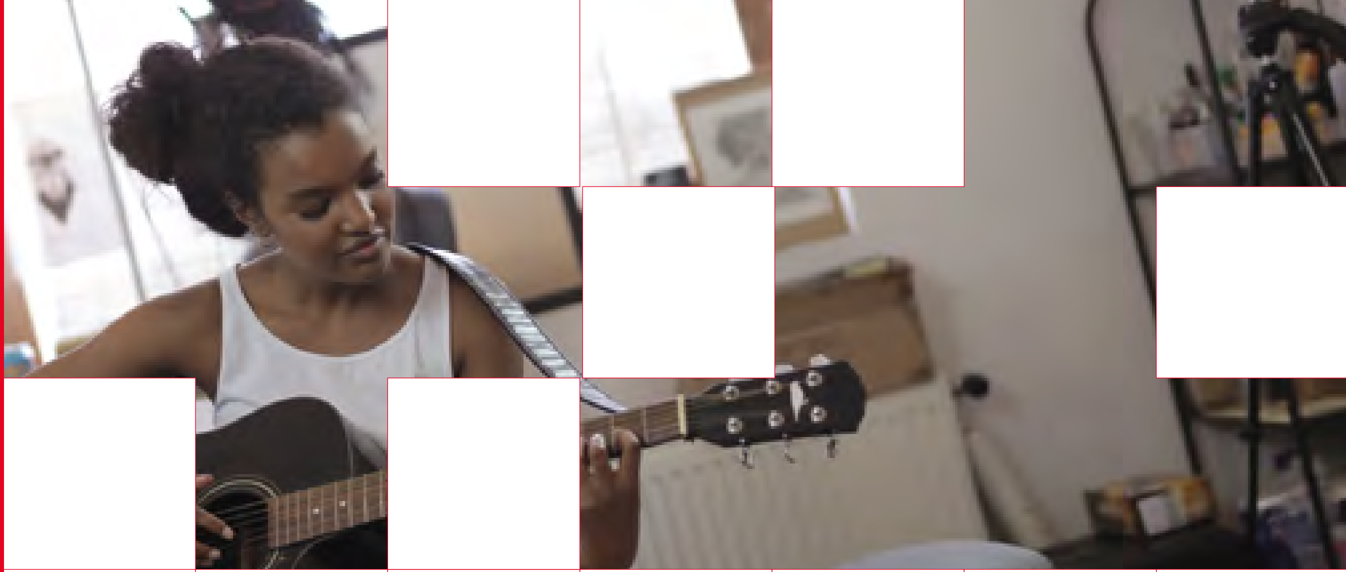
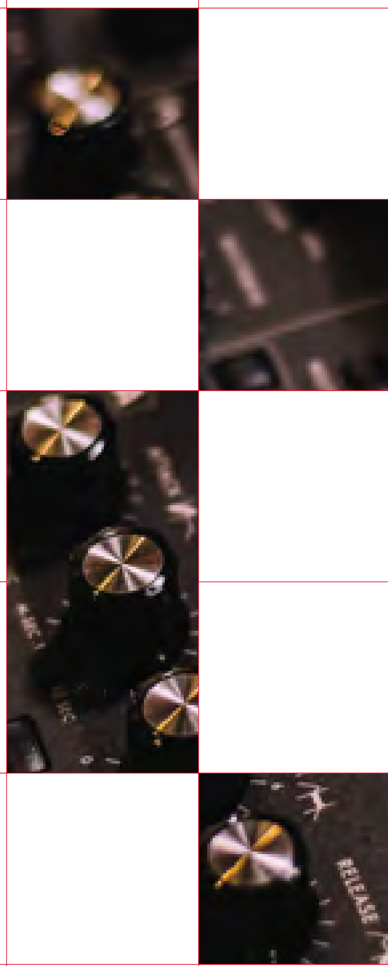
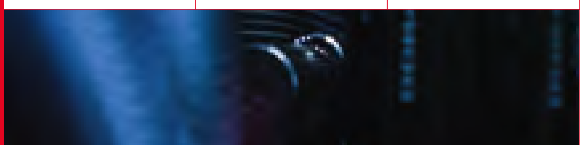


