



Very dynamic H1 supported by its attractive business model and favourable structural trends in the digital music industry

Revenue growth: +39% in Q2 and +33% in H1 2021

FY 2021 guidance uplifted on the back of solid growth prospects

Paris, September 15, 2021 – Believe (Ticker: BLV, ISIN: FR0014003FE9), one of the world’s leading global digital music companies, published today its interim results for the period ended June 30 (H1 2021) today.

Denis Ladegaillerie, Founder and CEO, said: “Believe has experienced strong revenue growth in H1 2021. While we benefit from structural market growth trends, this growth is also the reflect of our unparalleled appeal to a new generation of independent digital artists looking for go-to-market solutions and a wide range of expertise. Throughout the period, we kept investing on our cutting-edge platform to capture further growth and drive geographic expansion. As highlighted by our FY2021 guidance upward revision, we are on the right track to reinforce our development and continue to pursue our objective of profitable growth while achieving our mission to help build a better, more diverse, more respectful, more transparent and fairer future for all artists.”

<i>in € million</i>	H1 2020	H1 2021	<i>Change YoY</i>	<i>Organic change¹</i>
Group Revenues	196	260	+33%	+30%
<i>Premium Solutions</i>	181	243	+34%	+30%
<i>Automated Solutions</i>	15	17	+17%	+26%
Adjusted EBITDA pre central platform	19	35	+86%	
<i>In % of revenues</i>	9.5%	13.3%	+380bps	
<i>Premium Solutions</i>	16	32	+100%	
<i>Automated Solutions</i>	3	3	-2%	
Central Platform	-25	-28	+14%	
Group's Adjusted EBITDA	-6	7		
<i>In % of revenues</i>	-2.8%	2.7%	+550bps	
Operating income / loss (EBIT)	-17	-14		
Net cash from operating activities	-4	-22		
Free cash flow	-20	-35		

NB: the Group uses alternative performance indicators - not defined by IFRS - described in appendix 1 (page 4)

In H1 2021, Believe has further deployed its unique and long-term proprietary technology solutions enabling independent artists and labels to benefit from the latest innovations and accelerate their careers. More recently this included an innovative partnership with Spotify on the **Discovery Mode** platform, the launch of the **Signed By** programme for the TuneCore platform² (which is presented as Automated Solutions in financial reporting) and a partnership with YouTube for the launch of **Shorts**, positioning us as one of the first partners of the leading video streaming service for this mobile phone feature enabling artists to further engage their communities. Believe also continued to grow its roster over the period confirming its unparalleled appeal to a new generation of artists looking for digital solutions and expertise and the continuous rise of independent and local artists and labels in the industry.

¹ Organic change accounts for revenue growth at a like-for-like perimeter and at constant exchange rate. The change in perimeter only concerned Premium Solutions in H1 2021, no perimeter impact in Automated Solutions. Organic growth at current rate amounted to 29%.

² TuneCore platform is an independent distributor of digital music and market leader in the DIY segment fully owned by Believe and constitutes the Automated Solutions segment.

Revenues

H1 2021 revenues grew by 33% to reach €260 million (versus €196 million in H1 2020), mainly reflecting strong organic growth (+30%) and a positive perimeter effect (+3%). Overall, the Group benefitted from the favourable structural trends in the digital music industry and from its positioning on the fastest growing markets leveraging its increased investment in sales and marketing over the past 24 months.

After a solid performance in Q1 2021 (+26%), revenue growth accelerated in **Q2 2021** with revenues reaching €136 million, representing a 39% year-over-year increase compared to Q2 2020. This increase reflected a 36% organic growth at constant rate and a perimeter effect of 4%, driven by the acquisition of DMC label in Turkey in July 2020. The growth acceleration witnessed in Q2 2021 in comparison with Q1 2021 (€124 million, up 26% compared to Q1 2020) was driven by the recovery of digital sales activities linked to add-funded streaming services that were particularly affected by the Covid-19 pandemic in 2020 and by the growth and performance of Believe's roster.

