities		5,803	4,357
Total current liabilities		662,198	668,734
TOTAL EQUITY AND LIABILITIES		1,112,723	1,107,043

Consolidated statement of cash flows

<i>(in € thousands)</i>	Six months ended June 30, 2024	Six months ended June 30, 2023
OPERATING ACTIVITIES		
Net income (loss)	(5,251)	1,982
Depreciation, amortization and impairment of non-current assets	24,789	21,152
Share-based payment	5,824	3,626
Cost of debt	(1,087)	(2,630)
Income tax	3,149	1,820
Net charges to provisions and employee benefits	193	(84)
Share of net income (loss) of equity-accounted companies (incl. dividends received)	333	1,239
Elimination of net gains or losses on disposals of assets	(59)	(925)
Other items with no cash impact	(4,446)	(7,587)
Income tax collected/paid	(2,268)	(2,870)
Change in operating working capital	(34,268)	(42,900)
Net cash from (used in) operating activities	(13,091)	(27,177)
INVESTING ACTIVITIES		
Acquisitions of property, plant and equipment and intangible assets	(15,308)	(18,415)
Disposals of property, plant and equipment and intangible assets	60	970
Acquisitions of subsidiaries, net of cash acquired	-	(36,559)
Decrease (increase) in loans	(667)	7
Decrease (increase) in non-current financial assets	(2,365)	(619)
Net cash from (used in) investing activities	(18,280)	(54,616)
FINANCING ACTIVITIES		
Decrease in borrowings	(450)	(1,488)
Repayment of lease liabilities	(5,481)	(5,087)
Interest paid	1,946	3,205
Capital increase (decrease) by owners	2,913	814
Net cash from (used in) financing activities	(1,072)	(2,556)
Cash and cash equivalents, net of bank overdrafts, at beginning of period	214,221	303,345
Net increase (decrease) in cash and cash equivalents net of bank overdrafts, before the impact of changes in foreign exchange rates	(32,443)	(84,349)
Impact of changes in foreign exchange rates	1,776	(8,794)
Cash and cash equivalents, net of bank overdrafts, at end of period	183,554	210,202
<i>Of which:</i>		
• <i>Cash and cash equivalents</i>	183,554	210,202
• <i>Bank overdrafts</i>	-	-

Consolidated statement of changes in equity

<i>In € thousands, except share data</i>	Attributable to owners of the parent							Non-controlling interests	TOTAL EQUITY
	<i>Number of shares</i>	Share capital	Share premiums	Treasury shares	Reserves and retained earnings	Translation reserve	Equity attributable to owners of the parent		
EQUITY AT JANUARY 1st, 2023	96,764,109	484	468,715	(1,358)	(78,787)	(13,143)	375,911	8,951	384,862
Remeasurement of net defined benefit obligation							-		-
Translation adjustments						(5,221)	(5,221)	(3,474)	(8,695)
Other comprehensive income (expense)						-	(5,221)	(3,474)	(8,695)
Net income (loss) for the period					334		334	1,649	1,982
Total comprehensive income					334	(5,221)	(4,888)	(1,826)	(6,713)
Capital increase	168,506	1	813				814		814
Net change in treasury shares				129	15		145		145
Share-based payment					3,144		3,144		3,144
Other							-	1,440	1,440
EQUITY AT JUNE 30, 2023	96,932,615	485	469,528	(1,228)	(75,294)	(18,364)	375,126	8,566	383,692

<i>In € thousands, except share data</i>	Attributable to owners of the parent							Non-controlling interests	TOTAL EQUITY
	<i>Number of shares</i>	Share capital	Share premiums	Treasury shares	Reserves and retained earnings	Translation reserve	Equity attributable to owners of the parent		
EQUITY AT JANUARY 1st, 2024	97,086,350	485	470,334	(1,113)	(77,022)	(21,919)	370,766	8,442	379,208
Remeasurement of net defined benefit obligation							-		-
Translation adjustments						1,303	1,303	(943)	360
Other comprehensive income (expense)						1,303	1,303	(943)	360
Net income (loss) for the period					(7,565)		(7,565)	2,314	(5,251)
Total comprehensive income					(7,565)	1,303	(6,262)	1,371	(4,891)
Capital increase	3,622,435	18	11,281				11,299		11,299
Net change in treasury shares				148	14		163		163
Share-based payment					4,758		4,758		4,758
EQUITY AT JUNE 30, 2024	100,708,785	504	481,615	(965)	(79,814)	(20,616)	380,724	9,814	390,537

In 2024, the increase in the number of shares, share capital and additional paid-in capital is mainly due, in the context of the takeover bid, to

- the exercise of all outstanding warrants (BSA/BSPCE) issued by the Group,
- the acceleration of the 2021 performance share plan from September to May 2024.

In 2023, for the “non-controlling interests”, the heading “Other” corresponds to the provisional recognition of the purchase price allocation for Morning Glory Music (MGM), acquired in 2022.

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 2024 mostly result from our companies based in United Kingdom, India and United States, partially offset by Turkey companies. In 2023, changes in translation adjustments mainly results from our companies based in Turkey.