# Universal Registration Document

# 2022





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# 2022 Universal registration document

Including the annual financial report
and the non-financial statement

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

The Universal registration document was approved on April 20, 2023 by the French Financial Markets Authority (*Autorité des Marchés Financiers* - AMF), in its capacity as competent authority under Regulation (EU) No. 2017/1129. The AMF approval further confirms the information contained in the Universal registration document is complete and coherent. The Universal registration document bears the following approval number: R.23-012 dated 04/20/2023. The approval should not be considered as an endorsement of the Universal registration document's transmitter.

The Universal registration document may be used for the purposes of an offer to the public of securities or admission of securities to trading on a regulated market, if it is supplemented by a securities note and, if applicable, a summary and the supplements thereto. Here, the note relative to movable value, the summary and additional supplements to the Universal registration document since the latter's approval are approved separately, in accordance with Article 10, section 3, second indent of the Regulation (EU) No. 2017/1129.

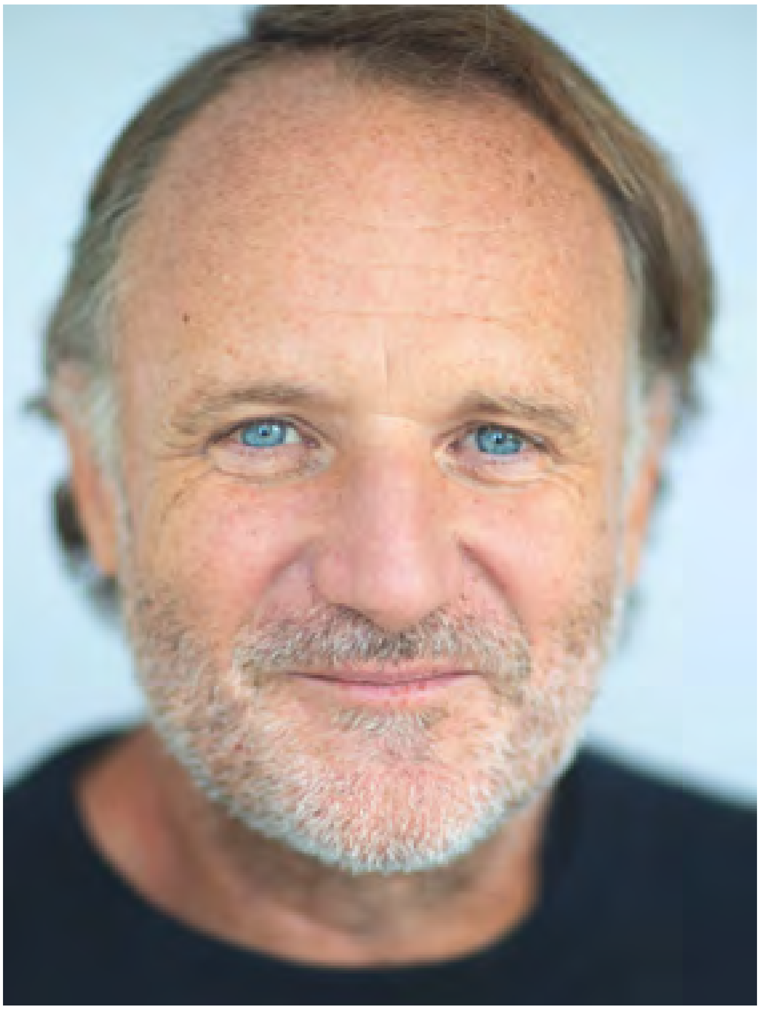
The Universal registration document is valid until April 20, 2024 and, during this period and no later than the publication of the securities note and in accordance with the conditions of Articles 10 and 23 of Regulation (EU) No. 2017/1129, it must be supplemented by an amendment should significant facts, errors or substantial inaccuracies come to light.

