



Success of Believe’s model and strategy in H1 2022: accelerated organic growth, increased profitability, and positive free cash flow

Group’s revenue growth: +35.4% including strong organic growth at +35.6%

Digital revenue growth: +37.8% reflecting solid market share gains

Adjusted EBITDA margin at 3.3% and positive free cash flow of €10.8 million

FY 2022 outlook: organic growth up c. +29%, positive free cash-flow

Paris, August 3, 2022 – Believe (Ticker: BLV, ISIN: FR0014003FE9), one of the world’s leading digital music companies, published today its H1’22 revenues and earnings.

Denis Ladegaillerie, Founder and CEO said: “Our model and strategy lead to increased financial performance every quarter, driving success for the artists and labels who put their trust in us. Despite today’s challenging economical and geopolitical context, our H1 organic growth was stronger than last year’s, and we generated positive free cash flow. We expect to remain on a solid and positive profitable trajectory in H2 and will continue to invest in our Central Platform and local teams to continue to innovate for our artists and labels and drive future growth.”

in €million	H1 2021	H1 2022	Change YoY	Organic change ¹
Group Revenues	260.1	352.2	+35.4%	+35.6%
Premium Solutions	243.1	329.2	+35.4%	+36.1%
Automated Solutions	17.0	23.0	+34.9%	+28.1%
Adjusted EBITDA pre-central platform	34.8	47.5	+36.4%	
In % of revenues	13.4%	13.5%	10bps	
Premium Solutions	32.3	43.2	+33.8%	
Automated Solutions	2.5	4.3	+69.7%	
Central Platform	(27.5)	(35.7)	+30.0%	
Group's Adjusted EBITDA	7.3	11.7	+60.5%	
In % of revenues	2.8%	3.3%	+50bps	
Operating income / loss (EBIT)	(14.4)	(11.3)		
Net cash from operating activities	(22.3)	21.4		
Free cash flow	(35.3)	10.8	-	

Key highlights

Believe’s existing portfolio of artists and labels recorded a strong performance in H1’ 22, while the level of new artists added directly or through labels continued to grow at a steady pace. Believe continued to invest to reinforce its **attractivity and differentiation** by strengthening its solutions for artists and labels at each stage of their career in the digital ecosystem.

Organic growth in the Premium segment accelerated in Q2 with strong performance of all business units.

In Artist & Label Solutions (Premium Solutions), which provide distribution, financial solutions and light marketing services to labels and mid-tier local artists, Believe’s growth was fueled by market segments that have now become digital. Believe is taking advantage of its well mastered blueprint of deploying new

¹ Organic change accounts for revenue growth at a like-for-like perimeter and at constant exchange rate.

dedicated teams in all geographies to address new opportunities by leveraging the Central Platform supply chain, rights management, and marketing tools. As a result, the business unit increased both its roster and profitability.

Artist Services (Premium Solutions), which target established to top artists has also demonstrated a significant market share build up. On top of distribution and financial solutions, Artist Services provide advanced go-to-market strategy and execution allowing artists to develop their audience and significantly increase their monetization. The services have been gradually extended over the last 4 years with a clear acceleration since 2020 and are now rolled-out in 14 countries. The strategic framework focuses on a digital friendly music genre, driven by a dedicated team of experts to sign and serve artists and help them to grow among the top 100 artists in the market. Once the team has reached the target profitability level, Believe expands the team with new recruits to address the same music genre or to open business towards new music genres as they become more digital. While this roadmap is mostly organic, Believe leveraged its external growth transactions (notably Play Two and Jo&Co in France, Think Music in India and VMAG in the Philippines completed in Q4'21) to accelerate the development of Artist Services' activities. The level of service to artists depends on each country, from advanced audience development, marketing, and promotion to merchandising, branding, synchronization and even live events' organization. The performance of the strategy in each market is assessed not only by revenue growth and profitability metrics but also by measuring the associated artist success. In H1'22, Artist Services had **at least one artist charting in the top 100 in each country, and several markets successfully charted artists in the top 10 with some ranking #1**. Believe's differentiation relies on highly trained digital music experts and innovative marketing specialists consistently leveraging the tools and processes developed by the Central Platform and a strong focus on business and data analytics to provide actionable insight and help artists work on their next stage of development. As monetization sources are constantly evolving, Believe strengthened its offer by **adding new tech-enabled tools aiming at growing audio and video audience, maximizing revenue and streamlining Believe's operations**. In this context, in addition to adding several solutions to help in content optimization and media-buying, Believe implemented a new royalty calculation and reporting system, providing a solution that easily copes with complex use-cases at right-holders level and that allows to standardize and automatize a transparent and reliable royalty calculation process.