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.

The Group is a market leader in digital music for independent labels and local artists. The Group has solid experience in digital artist development and catalog performance optimization. The Group has built its model to be at the core of the digital music revolution and to benefit from positive structural market trends. The Group’s business model is to share the revenues generated through digital service providers and social media platforms with artists. The growth in this source of revenue is due to the Group’s appeal to local artists and labels as well as to structural changes in the market.

Its international presence is a key differentiator, as the Group began investing very early on, outside of France and particularly in European and Asian markets, where the Group has been able to build strong positions in recent years. While the penetration rate of subscription streaming is high in some mature markets such as the Northern Europe countries, it is still relatively low in some other developed countries where the recorded music market is significant. This is the case in Western Europe and certain so-called emerging markets, such as Latin America, Eastern Europe and the Asia-Pacific region, where there is very significant potential for growth.

The Group primarily targets digital music genres, which are promoted and marketed mainly on streaming platforms and social media. The revenue generated on these platforms is also the main source of monetization for artists in the genre in question. Believe has also dedicated offerings for digital artists and labels according to their needs and stages of development. The Group is thus organized as a global digital platform, which develops technological and high value-added solutions for all artists, adapted to each stage of their career development, whether they are music creators, emerging artists, established artists or top artists. This approach, which makes it possible to cover all artist categories, from the music creator to the top artist, is another differentiating factor, Believe being one of the only music groups to offer solutions adapted to each stage of an artist's career.

The Group has built a unique model based on a scalable central technology platform through the intensive use of data, which allows it to provide the same level of service in all geographies while generating economies of scale. The teams deployed in the local entities rely on the products and solutions developed by the Central Platform to support the development of local artists and labels. This organization enables the Group to conduct its business efficiently and profitably. This organization based on the Central Platform and strong local teams with considerable music and digital expertise and trained in the best use of centrally developed tools and solutions, enables the Group to offer the best possible quality of service.

With 2,020 employees at December 31, 2023 and a presence in more than 50 countries, the Group thus benefits from cutting-edge technological capabilities and provides artists and labels with its expertise in music, digital marketing and data analysis around the world, notably with the support of over 250 product and IT experts. The Group operates several commercial brands including Believe, TuneCore, Nuclear Blast, Naïve, Groove Attack, AllPoints, Ishtar and Byond.

Its main subsidiaries are located in Germany, Canada, China, the United States, France, India, Italy, Japan, Luxembourg, the United Kingdom, Russia, Singapore and Turkey. 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, 2024, 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 mars 26, 2024.

These condensed interim consolidated financial statements were approved for issue by the Board of Directors on August 1, 2024.

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/legal-content/EN/TXT/?uri=CELEX%3A02023R1803-20240109>

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, 2024 were prepared in accordance with IAS 34 – Interim Financial Reporting. Condensed interim financial statements do not include all 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, 2023, as approved by the Board of Directors on March 13, 2024.

The significant accounting policies applied in these condensed interim consolidated financial statements are like those applied by the Group to prepare its consolidated financial statements for the year ended December 31, 2023, with the exception of the following amendments adopted by the European Union and effective for reporting periods beginning on or after January 1st, 2024:

- Amendments to IAS 1 – *Classifying liabilities as current or non-current*
- Amendments to IAS 7 and IFRS 7 – *Supplier finance arrangements and non-current liabilities subject to covenants*
- Amendments to IFRS 16 – *Lease liability in a sale and leaseback*

These amendments do not have a material impact on the condensed consolidated interim financial statements at 30 June 2024.

Specific case of the amendment to IAS 12: International tax reform - Pillar 2 model rules

On 14 December 2022, the European Union adopted a directive implementing the OECD's 'Pillar 2' reform. France voted to transpose this directive as part of the Finance Bill for 2024. The so-called 'Pillar 2' rules therefore apply to all entities effectively controlled by Believe. In May 2023, the IASB published an amendment to IAS 12 that includes a mandatory temporary exemption, for the 2023 financial year, relating to the application of IAS 12 to 'Pillar 2' calculations. This amendment was formally adopted by the European Union in November 2023 and was therefore fully applicable at 31 December 2023.

We consider that although the Group may be subject to Pillar 2 rules from 1 January 2024 in certain jurisdictions, the Group does not expect any material tax impact on the financial statements.

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, 2024

The Group has not decided to adopt any standards, amendments or interpretations by anticipation for the period ended June 30, 2024. The following published standards, amendments and interpretations that will be effective after June 30, 2024, may have an impact on the Group's financial statements:

- Amendments to IFRS 7 and IFRS 9 - *Classification and Measurement of Financial Instruments*
- Amendments to IAS 21 - *Lack of exchangeability on the effects of changes in exchange rates*
- Annual improvements Volume 11
- IFRS 18 - *Presentation and Disclosure in Financial Statements*

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, 2023, 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 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.

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.

Therefore, figures for the six months ended June 30, 2024, 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 considering 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;
- Determine the recoverable amount of advances paid to artists and labels;
- Estimate revenue;
- 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, 2024, were the same as those used by the Group in preparing its annual financial statements for the year ended December 31, 2023;
- 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, 2023.