The Universal registration document is a reproduction of the official version of the Universal registration document, which has been prepared in XHTML format in French and is available on the issuer's website.

believe®

# Message from the Chairman and Chief Executive Officer

## DENIS LADEGAILLERIE



In 2022, Believe, which is now one of the largest global players in digital music, continued its development and reached new heights. Having made a significant contribution to reshaping the music industry through an innovative business model and strong values of expertise, respect, fairness and transparency, the Group is continuing its ascent by positioning itself as a key player for artists and labels.

Every day, the music market is becoming more digital. Every day, our digital excellence, our differentiated positioning and our combination of technological and musical expertise are becoming increasingly strong competitive advantages and better understood by artists and labels, particularly in music genres that are becoming digitalized. In this way, we are contributing to the success of a wide variety of local artists in the 50 countries in which the Group operates, at all stages of their careers.

We continued to apply our profitable growth strategy throughout the year, as we work on building the Group for the coming decades. We continued to invest in our local teams to strengthen our capabilities in key markets and seize the increasing numbers of opportunities offered by the growth of digital music. We continued to invest in innovation to expand our range of innovative audience development and monetization products and services and thus further increase our impact.

**“We are convinced that the music market is currently experiencing a paradigm shift and that it has entered the decade of the digital artist. An era that we believe will be shaped by the ability to create more value for artists by helping them to reach new audiences in a targeted way or to engage with their fans.”**

These profitable investments have guaranteed strong growth over recent years, and have resulted in strong revenue and adjusted EBITDA growth in 2022. Throughout the year, we demonstrated that we are in control of our investment cycle and our profitability. Finally, we generated sustained positive free cash flow, thus increasing our capacity to carry out our external growth strategy. For the second year in a row, we ended the year by significantly exceeding the commitments made during the IPO, both operationally and financially.

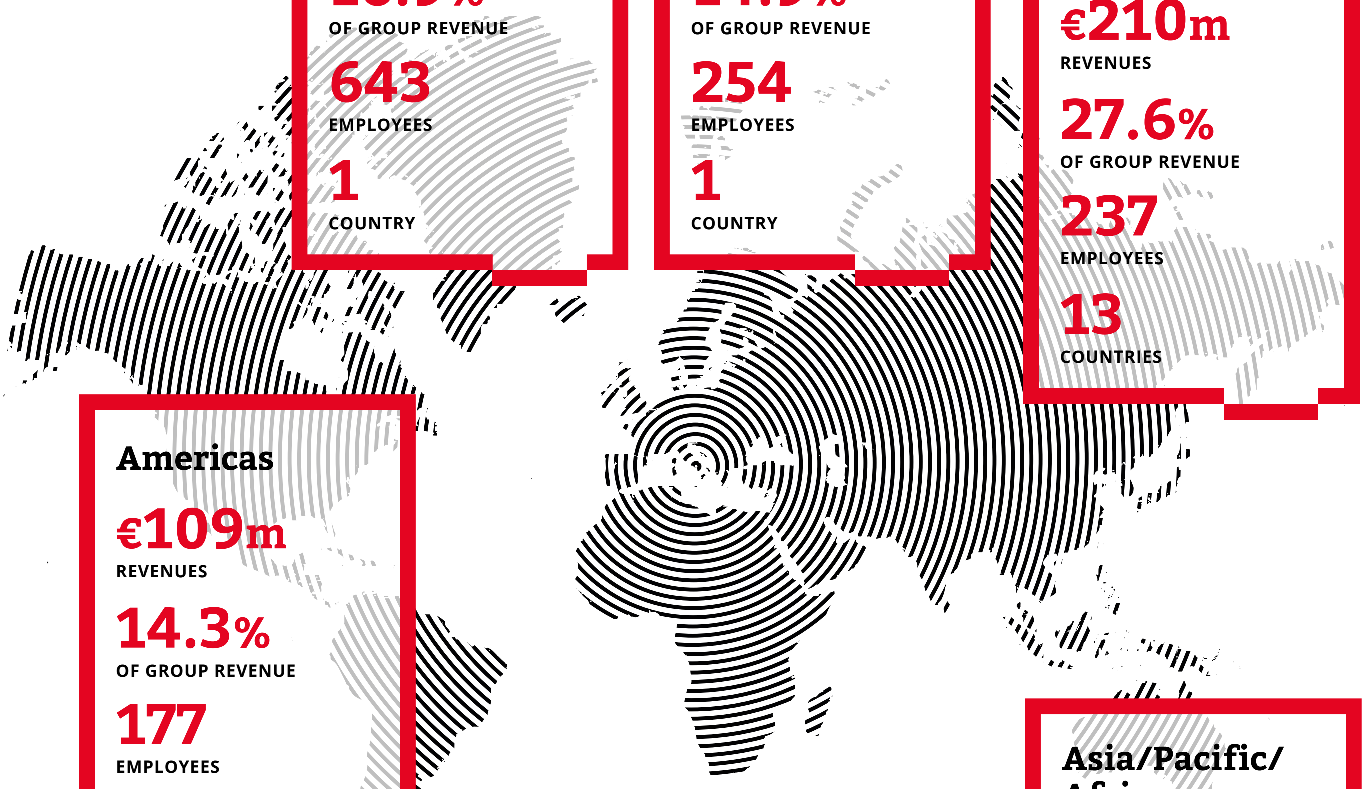
Beyond its commitments, Believe also aims to change the music industry and engage it in collaborative, sustainable and responsible practices. The Group continued to roll out its corporate social responsibility (CSR) strategy – Shaping Music for Good – which is at the heart of its business model and illustrates the social, societal and environmental ambitions shared by all Believe teams. Our initiatives in favor of a more gender-balanced industry have produced tangible results for both our artists and our employees. As such, we are engaging the industry in international initiatives in favor of diversity, fairness and inclusion such as the “Be the Change” study. At Believe, we continue to make progress in terms of gender equality, with women representing 43% of our headcount in 2022, after achieving gender parity on our Board and Executive Committee. We also continued our efforts to involve our teams more closely in the creation of value related to the Group’s development, notably with the launch of our first employee shareholding plan

