



Half Year Results

3 August 2022

shape.
empower.
believe.

Forward Looking Statement

IMPORTANT NOTICE - YOU MUST READ THE FOLLOWING BEFORE CONTINUING

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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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**Accelerated organic growth
Increased profitability
Positive free cash flow**

**A strong H1'22 performance
illustrating Believe's model**

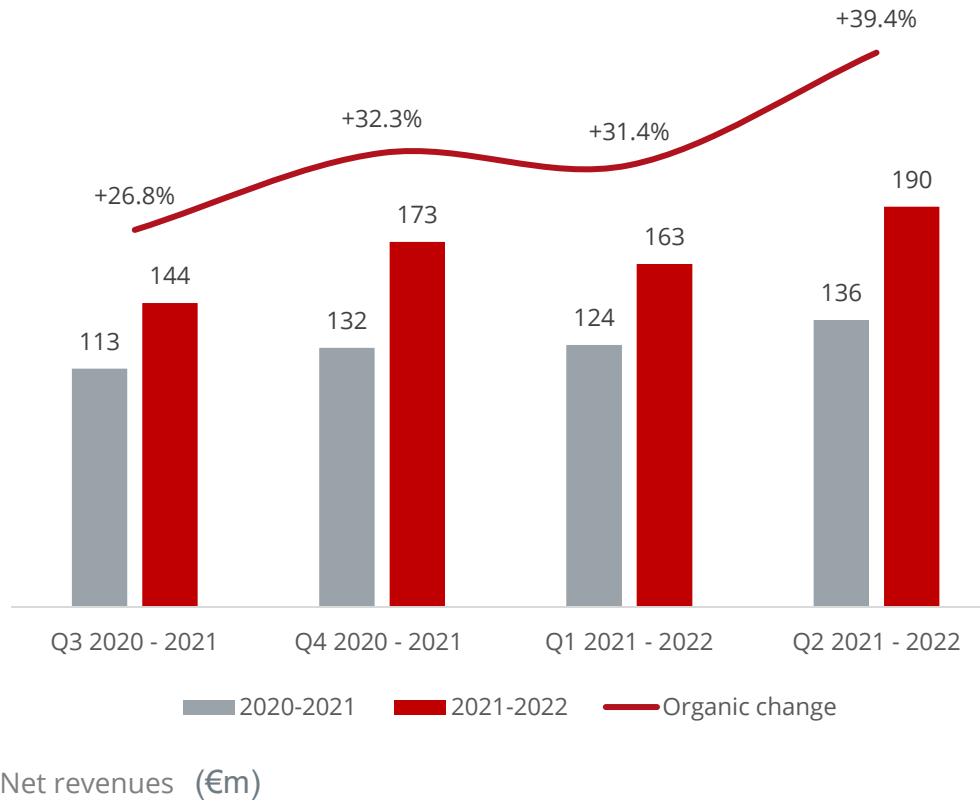
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Key achievements in line with Believe's profitable growth strategy to build the best music company for Artists and Labels in the digital world

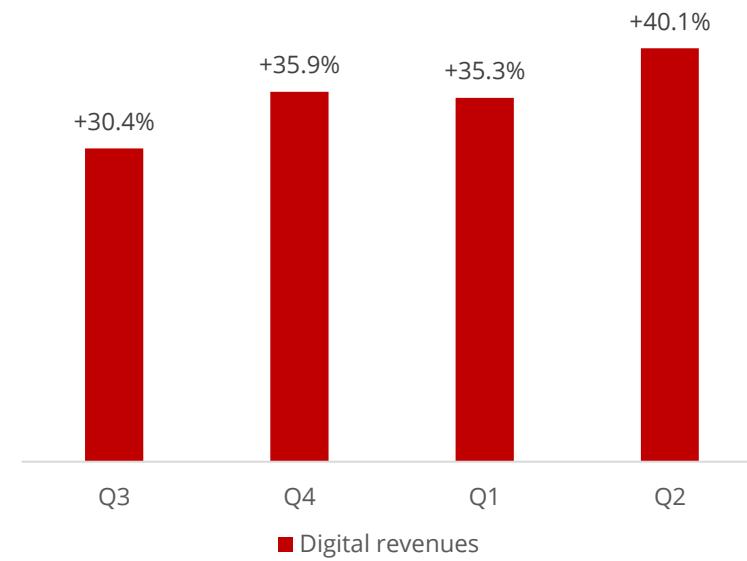
- **Strong and profitable growth driven by market share gains accross all segments and geographies demonstrating attractivity for artists and labels**
- **Increasing profitability resulting from scale effect validating Believe's growth and investment strategy in local treams and Central Platform in all markets**
- **Confirmed commitment to roll-out *Shaping Music for Good* program with new initiatives in training and gender equity**