Note 2. Significant events of the period

Simplified takeover bid initiated by Upbeat Bidco for Believe shares

Paris, 12 February 2024 - Funds managed by TCV and EQT, together with Denis Ladegaillerie, the Chairman and CEO of Believe, have agreed to form a consortium with a view, with a dedicated vehicle (Upbeat Bidco SAS), to make an offer for all Believe outstanding shares at 15 euros per share, following the acquisition of a block representing 71.92% of the share capital and 77.42% of the theoretical voting rights of the Company, upon having acquired an additional stake in Believe from TCV Luxco BD S.à r.l., Ventech and XAnge (see the press release issued by the consortium on February 12, 2024, as well as the press release issued by the Company on the same day, available on the Company's institutional website).

The Board of Directors has set up an ad-hoc committee, comprising three independent directors, to monitor the work of the independent expert and prepare a draft opinion on the Offer.

Following the announcement of the Offer by the Consortium, the Board of Directors of the Company had received a confidential exploratory non-binding approach from Warner Music Group with a view to a potential tie-up with Believe. Paris, 6 April 2024, the Ad-Hoc Committee of Believe took note of Warner Music Group's decision not to submit a binding offer for a combination with Believe, as set out in Warner Music Group's press release of this day.

In a press release dated April 12, 2024, the Consortium indicated that it no longer intended to request a squeeze-out following the Offer.

The Board of Directors of the Company met on April 18, 2024, and reviewed in particular (i) the work and recommendation of the Ad-Hoc Committee, composed of the three independent directors, (ii) the conclusions of Ledouble, appointed as independent expert on February 11, 2024, whose report concludes that the terms of the Offer are fair, from a financial point of view, for the shareholders voluntarily tendering their shares to the Offer and that there are no ancillary items in connection with the Offer which could be detrimental to the shareholders' interests. The Board of Directors has rendered, with a unanimous vote from its members present or represented, a favorable reasoned opinion on the Offer, considering that such Offer is in the interest of the Company, its shareholders, and its employees.

On June 24, 2024, the Autorité des Marchés Financiers published the results of the simplified tender offer initiated by UpBeat Bidco, a consortium formed by funds managed by TCV and EQT X, together with Denis Ladegaillerie, the Chairman and CEO of Believe, on all the outstanding shares of Believe. Under the Offer, which ran from 3 June to 21 June 2024, Upbeat Bidco acquired 19,619,422 Believe shares. Following the Offer, Upbeat Bidco holds 95,664,105 Believe shares representing 106,515,425 voting rights, i.e. 94.99% of Believe's share capital and at least 94.29% of its gross theoretical voting rights.

At the time of publication of this half-yearly financial report, the consortium held 96.02% of the share capital.

As part of the new shareholder structure following the outcome of Upbeat Bidco's simplified takeover bid for Believe shares, the company's Board of Directors has changed. Following the departure of Ventech as a director as a result of the sale of its entire shareholding in Believe, the Board has co-opted a new director representing EQT X, Andrew Fisher. Andrew Fisher's appointment will be put to a vote at next year's AGM in 2025. Andrew Fisher will be appointed to the Audit Committee and the CSR Committee.

The Board of Directors has also appointed two non-voting directors, Michael Kalfayan (General Partner at TCV) and Nicolas Brugère (Partner at EQT X, Head of France & Benelux).

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, 2023. 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 expense; and (iv) depreciation of assets identified at the acquisition date net of deferred taxes from 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.

<i>(in € thousands)</i>	Six months ended June 30, 2024				Six months ended June 30, 2023			
	Premium Solutions	Automated Solutions	Other – Central Platform	TOTAL	Premium Solutions	Automated Solutions	Other – Central Platform	TOTAL
Revenue	440,893	33,238	-	474,131	388,484	26,934	-	415,418
Adjusted EBITDA	65,178	8,188	(42,058)	31,307	57,187	4,504	(37,478)	24,213

3.2. Reconciliation with Group financial data

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

<i>(in € thousands)</i>	Six months ended June 30, 2024	Six months ended June 30, 2023
Operating income (loss)	(7,021)	1,033
Restatement of depreciation, amortization and impairment expense	24,789	21,152
Restatement of share-based payment including social security contributions and employer contributions	5,824	3,626
Restatement of other operating income (expense)	7,342	(1,975)
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	374	377
ADJUSTED EBITDA	31,307	24,213

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:

<i>(in € thousands)</i>	Six months ended June 30, 2024	Six months ended June 30, 2023
France	78,413	66,528
Germany	53,520	54,144
Rest of Europe	151,998	121,877
Americas	73,856	60,626
Asia-Pacific and Africa	116,345	112,244
TOTAL REVENUE	474,131	415,418

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⁾:

<i>(in € thousands)</i>	June 30, 2024	December 31, 2023
France	93,813	99,865
Germany	43,331	45,076
Rest of Europe	127,839	123,691
Americas	35,938	35,595
Asia-Pacific and Africa	54,920	52,318
Total non-current assets ⁽¹⁾	355,841	356,544

⁽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, 2024, the Group's three largest customers respectively accounted for 31 %, 27 % and 9 % of its total revenue, compared to 31 %, 27 % and 9 % of its total revenue as of June 30, 2023.