We are convinced that the music market is currently experiencing a paradigm shift and that it has entered the decade of the digital artist. An era that we believe will be shaped by the ability to create more value for artists by helping them to reach new audiences in a targeted way or to engage with their fans. 2023 will see Believe enter this new era stronger than ever, and just like the previous decade, we want to play our part in supporting the industry through this phase.

Together with our artists and employees, our two hearts that beat in unison, we wish to continue to transform the digital music sector. Their talents and skills are the drivers and sources of inspiration for a creative and responsible music industry.

**Denis Ladegaillerie**
*Founder, Chairman and Chief Executive Officer*

# 2022 Key figures



### France

**€129m**
REVENUES

**16.9%**
OF GROUP REVENUE

**643**
EMPLOYEES

**1**
COUNTRY

### Germany

**€114m**
REVENUES

**14.9%**
OF GROUP REVENUE

**254**
EMPLOYEES

**1**
COUNTRY

### Europe
(excluding France and Germany), including Russia and Turkey

**€210m**
REVENUES

**27.6%**
OF GROUP REVENUE

**237**
EMPLOYEES

**13**
COUNTRIES

### Americas

**€109m**
REVENUES

**14.3%**
OF GROUP REVENUE

**177**
EMPLOYEES

**8**
COUNTRIES

### Asia/Pacific/ Africa

**€199m**
REVENUES

**26.2%**
OF GROUP REVENUE

**342**
EMPLOYEES

**27**
COUNTRIES

**A TECHNOLOGY CENTRAL PLATFORM IN FRANCE, A FOOTPRINT IN 50 COUNTRIES**

**€1.1Md**
DIGITAL MUSIC SALES

**€761m**
REVENUES

**94%**
PREMIUM SOLUTIONS

**6%**
AUTOMATED SOLUTIONS

**+31.8%**
REVENUE GROWTH

**+32.2%**
ORGANIC GROWTH

**4.6%**
ADJUSTED EBITDA MARGIN

**1.3 million**
ARTISTS DIRECTLY OR TROUGH THEIR LABEL

**+150**
DIGITAL SERVICE PROVIDERS

**1,650**
EMPLOYEES

**1,060**
PREMIUM AND AUTOMATED SOLUTIONS

**590**
CENTRAL PLATFORM

**43%**
WOMEN

**57%**
MEN

**9%**
AMBASSADORS

**91%**
TRAINING RATE*

** Employees who attended at least one training course during the year.*

# The believe
## *Shaping Music for Good*

*Believe's mission is to develop artists at every stage of their career and development, in all local markets around the world, with **respect, expertise, fairness and transparency.***