Revenues by geography: growth in all geographies

Revenues in **Asia Pacific and Africa** grew strongly at 69% compared to last year and represented 22% of group revenues. This steep increase was driven by the market growth and the roll-out and strengthening of premium services in several countries in the region in 2020 and early 2021.

Rest of Europe (excluding France and Germany) reported revenue growth of 44% and represented

<i>in € million</i>	H1 2020	H1 2021	Change YoY
Asia-Pacific / Africa	33	56	+69%
Rest of Europe	52	75	+44%
Americas	27	37	+37%
France	36	43	+21%
Germany	47	48	+1%
Total revenues	196	260	+33%

29% of total revenues. The level of activity was dynamic across the region and particularly strong in Russia where the Group is ramping up its activities. Revenues were also heightened by the integration of DMC label in Turkey following its acquisition in July 2020.

Americas grew by 37% and represented 14% of total revenues, reflecting solid take up of activity in Latin America.

In **France**, revenues increased by 21%, driven by the strong performance of artist services activities and further growth in artist and label solutions. In **Germany**, revenues were impacted by ongoing reorganization of the activities to optimize digital solutions and reduce exposure to physical sales. France and Germany respectively represented 17% and 18% of group revenues.

Revenues by segment

In terms of segment, **Premium Solutions** revenues amounted to €243 million in H1 2021, a year-over-year organic increase of 30% versus H1 2020. Premium Solutions benefitted from the market growth and additional market share gains driven by reinforced investment in sales and marketing since 2019. The market growth was particularly strong in Q2 thanks to the recovery of digital sales activities linked to add-funded streaming services.

Automated Solutions amounted to €17 million and grew by 17% in H1 2021 compared to last year, including a negative forex impact related to the US dollar, the reporting currency of TuneCore. Organic growth was 26% at constant rate. The increase was driven by the addition of new subscribers, the TuneCore expansion in new geographies (Brazil, Russia, Africa and Southeast Asia) and the recovery in advertising spending from advertisers, a key driver of the revenue pool of the automated platform.

Adjusted EBITDA

In line with the strong organic growth, **Adjusted EBITDA pre central platform costs³** almost doubled in H1 2021 to reach €35 million (versus €19 million in H1 2020). The increase was primarily driven by the strong growth witnessed in Premium Solutions, while Automated Solutions remained stable year-over year due to the sharp increase in technology and the development of new services directly recorded in the segment. Overall, the Adjusted EBITDA margin pre central platform costs amounted to 13%, strongly recovering from H1 2020 level (9%) and almost bridging the gap with historical annual level (16% in full year 2018 and 2019).

³ Central platform costs account for the costs that cannot be allocated by division

The Group controlled its costs during the period but continued to strongly invest in sales and marketing in both segments.

The **Group's Adjusted EBITDA** returned to positive territory to reach €7 million in H1 2021 compared to a loss of €(6) million in H1 2020, notwithstanding a slight increase in central platform investment during the first half of 2021. However, central platform costs were lower as a % of total revenues at 11% in H1 2021 versus 12% in H1 2020. Believe maintained its investment in central platform, which grew mainly due to full-year effects after significant build-up in 2019 and 2020. As a result, Adjusted EBITDA margin reached 2.7% in H1 2021 compared to -2.8% in H1 2020 and 1.7% in full year 2020.

Operating loss (EBIT)

EBIT amounted to €(14) million in H1 2021. Excluding the €5 million of costs related to the initial public offering completed in June 2021, EBIT improved by €8 million year-over-year, almost halving the loss compared to H1 2020.

Free cash flow

Free cash flow was negative €35 million in H1 2021, reflecting a higher level of renewals with large label customers through new longer-term deals and the increase in artists services and solutions activities. This drove a negative variation of the working capital, resulting in a decrease in net cash from operating activities. The rate of renewals with large labels through longer-term deals was particularly high in H1 2021 and is anticipated to stabilize in H2 2021. Capex which mostly consist in capitalized R&D amounted to €13 million, slightly below last year level.