Note 4. Operating data

4.1. Revenue

Breakdown of revenue by type

<i>(in € thousands)</i>	Six months ended June 30, 2024		Six months ended June 30, 2023	
Digital sales	424,019	89.4%	379,814	91.4%
Others ⁽¹⁾	50,112	10.6%	35,604	8.6%
TOTAL REVENUE	474,131	100%	415,418	100%

(1) The amounts shown on this line "Others" are essentially related to physical sales and publishing business.

4.2. Others operating income (expense)

The other operating income can be analyzed as follows:

<i>(in € thousands)</i>	Six months ended June 30, 2024	Six months ended June 30, 2023
Capital gains or losses on asset disposals	60	-
Acquisition-related costs	(862)	(1,325)
Other operating income (expense)	(6,540)	3,300
TOTAL OTHER OPERATING INCOME (EXPENSE)	(7,342)	1,975

As of June 30, 2024, the line "Other operating income (expense)" mainly includes expenses incurred by Believe on its own behalf in the amount of €(5.8) million following the simplified tender offer initiated by Upbeat Bidco for Believe's shares.

As of June 30, 2023, the line "Other operating income (expense)" mainly includes an income relating to the re-negotiation of the lease of Believe's headquarter based in France.

4.3. Advances to artist and labels

Advances to artists and labels can be analyzed as follows:

<i>(in € thousands)</i>	June 30, 2024	December 31, 2023
Advances to artists and labels – current portion	113,164	103,129
Advances to artists and labels – non-current portion	170,578	155,451
TOTAL ADVANCES TO ARTISTS AND LABELS, NET	283,742	258,580

The higher level of advances to artists and labels compared with December 2023 reflects the growth in the Group's business, as well as changes in certain commercial conditions, mainly with labels (longer contract durations, higher Group margins, etc.).

4.4. Trade payables and contract liabilities

Trade payables and contract liabilities can be analyzed as follows:

(in € thousands)	June 30, 2024	December 31, 2023
Trade payables	561,914	558,403
Contract liabilities ⁽¹⁾	52,964	53,353
TOTAL TRADE PAYABLES AND CONTRACT LIABILITIES	614,878	611,756

⁽¹⁾ The majority of contract liabilities shown at the beginning of each reporting period are often reclassified to revenue during that period.

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, 2024, and June 30, 2023, 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, 2024, income tax expense amounted to €3,149 thousand, mainly due to tax expenses on taxable profits greater than deferred taxes income recognized on previous losses.

For the semester ended June 30, 2023, income tax expense amounted to €1,820 thousand, mainly due to tax expenses on taxable profits greater than deferred taxes income recognized on previous losses, to the deferred taxes income unrecognized and to the withholding taxes on internal dividends received.

Note 6. Transaction with related parties

Related parties are similar to those identified at 31 December 2023, except for changes linked to changes in the shareholder base (see note 2 - Significant events of the period in this document).

Transactions with related parties during the 1st half of 2024 are similar to those identified at 31 December 2023.

Note 7. Subsequent events

Strategic partnership with the major independent label Global Records

On July 8, 2024, Believe announced the signing of a strategic partnership with Global Records, the largest independent dance music company in Central and Eastern Europe. As part of the agreement, the completion of the acquisition of a 25% stake in Global Records by Believe will occur during the second half of 2024.

This strategic partnership falls in line with Believe's blueprint strategy to focus on music genres where artist development and music consumption are digital. It also expands Believe and Global Records' existing relationship, which has led to Global Records' territorial expansion and catalogue development since 2016. This alliance is set to further accelerate Global Records' growth and allow it to become a global leader, by bringing together Believe's successful track record of developing digital friendly music genres across multiple geographies and unrivaled capacity to scale and grow local businesses, and Global Records' powerful full-service model and A&R capacities in dance music.

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 March 26, 2024. 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 2024.

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, 2024, to June 30, 2024.

The condensed consolidated interim financial statements of the Group for the period from January 1st, 2024, to June 30, 2024, 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, 2024, and June 30, 2023

Key indicators of the consolidated statement of profit or loss (€ million)	Six months ended June 30, 2024	Six months ended June 30, 2023
Revenue	474.1	415.4
Cost of sales	(315.0)	(276.9)
Sales and marketing expenses	(98.4)	(84.9)
Technology and product expenses	(32.3)	(25.8)
General and administrative expenses	(28.9)	(27.7)
Other operating income (expense)	(7.3)	2.0
Share of net income (loss) of equity-accounted companies	0.9	(0.9)
Operating income (loss)	(7.0)	1.0
Net Financial income (expense)	4.9	2.8
Income (loss) before tax	(2.1)	3.8
Income tax	(3.1)	(1.8)
Net income (loss)	(5.3)	2.0
Adjusted EBITDA	31.3	24.2

Operational performance

Believe further grew its revenues in H1'24 reflecting a solid performance of the existing roster of artists and labels. Over the course of H1'24, the Group remained at the forefront of audience development, fostering digital monetization in an ever-growing number of digital music genres.