1.3 million artists, directly or through their labels

PREMIUM SOLUTIONS

Established and Top Labels & Artists

**Artist Services**

Tailored go-to-market and audience development strategies

Revenue share model

50% tech / 50% music and digital expertise

Emerging and Established Labels & Artists

**Label and Artists Solutions**

Distribution, marketing and digital promotion

revenue share model

70% tech / 30% music and digital expertise

Music creators and self-distributed artists

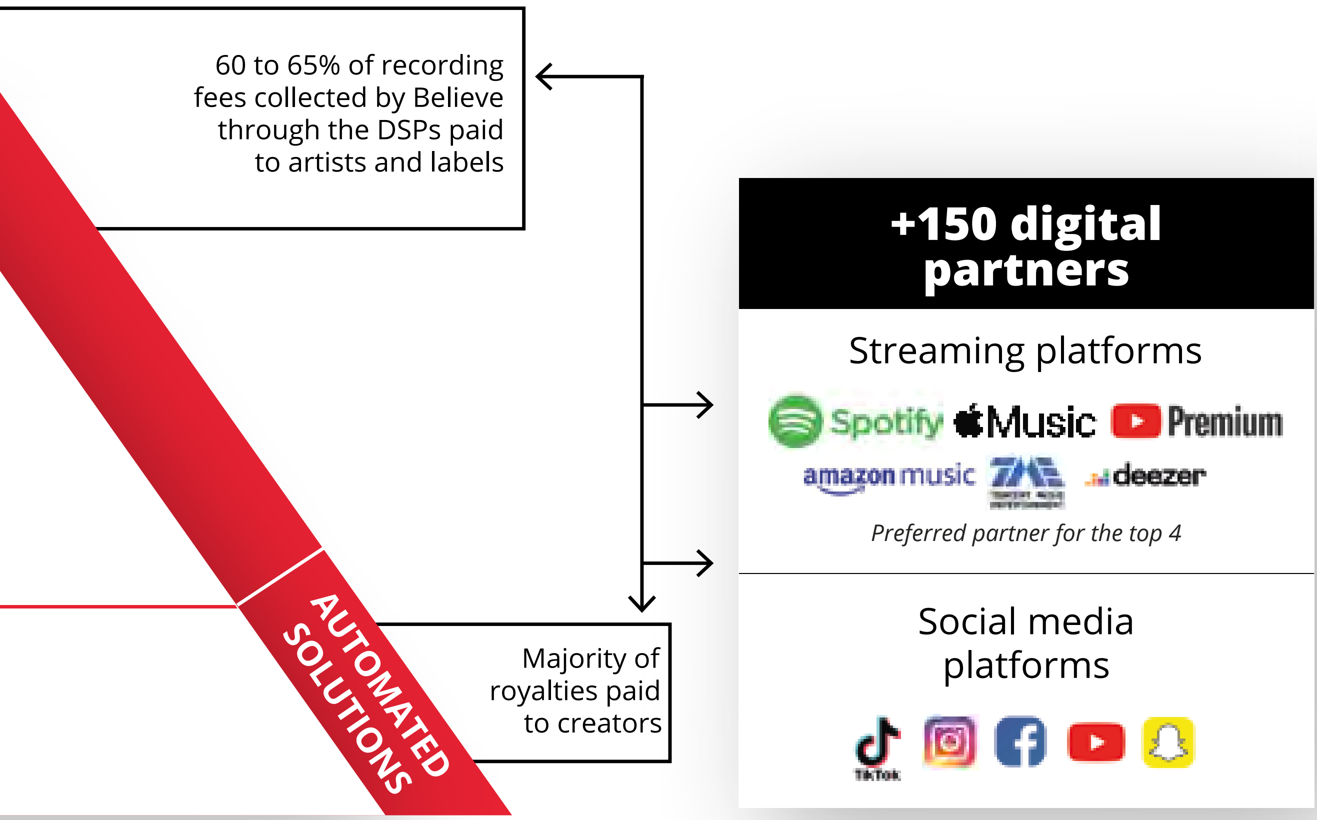
**Tunecore**

Tech distribution platform
Mix subscription / revenue share model
100% tech

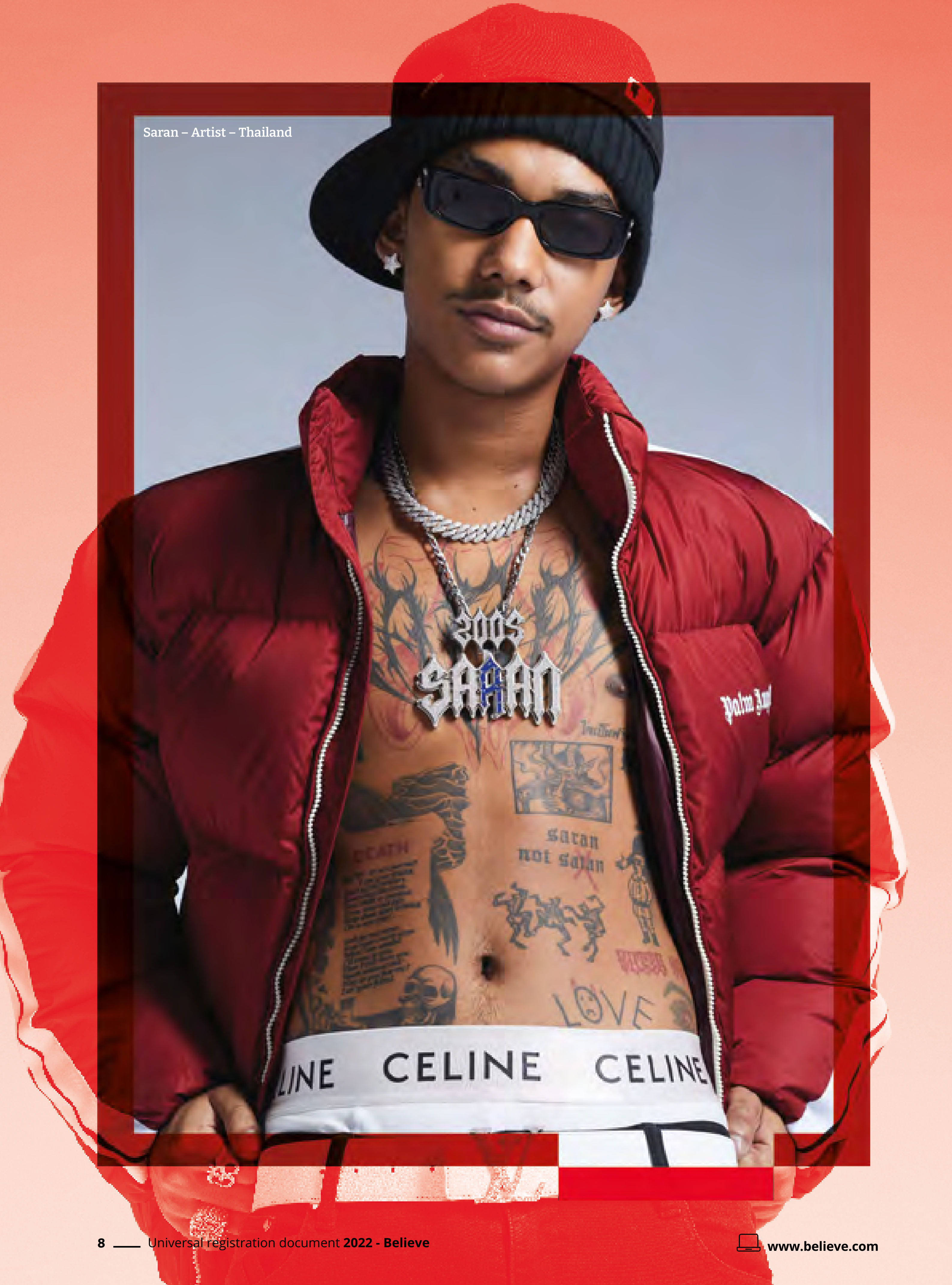
# business model :