Environmental, Social & Governance

The Board also approved the corporate social responsibility strategy proposed by the CSR committee. It also defined key quantitative and qualitative indicators which will be monitored closely and annually reported. Based on an analysis of Believe's challenges, four strategic priorities have been identified and form the foundation of the Group's social responsibility initiatives throughout the world:

- Developing diverse & local talent in local markets first
- Cultivating talent for the digital era
- Building trusting relationships through respect, fairness and transparency
- Empowering our community to have a long term positive impact

FY 2021 outlook and organic growth guidance update

Based on Believe H1 and Q2 revenue growth, the Group expects to exceed its annual organic growth expectations (initially set in IPO documentation at c. 20% in comparison with 2020) and now anticipates an organic growth of at least 23% for 2021. Revenues in the next two quarters are expected to grow at a lower rate than in Q2 2021, as the recovery in digital services activities related to the add-funded streaming started improving in Q3 2020 and returned to previous trends towards the end of the year. Besides Believe anticipates a decrease in physical sales in H2 2021. As stated in the IPO documentation, Believe still does not expect a significant impact on 2021 revenues of the potential external growth transactions that it is working on.

As a result of higher organic growth expectations, the Group also anticipates reporting an adjusted EBITDA margin for 2021 slightly above 2020 level (versus initial expectation to be in line with 2020 level: 1.7%). As Believe will continue to substantially invest in its commercial and marketing development and central platform to support the strong growth of its businesses, the margin expansion in full year 2021 in comparison with 2020 is anticipated to remain moderate.

Webcast:

We will host a webcast <https://edge.media-server.com/mmc/p/ynw5jaca> and conference call including a live question and answer session starting at 6:30 p.m. CET today. Denis Ladegaillerie, our Founder and CEO, and Xavier Dumont, our Chief Operating Officer and Chief Financial Officer, will present interim results and

answer questions addressed in the call or submitted through the webcast. All information related to the interim results are available on our investor website: [Believe - Investors Website - Financials](#)

Conference call details:

France, Paris: +33 (0)176700794 - United Kingdom, London: +44 (0) 2071 928000 - United States, New York: +16315107495

Conference ID: 8179503

Next financial event: 3 November 2021: Third quarter 2021 revenues - Press release to be issued after market close

Investor Relations

Emilie MEGEL

investors@believe.com

Tel: +33 1 53093391 - Cell: + 33 6 07099860

Press Relations

Brunswick

believe@brunswickgroup.com

Corporate Communication

equipe.believe@agenceproches.com

Appendix

1. Use of Alternative Performance Indicators

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

- *Adjusted EBITDA is calculated based on operating income (loss) before depreciation, amortization and impairment, share-based payments (IFRS 2), other operating income and expense; and included the share of net income (loss) of equity-accounted companies – Reconciliation table available in interim financial report*
- *Free cash flow corresponds to net cash from operating activities after net capex*

2. Quarterly revenues by division

in € million	Q1 2020	Q1 2021	Change	Organic at constant rate
Premium Solutions	91	116	27%	24%
Automated Solutions	7	9	14%	24%
Total revenues	98	124	26%	24%

in € million	Q2 2020	Q2 2021	Change	Organic at constant rate
Premium Solutions	91	127	41%	37%
Automated Solutions	7	9	21%	29%
Total revenues	98	136	39%	36%

3. Revenue breakdown between digital and non-digital sales

	Q1 2020	Q2 2020	H1 2020	Q1 2021	Q2 2021	H1 2021
Digital sales	90%	90%	90%	90%	92%	91%
Non-digital sales	10%	10%	10%	10%	8%	9%

About Believe

Believe is one of the world's leading digital music companies. Believe's mission is to develop independent 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 1,370 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 is not IFRS (International Financial Reporting Standards) accounting measures.