Automated Solutions have also grown significantly during the semester both in revenue and profitability. Following the successful testing of a new pricing structure in two selected markets in Q1'22, **TuneCore rolled out the 'Unlimited Pricing' program simultaneously in 15 markets in June**. Music creators can release the music they create instantly, regularly, and seamlessly with one annual subscription enabling unlimited music distribution. This new structure includes the free distribution of tracks to social platforms (with a revenue share model) that TuneCore launched in November 2021 to allow artists to test their music before distributing to all digital stores and streaming partners, along with three dedicated pricing plans depending on the level of career development and services requested by the artists, all adding unlimited distribution to more than 150 stores and streaming platforms. These new plans implemented late in the second quarter in all markets are already showing traction with increases in sign-ups and new paid clients in June.

The Group has also deployed several initiatives as part of its Shaping Music for Good program during the semester. Its commitment to cultivate talent for the digital music era has been reinforced with new actions to **assist artists to transition their career and business development in the digital world**. Believe Certification now provides several courses for artists and labels on how to grow their digital audiences. Believe also confirmed its **commitment toward diversity and inclusion in the music industry**. The Group funded the expansion in the US of Keychange, the pioneering international initiative for gender equity and justice in the music industry. Keychange will focus on race and ethnic diversity, in addition to gender equality, and will aim at creating opportunities across all underrepresented minority groups in the US. The Group also sponsored for the second consecutive year the MIDia Research 'BE THE CHANGE: Women in Music' study to highlight the barriers faced by minority creators and executives alike and to work on how these challenges can be addressed.

H1 and Q2 2022 revenues

H1'22 revenues grew by 35.4% to reach €352.2 million, mostly reflecting organic growth (+35.6%) that includes a positive impact of 2.1% related to the extension of service agreements negotiated as part of the

M&A strategic transactions completed in Q4'21. Digital revenues represented 92.4% of Group's revenues and increased by +37.8% year-over-year, reflecting increased paid streaming, better monetization of ad-funded streaming services and additional market gains in major DSPs both in mature and emerging countries. Non-digital sales grew by 11.4% in H1'22 mostly thanks to Live Affair which, in early June, organized the sold-out stadium performance of French rap super-star Jul in Marseille (France).

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 ruble and increased monetization by local DSPs are the key factors explaining a better than anticipated performance.

The Group's organic growth excluding Russia and Ukraine reached +38.5% in H1'22 compared with last year with growth in all territories. After a solid performance in Q1'22 (organic growth: +31.4%), revenue grew organically by +39.4% in Q2'22, a steep acceleration compared with Q1. Organic growth was up +43.4% outside Russia and Ukraine. European and Asian markets were particularly strong and witnessed higher results than last year thanks to structural positive market trends, reinforced attractiveness of Believe and the impact of the extension of service agreements implemented as part of last year's M&A transactions. Notably non-digital revenues also progressed in Q2'22 thanks to Live Affair offsetting the decrease recorded in Q1'22.

Revenue by geography: growth in all geographies in the first half 2022

In H1'22, revenues in **Asia Pacific and Africa** grew strongly at +61.0% compared to last year and represented 25.8% of Group's revenues. Market dynamics notably in Asia remained strong throughout the semester. In addition, the Group benefitted from the transactions completed in Q4'21 in India and the Philippines.

<i>in € million</i>	H1 2021	H1 2022	<i>Change YoY</i>
APAC / Africa	56.4	90.8	+61.0%
France	43.4	59.4	+36.8%
Americas	37.3	49.8	+33.5%
Europe (excl. France & Germany)	75.4	98.4	+30.5%
Germany	47.7	53.9	+13.0%
Total	260.1	352.2	+35.4%

Revenues in **France** grew by +36.8% and represented 16.9% of total Group revenues. Organic and external developments resulted in significant market share gains, allowing Believe to be positioned in the top three of the new releases digital market. The Group generated a strong performance of its roster, while further attracting new artist and labels.

Americas grew by +33.5% and represented 14.1% of total revenues, resulting from strong activity level in Latin America throughout the semester and in the US notably during the second quarter. This good performance was driven by the recent investments in local teams in Latin America and by the upgrade and new offers of Believe's Automated Solution, TuneCore.

Europe (excluding France and Germany) recorded revenue growth of +30.5% and represented 27.9% of total revenues in H1'22 resulting from positive market trends and reinforced attractiveness following solid investments in local teams to expand operations in the region. The growth was driven both by mature and emerging countries, despite lower performance from Russia and Ukraine.

In **Germany**, revenues continued to progress during the semester and were up +13.0%, representing 15.3% of total Group's revenue. After returning to double-digit growth in Q1'22, the activity continued to improve and reached a 15.5% increase in the second quarter thanks to strong digital revenue growth. The ongoing reduction of the exposure to physical sales (which will continue in the following quarters) was still a drag on the performance, while digital revenues grew strongly throughout the semester.