Growth: strong organic growth in H1'22 with an acceleration in Q2

Strong organic growth⁽¹⁾ with Q2 above LY trends

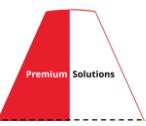


Driven by digital revenue growth



Notes: 1. organic change: revenue growth at constant perimeter and constant exchange rate

New Top Local Artists & Labels signings illustrating the strong attractivity of Believe



Signing Top Artists and Tier 1 Labels in all regions under Label & Artists Solutions or Artist Services

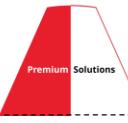


Developing with success artists at any stage of their career

Top charting artists in Q2'22

- Bear's Den – Blue Hours (UK)
- Blackbeans – Wish (Thailand)
- Gangga – Blue Jeans (Indonesia)
- Jassa Dhillon – Shadow (India)
- JUL - Extraterrestre (France)
- Kaso – Nftekerna Sghar (Tunisia)
- Knucks – Apha Place (UK)
- Kr\$na – Lil Bunty (India)
- Mario November – F*****d Up (Germany)
- MC Stan - Basta Ka Hasti (India)
- Northlane – Obsidian (Australia)
- Rava- Buliba\$ha (Deluxe) (Romania)
- R Nait Single – Big Men Chapter 2 (India)
- Samar Singh – Saya Davatre (India)
- Sean Leon – Y OFC (Canada)
- 7-toun – Milano (Morocco)
- Tulus – Manusia (Indonesia)
- YNY Sebi – Most wanted (Romania)
- Young Captain 楼顶上的小斑鸠 (China)

Profitable growth strategy when developing our Artist Services offering worldwide



Noyz Narcos



Saran



Knucks



Samar Jeet Singh



Yura Yunita



Al James



Girly



Sourcing and serving digital artists in 14 countries to help them grow to the Top 100 in each market

- Providing **advanced audience development, marketing and promotion strategies and their execution** as well as merchandising, branding, sync & live events' organization depending on the market: scalable human resource model with **highly trained local digital music experts and innovative marketing specialists** leveraging the Central Platform solutions
- Gradual organic investment, supported by targeted M&A transactions, with a clear acceleration since 2020 and roll-out of new market set-up (Thailand, Brazil, China, ...). Implementing the same strategic framework: focus on a **digital friendly music genre with strict growth and profitability milestones, before investing in new teams** to complete coverage of the music genre or open business in a new music genre
- Celebrating artists success with strong revenue growth: **Believe Artist Services had at least one artist in each market's Top 100 in H1'22**

Leveraging the Central Platform and its tech-enabled tools & advanced solutions

Significant investment in tools to optimize release and audience development strategies with a strong focus on video experience

Investing in Q2'22 in a **royalty & reporting tool** coping with complex use-cases and allowing automatization of the calculation process

Scouting & sourcing tools...

Project performance tracking and monitoring (dashboards)...

Digital and trade Marketing tools (Backstage Ads, smart links, playlist monitoring)...