Believe once again confirmed its leadership in France in new releases and its success in sustainably developing artists in H1'24 as illustrated by the recently released SNEP data. Believe ranked #1 on Streaming Top Albums and Top Singles, for the 1st time. Its market share is particularly high on local acts, with 40% of local top singles and 30% on local top albums (physical + digital). In addition, Believe had 5 best-selling artists in the Top 10 in H1'24, proving its unique capacity to develop multiple artists in several genres at the very top of the market.

With the Group's support, several French rap artists reached new heights in Q2'24, including KeBlack, Heuss l'Enfoiré, Uzi or Carbonne among others. Believe also saw equivalent success in Brazil with G.A. and Grego, two local hip hop / trap artists. The Group also succeeded in developing several Pop artists in Europe and Asia and helped them become top charting artists, including among others the UK band Sea Girls, the Australian band Royal Otis, Harvi, Nirvair Pannu and Fahean Abdullah in India as well as several Indonesian artists with the launch of the new imprint dedicated to the Java Pop music genre. Believe also supported the development of Sevdaliza, an Iranian-Dutch electro artist which has been upsell from TuneCore to Premium Solutions, whose recent Ride or Die part 2 track entered the Spotify Daily Top 50 in 19 countries, of which 11 in top 10 position and whose track Alibi generated more than 67 million streams in two weeks.

1. Revenue

The Group's consolidated revenue increased by €58.7 million, or 14.1%, during the semester ended June 30, 2024, jumping from €415.4 million for the semester ended June 30, 2023, to €474.1 million for the semester ended June 30, 2024.

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, 2024, and June 30, 2023:

(€ million)	Six months ended June 30, 2024	Change H1 2023 – H1 2024		Six months ended June 30, 2023
		€ million	As %	
Consolidated revenue	474.1	58.7	14.1%	415.4
Change of perimeter	(10.1)	(10.1)	-	-
Foreign exchange effect	2.5	2.5	-	-
IAS 29 Hyperinflation	(0.2)	(0.2)	-	-
Organic revenue at constant exchange rates	466.4	51.0	12.3%	415.4

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 (live), neighboring rights, synchronization and brand partnerships (branding)) is as follows:

(€ million)	Six months ended June 30, 2024	Change H1 2023 – H1 2024		Six months ended June 30, 2023
		€ million	As %	
Digital sales	424.0	44.2	11.6%	379.8
Others	50.1	14.5	40.7%	35.6
CONSOLIDATED REVENUE	474.1	58.7	14.1%	415.4

The change in consolidated revenue during the semester ended June 30, 2024, primarily reflects organic growth at constant exchange rates¹ of 12.3 %, or €51 million, the positive impacts of the acquisition of Sentric Music Group in the first half of 2023, and the treatment of hyperinflation in Turkey for €0.2 million, partially offset by an unfavorable exchange rate impact of €2.5 million.

The Group recorded a growth in revenue from digital sales of 11.6% compared with the semester ended June 30, 2023, reflecting the increase in paid streaming supported by price increases of the major digital platform. The monetization of ad-supported streaming, however, remained low, particularly in Asia. Additionally, these revenues were affected by negative currency impacts during the period.

Revenue from the Group's non-digital sales increased by 40.7% in the fiscal year ended June 30, 2024, mainly due to the integration of Sentric Music Group's publishing activities.

In H1'24, revenue growth reached 3.7% in Asia Pacific and Africa which represented 24.5% of Group revenues. The level of activity in Greater China and Japan, where the Group is currently building up its position was strong throughout the

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 for the impact of exchange rate fluctuations and the application of IAS 29 "Hyperinflation".

semester. Revenues were up slightly in India and down in several Southeast Asian markets, as the two regions are more dependent on ad-funded streaming.

Americas grew by 21.8% and represented 15.6% of Group revenues. The performance in Q2'24 was uplifted by the reallocation of Sentric revenues to the US. The level of activity was strong in Mexico, while Brazil recorded a slowdown in its revenue growth. TuneCore achieved a solid level of revenues thanks to its powerhouse marketing program TuneCore Accelerator, while recording strong growth of its publishing activities, which included a positive one-off related to the acquisition of Sentric Music Group.

In France, revenues increased by 17.9% in H1'24 and represented 16.5% of Group revenues. The Group confirmed its leadership for local acts in France notably in the rap music genre. Non-digital sales were also very dynamic, driven by live and branding activities. In Germany, revenues were down by 1.2% for the semester ended June 30, 2024, and represented 11.3% of Group revenues. Digital sales continued to grow during the semester, confirming the Group's focus on local artists and the ongoing diversification of music genres. Non-digital sales pursued their decrease throughout the semester on the back of Believe's strategy to accelerate exit from contracts which were too heavy in physical sales and merchandising.