DMS & Revenues by segment

Digital Music Sales (DMS, non IFRS measure defined in appendix) amounted to €539.9 million in H1'22, up +25.3% year-over-year and mostly reflecting the growth in Premium Solutions.

Premium Solutions revenues amounted to €329.2 million, up +35.4% year-over-year, reflecting strong organic growth (+36.1%). The positive perimeter effect related to the consolidation of Jo&Co and Think

Music (+0.7%) was offset by a negative forex impact notably related to the Turkish lira. The solid organic performance was driven by positive market trends throughout the first half and by Believe's investment in local teams, while expanding its service offering in several key countries.

Automated Solutions reported revenues of €23.0 million, up +34.9% thanks to solid organic growth (+28.1%) and a positive forex impact related to the appreciation of the US dollar versus the euro. Recent investments to upgrade the user experience and the introduction of new offers, notably the social platforms offer launched in November 2021, increased the overall attractiveness of TuneCore. As a result, the automated service gained significant new customers and revenues were on a positive trajectory throughout the first half, with even some acceleration of distribution revenue in June with the introduction of the 'Unlimited Pricing' program.

Adjusted EBITDA

In line with the strong organic growth, **Adjusted EBITDA pre-central platform costs**² grew by +36.4% in H1'22 to reach €47.5 million (versus €34.8 million in H1'21). The increase was driven by 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. As per its strategy and following the sustained success of the teams set up in the last years, the Group continued to build local organizations in Premium Solutions to further increase market positions in key countries as digitalization of music genres is accelerating. Investment decelerated in Automated Solutions, as TuneCore focused on the launch of the 'Unlimited Pricing' program before developing new products. Adjusted EBITDA margin pre-central platform costs were roughly in line with last year at 13.5% (13.4% in H1'21), as per the Group controlled investment policy.

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 % 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 capitalized³, 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 % of revenues at 10.1% versus 10.6% in H1'21. Excluding the effect of capitalization, Central Platform investments represented 12.4% of revenues versus 14.6% in H1'21.

Consequently, the **Group's Adjusted EBITDA** amounted to €11.7 million in H1'22, a significant increase of +60.5% compared to last year (€7.3 million). Adjusted EBITDA margin was slightly up 50bps year-over-year to reach 3.3% in H1'22 compared to 2.8% in H1'21.

Operating loss (EBIT)

EBIT amounted to €(11.3) million in H1'22, a slight improvement compared to H1'21, which was a loss of €14.4 million.

Free cash flow and cash at the end of June 2022

Free cash flow was positive €10.8 million in H1'22 compared with a loss of €35.3 million in H1'21. The Group generated a positive working capital variation. Customer advances continued to progress but at a slower pace than in H1'21 (last year, the period was marked by the renewals of several large labels under deals with longer term than usual). The Group also benefited from the positive variation of the net creditors, specifically linked to the growth of the digital music sales. The good free cash flow performance also relied on increased profit and lower capital expenditures compared to last year which represented 3.3% of revenues compared with 5.0% in H1'21. A lower level of costs was capitalized during the semester

² Central platform costs account for the costs that cannot be allocated by division

³ According to IFRS accounting standards

(€9.0 million compared with €12.2 million in H1'21), resulting in a decrease of around 180bps in terms of % of revenues.

Thanks to the positive free cash flow, net cash and cash equivalents increased compared to year end and amounted to €263.4 million at the end of June'22.

FY 2022 outlook & confirmed mid-term objectives

After a very dynamic Q1'22, Believe accelerated revenue growth in Q2'22. The Group experienced a slowdown and then stabilization of the growth of ad-funded streaming revenues in June. In the context of strong global economic uncertainties, the Group is assuming that ad-funded streaming growth will remain at that slower rate in H2'22. Paid streaming is expected to be resilient and to pursue its solid growth trajectory notably in key markets addressed by the Group. Accordingly Believe will continue to grow organically in H2'22, but at a slower pace than in H1'22.

The situation in Russia and Ukraine is subject to the evolution of local and international regulations as well as the ruble currency rate. The strength of the ruble is however expected to mitigate the activity slowdown in H2'22 and revenues of the two business units are anticipated roughly stable compared with FY'21. Believe operates with full compliance with international sanctions and recommendations and is closely monitoring their evolution to take any new required actions.

Believe now expects its FY 2022 organic growth to reach c. +29% for the Group, above prior expectations provided on May 3, 2022 (+20%) and above the range announced for the 2021-2025 period at the IPO (+22% to +25%). Outside Russia and Ukraine, organic growth is anticipated around +31%. Organic growth includes a positive impact of around 2% related to the extension of service agreements concerning Play Two, Jo&Co, Think Music and VMAG, which have been concluded as part of the strategic partnerships signed with these companies in Q4'21.