Royalty management system

Fueling TuneCore growth: ‘Unlimited Pricing’ program launch

tuneCORE



1

SUPPORT
CONSTANT
CREATION

2

REACH NEW
ADDRESSABLE
MARKET

3

COMPETITIVE
FEATURES
PARITY

Simultaneous
launch in 15
countries
early June

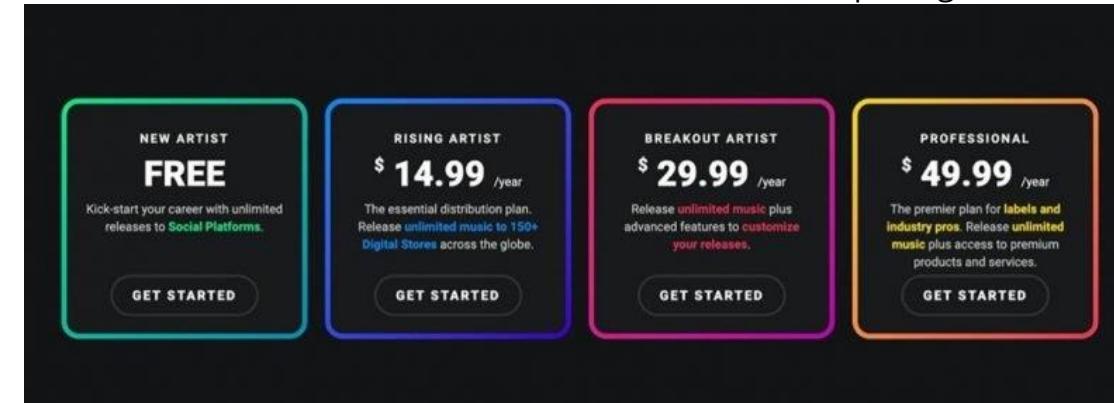
**Unlimited pricing
program** aligned
with how artists
release music today

Unlimited pricing
plans reach a
**younger and more
price sensitive
artist**

Unlimited pricing
plans mix TuneCore's
superior product
features & services
with competitive
pricing.

Increase in
sign-ups and
new paid
clients in
June

Increased
marketing
costs linked
to the launch
in H1'22



Reinforcing global attractivity of Believe for our two hearts, our artists and our people



Shaping Music for Good: Developing diverse and local talent



Shaping Music for good: Cultivating talent for the digital music era

Active advocacy within the music industry to promote gender equity and under-represented communities:

- **Funding the expansion in the US of Keychange**, global NGO fighting for gender equality and supporting underrepresented artists
- **Sponsoring** the MIDiA research **“BE THE CHANGE : Women in Music” global study** to highlight barriers faced by minority creators and executives alike and work on how these challenges can be addressed

Active policy in favor of gender parity and equity within Believe

- **Female recruitment policy** deployed in all countries and Departments, supporting the gender parity targets.
- Professional **gender equity index** in France reaching 99/100
- **Diversity & inclusion initiatives** implemented locally (Pride month, DEI employees groups,...)

Deployment of a new Believe certification program for artists:

- Training and guiding programs on Digital Streaming Providers and on Social Platforms
- Increasing the expertise, the streaming audience and potential revenues of our artists (Backstage)
- Mostly targeting tech-savvy artists

Active development of new tech-enabled tools aiming at growing audience, maximizing revenues and streamlining operations:

- Roll-out completed of solutions to help content optimization and media-buying
- Implementation of a new royalty calculation & reporting system

**H1'22 financials: a strong set of
results confirming the solid
trajectory of the Group**

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Delivering strong **growth** with Q2 acceleration while demonstrating **operating leverage** and generating **positive free cash flow**

540M€ Digital Music Sales & 352M€ Revenues

- Digital Music Sales performance driven **by success of Premium Solutions**
- Revenues breakdown: **92% digital, non digital 8%**

+37.8% Digital Revenue Growth

- **Driving revenue performance throughout the semester**

+35.6% Organic Growth

- **Strong organic growth in all segments**, with an acceleration in Q2 in all regions
- Revenue growth slowdown in Russia and Ukraine

3.3% Adjusted EBITDA margin

- **50bps increase compared with H1'21 level**
- **Continued investment in local teams and Central Platform** to fuel future profitable growth lowering short term profitability

10.8M€ positive Free Cash Flow

- **Significant improvement year-over-year** reflecting positive net working capital variation, improved capitalized investment in Central Platform as % of revenues and increased profitability

Strong growth in all segments in H1

Revenues (€m)

Organic growth exceeding H2'21 trends and well above +30%, as Believe leveraged its investment in prior years to take advantage of streaming market growth

The extended service agreements linked to M&A transactions completed in Q4'21 adding 2.1% of organic growth in H1'22

Russia and Ukraine revenue growth slowdown activity more limited than expected due to the strength of the rouble, better monetization with local DSPs which grew their market position