Change in revenue by operating segment

(€ million)	Six months ended June 30, 2024	Change H1 2023 – H1 2024		Six months ended June 30, 2023
		€ million	As %	
Premium solutions	440.9	52.4	13.5%	388.5
Automated solutions	33.2	6.3	23.4%	26.9
CONSOLIDATED REVENUE	474.1	58.7	14.1%	415.4

Premium Solutions

Revenue generated by the Premium Solutions business increased by €52.4 million during H1'24, or 13.5%, from €388.5 million in H1'23, to €440.9 million for the semester ended June 30, 2024.

Organic performance related to paid streaming remained strong throughout the half-year, while ad-supported streaming activities remained under pressure, particularly in the Asia-Pacific region. Additionally, Believe continued to gain additional market share in the first half of the year.

Automated Solutions

Revenue generated by the Automated Solutions segment rose €6.3 million for the semester ended June 30, 2024, i.e., 23.4% (or 20.5% organic), from €26.9 million for the semester ended June 30, 2023, to €33.2 million for the semester ended June 30, 2024.

This improvement is mainly due to the integration of the Sentric Music Group as well as the implementation of a new marketing advanced program, TuneCore Accelerator, which is boosting its performance notably on Spotify.

2. Cost of sales

The Group's cost of sales increased by €38.1 million (+13.7%) during the semester ended June 30, 2024, from €276.9 million for the semester ended June 30, 2023, to €315.0 million for the semester ended June 30, 2024.

The change in cost of sales in the H1'24, 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 €13.5 million (or +15.9%) for the semester ended June 30, 2024, from €84.9 million for the semester ended June 30, 2023, to €98.4 million for the semester ended June 30, 2024.

The change in sales and marketing expenses for the semester ended June 30, 2024, is essentially explained by the investments made by the Group, mainly in the form of team recruitment in local teams and in the development of new services in key geographical areas. Each year, a large proportion of revenue is reinvested in the segments to strengthen teams and prepare for business expansion.

4. Technology and product expenses

The Group's technology and product expenses increased by €6.5 million (or +25.2%) for the semester ended June 30, 2024, from €25.8 million for the semester ended June 30, 2023, to €32.3 million for the semester ended June 30, 2024.

The evolution of technology and product expenses during the half-year ended June 30, 2024, is aligned with the Group strategy to optimize investments in local teams. Additionally, the Group launched a new program called "Be Odyssey" which aims to optimize the technological capabilities of the central platform, resulting in an increase in technology and product expenses.

5. General and administrative expenses

The Group's general and administrative expenses rose €1.2 million (or +4.3%) for the semester ended June 30, 2024, from €27.7 million for the semester ended June 30, 2023, to €28.9 million for the semester ended June 30, 2024.

The increase in general and administrative expenses in the six months to June 30, 2024, is mainly due to the Group's ongoing investment in local teams and in the development of new services in key geographical areas.

6. Other operating income (expense)

Other operating income (expense) of the Group decreased by €9.3 million for the semester ended June 30, 2024, from a net income of €2.0 million for the semester ended June 30, 2023, to a net expense of €7.3 million for the semester ended June 30, 2024.

As of June 30, 2023, the Group's other operating income (expense) included income related to the renegotiation of the lease for Believe's headquarters in France. As of June 30, 2024, the Group's other operating income (expense) include expenses incurred by Believe on its own behalf in the amount of €(5.8) million following the simplified tender offer initiated by Upbeat Bidco for Believe's shares.

7. Operational income

The Group's operating income decreased by €8.1 million during the semester ended June 30, 2024, comparing to for the semester ended June 30, 2023, from €1.0 million to €(7.0) million for the semester ended June 30, 2024.

The decrease in the Group operating income for the H1'24, is explained by a lower increase in Group sales (+14.1%) compared with the increase in operating expenses (+16.6%), (see paragraphs above).

8. Net financial income (expense)

The Group's net financial income (expense) went from an income of €2.8 million in H1'23, to an income of €4.9 million in H1'24.

(€ million)	Six months ended June 30, 2024	Six months ended June 30, 2023
Cost of financial debt	1.1	2.6
Other net financial income (expense)	3.8	0.1
TOTAL NET FINANCIAL INCOME (EXPENSE)	4.9	2.8

The change in net financial expense for the six months ended June 30, 2024, was mainly due to an increase in foreign exchange gains and losses of 2.5 million euros, the effects of hyperinflation in Turkey of 1.4 million euros partially offset by a decrease in financial income (costs) amounting to €1.5 million.

9. Income before tax

The Group's income before tax decreased by €5.9 million H1'24, from a profit before tax of €3.8 million in H1'23, to a loss before tax of €2.1 million for the semester ended June 30, 2024.

The change in income before tax in H1'24, 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 €1.3 million for the semester ended June 30, 2024, from €1.8 million for the semester ended June 30, 2023, to €3.1 million for the semester ended June 30, 2024.

For the semester ended June 30, 2024, income tax expense amounted to €3.1 million, mainly due to tax expenses on taxable profits greater than deferred taxes income recognized on previous losses. For the semester ended June 30, 2023, 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 Turkey which are greater than the deferred tax income recognized on losses of the period.