Believe intends to continue significantly investing in the Central Platform and in local teams in the H2'22 to fuel future profitable growth. The investment cycle will be actively managed as the level of economic uncertainties remain high. The Group will pursue its focus on further reinforcing its market position as the digitalization of music market grows in all countries. As a result, Believe anticipates its Adjusted EBITDA margin to be around last year's level (4%).

After turning positive free cash flow in H1'22 thanks to the positive variation of the working capital and lower capex in % of revenue, the Group anticipates free cash flow to remain positive on the full year basis.

Overall, the Group is on track with its strategic roadmap to build the best digital music company and confirms its mid-term trajectory communicated at the IPO, including a CAGR 2021-2025 comprised between +22% to +25% and a Group Adjusted EBITDA of 5% to 7% by 2025, implying an Adjusted EBITDA margin of segments of 15%-16%, which corresponds to a 'high-growth period' margin as revenue increase is largely reinvested. Believe remains confident in its capacity to achieve its long-term objective to reach Group Adjusted EBITDA margin of 15%.

Webcast:

We will host a webcast <https://edge.media-server.com/mmc/p/xuxujr7a> and conference call starting at 6:30 p.m. CET today. Denis Ladegaillerie, our Founder and CEO, and Xavier Dumont, our Chief Financial Officer, will present H1 2022 revenues and earnings, and answer questions addressed in the call or submitted through the webcast. All information related to the half year results are available on our investor website: [Believe - Investors Website - Financials](#)

Conference call details:

France, Paris: +33 (0) 1 70 91 87 04

United Kingdom, London: +44 (0) 1 212 818 004

United States, New York: +1 718 705 8796

Conference ID: 991376

Financial agenda:

3 November 2022: Q3 2022 revenues - Press release to be issued after market close

15 March 2023: FY 2022 revenues and earnings - Press release to be issued after market close

27 April 2023: Q1 2023 revenues - Press release to be issued after market close

2 August 2023: H1 2023 revenues and earnings - Press release to be issued after market close

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Appendix

1. Use of Alternative Performance Indicators

To supplement our financial information presented in accordance with IFRS, we use the following non-IFRS financial measures:

- DMS is the revenue generated from digital store partners and social media platforms before royalty payment to artists and labels.
- Adjusted EBITDA is 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.
- Free cash flow corresponds to net cash flows from operating activities, after considering 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, ...).

2. Quarterly revenues by division

in € million	Q1 2021	Q1 2022	Change	Organic at constant rate
Premium solutions	115.6	151.1	+30.7%	+31.6%
Automated solutions	8.5	11.4	+33.6%	+28.6%
Total revenues	124.1	162.5	+30.9%	+31.4%

in € million	Q2 2021	Q2 2022	Change	Organic at constant rate
Premium solutions	127.5	178.1	+39.7%	+40.2%
Automated solutions	8.5	11.6	+36.3%	+27.6%
Total revenues	136.0	189.7	+39.5%	+39.4%

3. Q2 revenues by geography

in € million	Q2 2021	Q2 2022	Change YoY
APAC / Africa	30.7	50.7	+65.0%
France	21.6	31.0	+43.7%
Americas	19.1	26.3	+38.1%
Europe (excl. France & Germany)	40.2	53.4	+33.0%
Germany	24.5	28.2	+15.5%
Total	136.0	189.7	+39.5%

4. Revenue breakdown between digital and non-digital revenue

	Q1 2021	Q2 2021	H1 2021	Q1 2022	Q2 2022	H1 2022
Digital sales	90%	92%	91%	93%	92%	92%
Non-digital sales	10%	8%	9%	7%	8%	8%

5. Digital and non-digital revenue growth

	Q1 2022	Q2 2022	H1 2022
Digital sales	+35.3%	+40.1%	+37.8%
Non-digital sales	-6.5%	+32.1%	+11.4%

About Believe

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. Believe is listed on compartment A of the regulated market of Euronext Paris (Ticker: BLV. ISIN: FR0014003FE9).

www.believe.com

Forward Looking statement

This press release contains forward-looking statements regarding the prospects and growth strategies of Believe and its subsidiaries (the "Group"). These statements include statements relating to the Group's intentions, strategies, growth prospects, and trends in its results of operations, financial situation and liquidity. Although such statements are based on data, assumptions and estimates that the Group considers reasonable, they are subject to numerous risks and uncertainties and actual results could differ from those anticipated in such statements due to a variety of factors, including those discussed in the Group's filings with the French Autorité des Marchés Financiers (AMF) which are available on the website of Believe (www.believe.com). Prospective information contained in this press release is given only as of the date hereof. Other than as required by law, the Group expressly disclaims any obligation to update its forward-looking statements in light of new information or future developments.

Some of the financial information contained in this press release are not IFRS (International Financial Reporting Standards) accounting measures.