Strong growth in Premium Solutions reflecting continuous positive market trends, market share gains and accelerated investment in local teams in prior years

Automated Solutions back to strong organic growth thanks to recent initiatives to upgrade the experience on TuneCore and the introduction of new services and pricing

Organic growth

+35.6%

+38.5%

352.2

260.1

Group revenues

Revenues excl. Russia & Ukraine

Organic growth

+36.1%

+28.1%

329.2

243.1

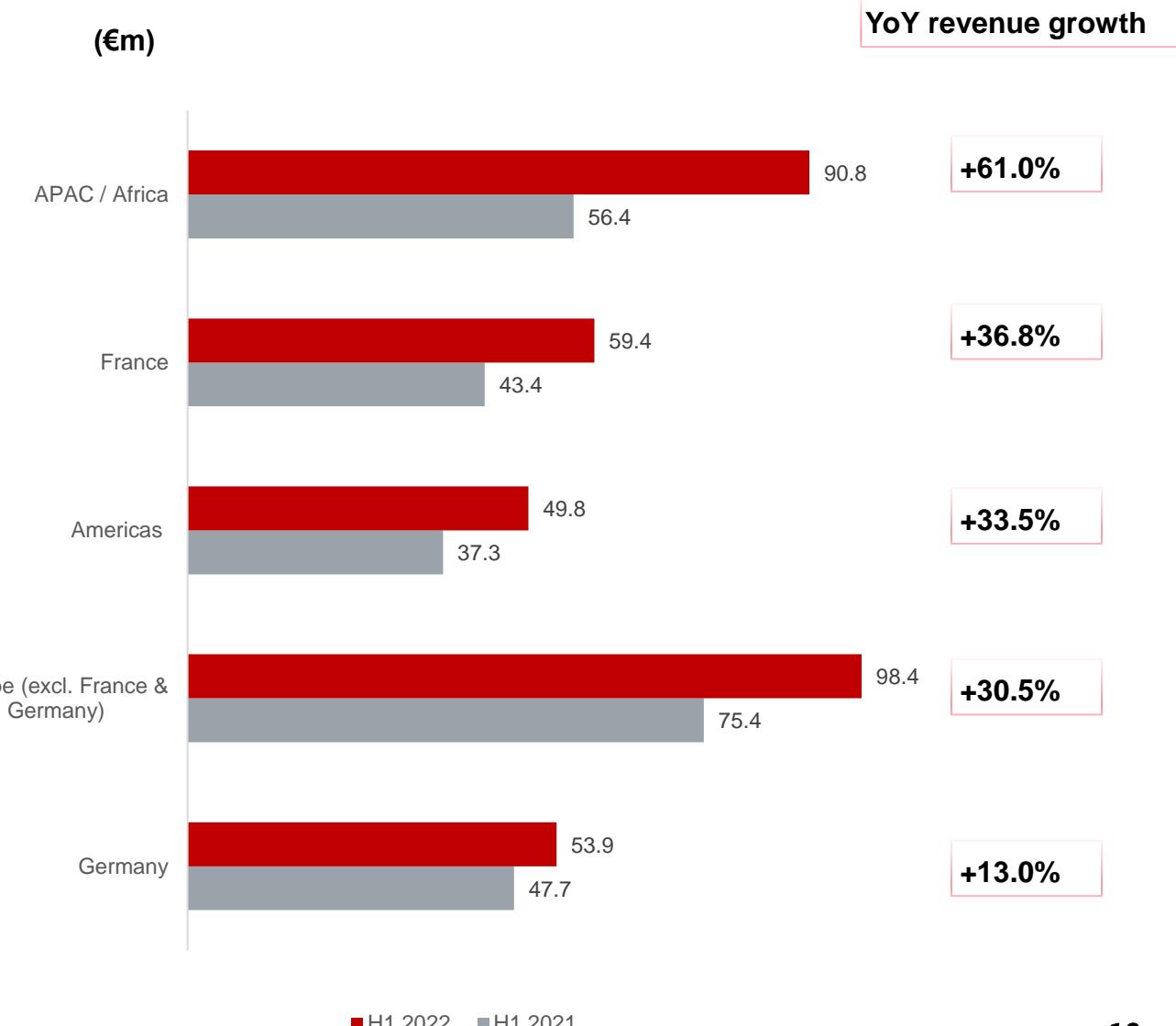
Premium Solutions

Automated Solutions

Growth in all geographies thanks to an efficient organic and external development strategy