11. Net income (loss)

As a result of the changes described in the paragraphs above, the Group's net income decreased by €7.2 million for the semester ended June 30, 2024, from a net profit of €2.0 million for the semester ended June 30, 2023, to a net loss of €5.3 million in H1'24.

12. Adjusted EBITDA

The Group's Adjusted EBITDA grew for the semester ended June 30, 2024, to reach €31.3 million compared with €24.2 million for the semester ended June 30, 2023. Adjusted EBITDA margin stood at 6.6% during the first half of 2024, compared with 5.8% for the semester ended June 30, 2023, thanks to the Adjusted EBITDA margin increase at the segment level and better amortization of Central Platform

The change in the Group's adjusted EBITDA for the semester ended June 30, 2024, comes from the elements described in points 1 to 5 above.

Change in adjusted EBITDA by operating segment

(€ million)	Six months ended June 30, 2024	Change H1 2023 – H1 2024		Six months ended June 30, 2023
		€ million	As %	
Premium solutions	65.2	8.0	14.0%	57.2
Automated solutions	8.2	3.7	81.8%	4.5
Central Platform ⁽¹⁾	(42.1)	(4.6)	12.2%	(37.5)
Adjusted EBITDA	31.3	7.1	29.3%	24.2

⁽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 €8.0 million (or +14.0%) for the semester ended June 30, 2024, from €57.2 million in H1'23, to €65.2 million in H1'24.

The change in the adjusted EBITDA of the Premium Solutions segment in the semester ended June 30, 2024, 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. However, the Group committed to controlling its investments in local teams during the first half of 2024.

Automated solutions

The adjusted EBITDA generated by the Automated Solution segment was up by €3.7 million (+81.8%) for the semester ended June 30, 2024, from €4.5 million for the semester ended June 30, 2023, to €8.2 million for the semester ended June 30, 2024.

The change in the adjusted EBITDA of the Automated Solutions segment for the semester ended June 30, 2023, was mainly driven by the integration of self-service publishing activities, partially offset by an increase in investments in the TuneCore offering, particularly with the continued rollout of its new TuneCore Accelerator marketing program.

Central platform

Believe continued implementing efficiency plans to optimize its investments in the Central Platform and launched in H1'24 its "Be Odyssey" program to prepare for the next phase of growth and scale increase. As a result, technology and product costs increased significantly in the first half of 2024. Sales and marketing costs grew more in line with revenue growth, while management and administrative expenses decreased for the first time since the IPO. Despite the increase in technology and product costs, Central Platform costs remained stable as a percentage of revenue.

Central Platform Adjusted EBITDA was slightly lower than last year in percentage of revenues at 8.9% versus 9.0% in H1'23. Excluding the effect of capitalization, Central Platform costs represented 10.3% of revenues versus 10.9% in H1'23.

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 "Offering a development platform for artists and labels at the local level with contracts at or above market standards" 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 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 and counterparty risks" of this Universal registration document). In addition, the Group has had numerous commercial opportunities to renew several contracts over much longer periods and on more attractive financial terms with several leading labels and established artists.

The net amount of unrecouped advances to artists was €283.7 million and €258.6 million for the semester ended June 30, 2024, and the closing December 31, 2023, respectively.

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, 2024, and 2023 were €8.3 million and €9.2 million, respectively.

Disbursements related to the acquisition of subsidiaries, net of cash acquired, for the semester ended June 30, 2024, are nil.

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 received net financial interest income of €1.9 million compared with net cash outflows of €3.2 million for the semester ended June 30, 2024, and 2023, respectively. It also paid, for the repayment of its loans, €0.5 million and €1.5 million during the same period of time. At the time of its IPO, the Group repaid the Credit agreement in full of the proceeds of its capital increase.

Lease payments represented €5.5 million and €5.1 million in H1'24 and H1'23, respectively

2. Group consolidated cash flows

The table below summarizes the Group's cash flows for the semesters ended June 30, 2024 and June 30, 2023 :

(In € million)	Six months ended June 30	
	2024	2023
Net cash from (used in) operating activities	(13.1)	(27.2)
Net cash from (used in) investing activities	(18.3)	(54.6)
Net cash from (used in) financing activities	(1.1)	(2.6)
Net increase (decrease) in cash and cash equivalents before the impact of changes in foreign exchange rates	(32.4)	(84.3)

(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	
	2024	2023
Net income (loss)	(5.3)	2.0
Depreciation, amortization and impairment of non-current assets	24.8	21.2
Share-based payment	5.8	3.6
Cost of debt	(1.1)	(2.6)
Income tax	3.1	1.8
Net charges to provisions and employee benefits	0.2	(0.1)
Share of net income (loss) of equity-accounted companies (incl. dividends received)	0.3	1.2
Elimination of net gains or losses on disposals of assets	(0.1)	(0.9)
Other items with no cash impact	(4.4)	(7.6)
Income tax collected/paid	(2.3)	(2.9)
Change in operating working capital	(34.3)	(42.9)
NET CASH FROM (USED IN) OPERATING ACTIVITIES	(13.1)	(27.2)

Net cash from (used in) the Group's operating activities amounted to €(13.1) million for the semester ended June 30, 2024, and €(27.2) million for the semester ended June 30, 2023.