Key regional highlights

- **APAC and Africa:** up **+61.0%** vs LY thanks to strong market across Asian markets, organic investment and the 2 transactions completed in Q4'21 in India and Philippines.
- **France:** up **+36.8%** reflecting organic and external developments driving significant market share gains. The Group generated a strong performance of its roster, while further attracting new artists and labels
- **Americas:** up **+33.5%**, a good performance driven by recent investments in local teams in Latin America and by the upgrade and new offers at TuneCore
- **Europe (excl. France and Germany):** up **+30.5%**, reflecting positive market trends and reinforced attractivity following solid investment in local teams to expand operations
- **Germany** up **+13.0%**, as revenues were still affected by the ongoing reduction of the exposure to physical sales, while digital revenues grew strongly throughout the semester



Continued investment to fuel future profitable growth while lowering margin in the short term

- Continued investment to fuel future profitable growth and increase market share: growth investment represented c. 5% of revenues in H1'22 in line with FY'21
- We focus on digital friendly genres for both Artists & Labels, with an expanding addressable market as digital monetization increases
- As per a well mastered blueprint, new teams should be break even between 18 to 24 months and take another 12 month to reach target ebitda margin

Growth investment in Premium Solutions and Automated Solutions segments

5.3% 5.4%

30.7

FY 21

19.1

H1'22

in €m

as a % of revenue

- Continued investment in Central Platform in H1'22 with Adjusted EBITDA and capitalized investment up +15% versus H1'21
- Decrease as a % of revenues versus last year as scale up phase has been completed
- Lower capitalization rate in H1'22 due to the nature of projects (specific focus on digital marketing and data analytics)

Central Platform Adjusted EBITDA + capitalized investments - in € million and as a % of revenues

14.6%

37.9

H1 2021

+15%

43.6

H1 2022

Central Platform Adjusted EBITDA + capitalized investment

as a % of revenues

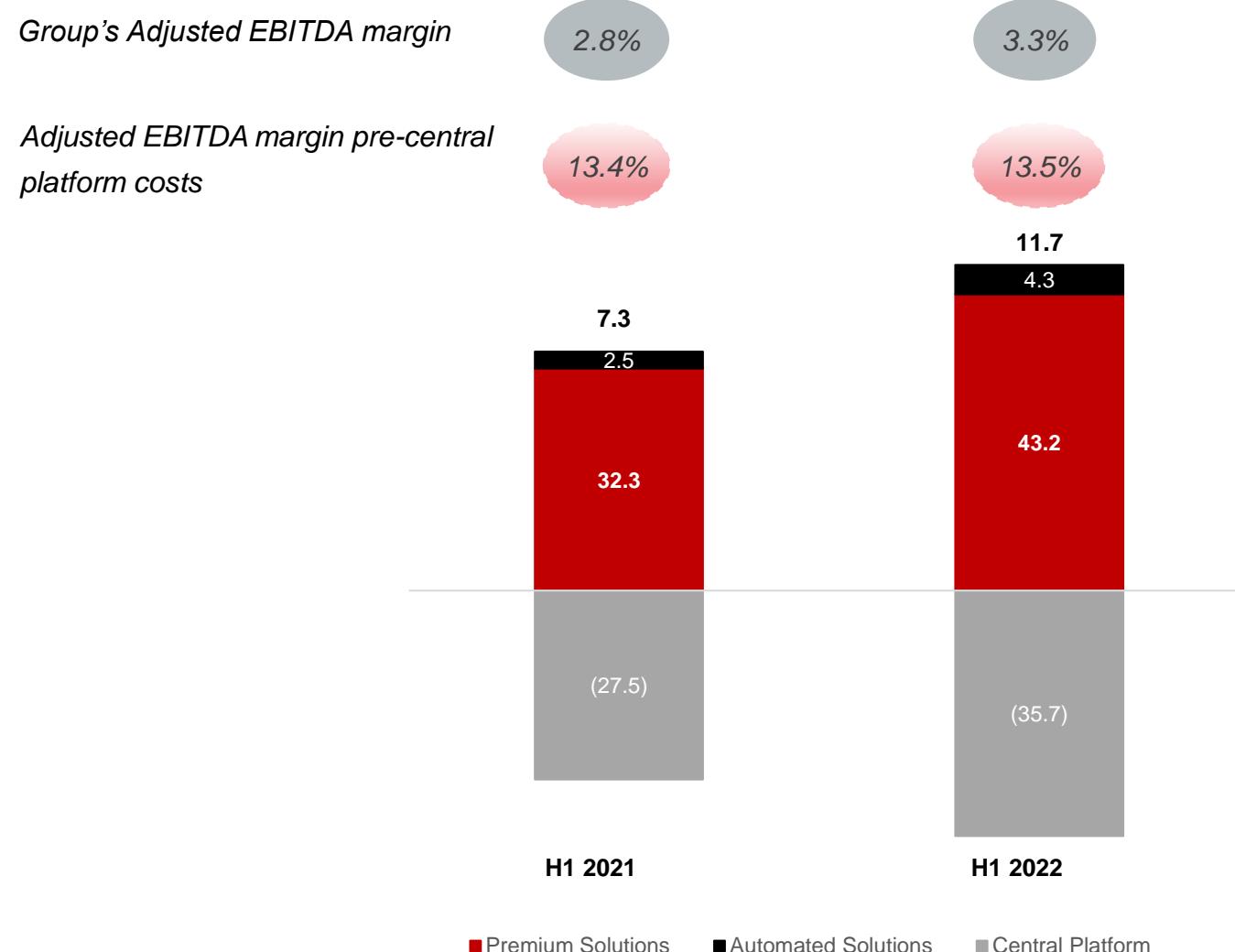
Notes: 1. Growth investment in the business segments: human resource costs related to the new recruits in Premium Solutions and Automated Solutions, hired in the past 36 months, excluding salary increases

Slight increase in Group's Adjusted EBITDA margin with significant investments

Slight improvement of the Group's Adjusted EBITDA margin, up **50bps** versus H1'21:

→ continued investment in Central Platform, but lower level of capitalization resulting in central platform P&L Adjusted EBITDA decreasing to **10.1%** in H1'22 from 10.6% in H1'21

→ Controlled investment in local teams to fuel future profitable growth resulting in Business Segment Adjusted EBITDA margin stable year-over-year



Positive Free Cash Flow

Free cash flow main drivers:

- **Positive net working capital variation** compared with H1'21 reflecting a lower level of customer advances and a positive variation of net creditors linked to DMS growth
- **Increased Adjusted EBITDA and lower capex:**
 - ✓ Adjusted EBITDA at €11.7 million compared to €7.3m, reflecting strong organic growth and operating leverage
 - ✓ Capex down reflecting a lower capitalization rate for projects related to the central platform

	H1'21	H1'22
Operating cash flow before working capital variation	(4.8)	10.2
Δ in net working capital	(17.5)	11.2
Operating cash flow (net cash of operating activities)	(22.3)	21.4
Capex	(13.0)	(11.6)
less acquisition-related costs and other costs related to newly acquired equity-accounted companies	-	1.0
Free cash flow	(35.3)	10.8

Focus on customer advances – Working cap

- Customer advances continued to progress reflecting revenue growth and greater market coverage with historicals marked by renewals with large labels on longer term deals resulting in a bump in customer advances in H1'21
- Customer advances represented c. 4% of revenue variation recorded during the period versus c.6% in H2'21
- Unchanged financial policy towards artists / labels advances

Focus on customer advances – *balance sheet*

Assets (€m)	End of June 2021	End of June 2022
Artist and label advances	146.9	178.7
<i>o/w current advance (recoupable within 1y)</i>	54%	51%

FY'22 guidance update and confirmed mid-term targets

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FY'22 guidance – organic growth revised upwards, continued focus on investment

1. CONTINUE DRIVING STRONG ORGANIC GROWTH

- Organic growth for the Group now expected at c. +29% in FY 2022 (c. +31% excluding Russia / Ukraine)
 - Slowdown of organic growth rates expected in H2'22 as the ad-funded streaming activities should be affected by rising inflation and economic uncertainties; resiliency of paid streaming
 - Activity in Russia and Ukraine to be less penalized than previously anticipated reflecting higher ruble exchange rate and increased market position of local DSPs. Revenues of the two business units should be roughly stable in FY'22