The decrease of €14.1 million in net cash from (used in) the Group's operating activities during the semester ended June 30, 2024, is due to the following effects: (i) an increase in the change in the Group's working capital requirement amounting to €8.6 million, (ii) an increase in depreciation and amortization of fixed assets amounting to €3.6 million, (iii) an increase in other elements of cash flows generated by operations amounting to €9.0 million, offset by (iv) the decrease in the Group's net income amounting to €7.2 million.

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

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

<i>(In € million)</i>	Six months ended June 30	
	2024	2023
Acquisitions of property, plant and equipment, and intangible assets	(15.3)	(18.4)
Disposals of property, plant and equipment and intangible assets	0.1	1.0
Acquisitions of subsidiaries, net of cash acquired	-	(36.6)
Decrease (increase) in loans	(0.7)	-
Decrease (increase) in non-current financial assets	(2.4)	(0.6)
NET CASH FROM (USED IN) INVESTING ACTIVITIES	(18.3)	(54.6)

The €36.3 million increase in net cash used in investing activities in the six months to June 30, 2024, is due to the non-recurring impact of the acquisition of Sentric in the first half of 2023.

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

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

<i>(In € million)</i>	Six months ended June 30	
	2024	2023
Increase in borrowings	-	-
Decrease in borrowings	(0.5)	(1.5)
Repayment of lease liabilities	(5.5)	(5.1)
Interest paid	1.9	3.2
Capital increase (decrease) by owners	2.9	0.8
Disposal (acquisition) of treasury shares	-	-
NET CASH FROM (USED IN) FINANCING ACTIVITIES	(1.1)	(2.6)

(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).

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:

<i>(In € million)</i>	Six months ended June 30	
	2024	2023
Net cash from (used in) operating activities	(13.1)	(27.2)
Acquisitions of property, plant and equipment, and intangible assets	(15.3)	(18.4)
Disposals of property, plant and equipment and intangible assets	0.1	1.0
Restatement of acquisition-related costs	0.9	1.3
Restatement of acquisition costs of a group of assets	2.0	5.6
Restatement of advances related to Distribution contracts intended specifically for the acquisition of assets (acquisition of companies, catalogs, etc.)	6.1	4.8
FREE CASH FLOW	(19.4)	(32.9)

The Group's free cash flow amounted to €(19.4) million and €(32.9) million in H1'24 and H1'23

The increase in free cash flow of €13.5 million during the semester ended June 30, 2024, is mainly due to the increase in net cash flow from operating activities for an amount of €14.1 million (see the "Net cash flow from operating activities" section of this document).

The Group also has a credit line for €170 million which was undrawn on December 31, 2023. At the time of its IPO, and with effect from the settlement-delivery date of the Company's shares offered in connection with the admission to trading on the Euronext Paris regulated market, the Group repaid in full the Credit Agreement using the proceeds of its capital increase, at the same time as the implementation of a new syndicated credit agreement to replace the Credit Agreement (see Section 5.3.3.1 "Revolving Credit Agreement" of the 2023 Universal registration document).

Full year 2024 outlook

In FY'24, the Group will continue to drive a profitable growth trajectory towards its long-term profitability objective of 15% Adjusted EBITDA margin.

Adjusted EBITDA margin was ahead of expectations in H1'24, thanks to continued operating leverage (controlled investments, successful efficiency plans and focus on value optimization). The Group will pursue this strategy in H2'24 and now anticipates an Adjusted EBITDA margin of at least 6.5% (versus c. 6.5% initially). Believe will further focus on value optimization in H2'24. The Group will also continue to adapt the investment cycle to market growth and to optimize investments in the Central Platform and increase efficiency through automatization.

Organic growth was in line with expectations in Q1'24 but did not accelerate in Q2'24 as rapidly as anticipated. Besides, Believe is now expecting the positive effect of Q4'23 price increases of large DSPs to fade away in H2'24. As a result, Believe anticipates a more cautious growth scenario for H2'24 as resilient paid streaming trends will not be uplifted by significant price increases in H2'24. Ad-funded streaming growth is assumed stable in H2'24 versus H1'24. This will not be fully mitigated by the expected additional market share gains. Currency headwinds embedded in the market are still expected to be down c. -2% year-over-year. Based on those assumptions, Believe now expects organic growth of c. +12% (versus c. +18% initially). Adjusted organic growth for embedded market FX of c. +14-16% (versus c. +20% initially).

Believe also confirms it will deliver a slightly positive free cash flow in FY'24. The Group will continue to allocate cash between advances and acquisitions in the months ahead. Believe's reinforced appeal to a greater number of artists and labels in a wider variety of music genres and the ongoing industry consolidation provide more attractive opportunities for the Group, which will therefore allocate more cash to internal and external investments going forward.