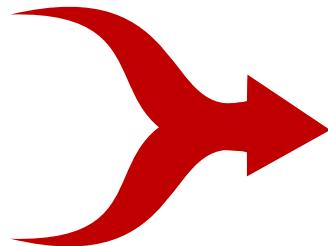
2. CONTINUE INVESTING IN FUTURE GROWTH WHILE CONTROLLING OPERATING LEVERAGE & CASH FLOW

- Continue investing in the Central Platform and in local sales & marketing teams to drive future profitable growth, while managing actively investment cycle in the current environment
- Adjusted EBITDA margin anticipated around last year level (4%) as the Group's priority is to invest to build up market positions as digital music market is maturing in various countries
- Positive free cash flow generation in FY'22 after turning positive in H1'22

On track to deliver on Mid-term objectives

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 secured: 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 objective

+22% - +25% for the period 2021-2025

Mid term Adjusted EBITDA margin

5% to 7% by 2025

Long term Adjusted EBITDA margin

15%

Note

1. Organic growth accounts for revenue growth at constant perimeter and exchange rates 2, 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

On the right track to build the best Digital Music Company for Artists & Labels

- **Strong revenue growth to continue, notwithstanding an expected slowdown of the ad-funded streaming market growth in H2'22**
- **Maintained focus on investment in sales, marketing and technology as the digitalization of the music market is growing in all markets**
- **Significant business achievements and artists' success across key markets demonstrating our music and digital expertise and know-how**
- **FY'22 guidance: organic growth revised upwards at c. +29%, adjusted EBITDA stable yoy at c. 4% and positive free cash flow**

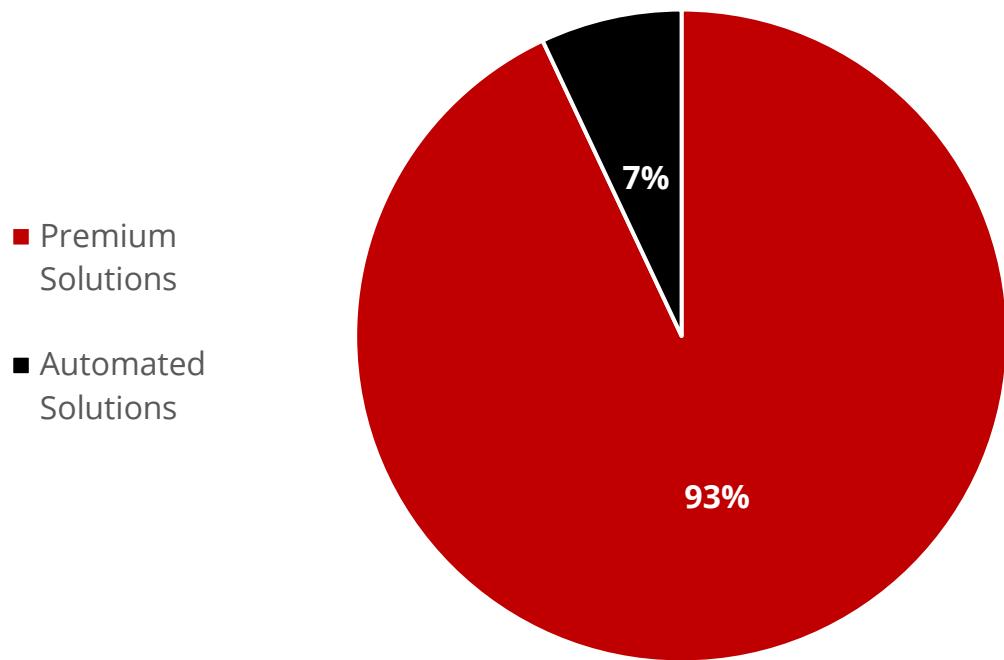


Knucks

Appendix

H1'22 Revenue breakdown by Segment and Geographies

Revenue breakdown by segment
(in % of Group revenues)



Revenue breakdown by geography
(in % of Group revenues)