*The 4 pillars of Shaping Music for Good*

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



Saran – Artist – Thailand



# 1. Presentation of the Group

# 1.1 Company history

The Believe Group was founded in 2005 by Mr Denis Ladegaillerie and quickly began making catalogs of music available for download on digital platforms (Apple Music, Fnac, Virgin).

In 2007 and 2008 respectively, two French venture capital funds, XAnge and Ventech, invested in the Company, primarily to expand the Group's business internationally.

In 2010, the Group started distributing its catalogs on the platforms of digital service providers such as Spotify and Deezer. The Group launched Backstage, a unique interface allowing artists and labels to manage, promote and analyze the performance of their music on the platforms served by Believe.

In 2012, the Group continued its international expansion, including in Canada, India, Lebanon and Russia. In 2013, it set up operations in Southeast Asia, Eastern Europe and Latin America and had over 100 employees.

In 2015, US cross venture capital funds TCV and GP Bullhound invested in the Company as part of a fundraising exercise. The Group's two historical financial shareholders, XAnge and Ventech, also participated in order to fund the growth of the Group's activities and of its acquisitions in particular.

Through this fundraising exercise, the Company acquired the US company TuneCore in the same year. This enabled the Group to structure its automated offering for music creators and self-releasing artists and to continue to develop activities in the United States. At the end of 2015, the Company acquired Musicast, a French distribution company specialized in urban music.

In 2016 and 2017, the Group continued to expand by acquiring the independent label Naïve in France (2016), launching the All Points label in France and the United Kingdom (2017), and acquiring the German distributor Soulfood (2017).

In 2018, the Group acquired Groove Attack, an independent German distribution company specialized in hip-hop, as well as Nuclear Blast, the leading international metal label based in Germany. The Company also acquired a 49% stake in Lili Louise Musique, owner, of the French label Tôt ou Tard among others. The labels acquired specialize in traditional genres of music (metal and French singer-songwriters) that are due to transition into full-digital in the next few years.

In 2019, Believe expanded operations in several of emerging countries such as Chile, Malaysia, Peru and Vietnam. As part of its expansion in emerging countries, Believe also acquired three companies in India to strengthen its service offering. The Group acquired Venus Music Private Ltd, which includes a catalog of Bollywood music from the 1980s, Entco Music Private Ltd, specialized in the production of live events, and Canvas Talent Private Ltd, specialized in services to artists.

During that year in France, the Group acquired a 49% stake in 6&7 SAS, which operates the label of the same name, specialized in pop music.

In 2020, the Group acquired a stake in IRCAM Amplify, a subsidiary of IRCAM (Institute for Research and Coordination in Acoustics/Music), in charge of creating value from its licenses and expertise, and partly specialized in the enrichment and indexing of music content databases, and in recommendations of music content. Believe also acquired Soundsgood, a French company specializing in innovative digital promotion technologies. In the same year, the Group reinforced its service offering in Turkey with the acquisition of a majority stake in DMC group, a leading label in Turkey.

In 2021, Believe crossed a new threshold in its development by going public. The Group's shares were admitted to trading on the regulated market of Euronext Paris (Compartment A, ISIN code FR0014003FE9, ticker symbol BLV) on June 10, 2021. The funds raised gave Believe the means to pursue the strategy of targeted acquisitions and thus accelerated the Group's development.

During the second half of 2021, Believe finalized several acquisitions. The Group invested 25% in Play Two, the leading independent label in France, a subsidiary of the TF1 group, and also took a 51% stake in the label Jo & Co that has a strong reputation. These transactions diversified Believe's catalog in France with a greater number of music genres in the process of digital transition. The Group also continued its expansion in Asia, which will become the main recorded music market by the end of the decade (sources: MIDiA Research, IFPI). The Group acquired a 76% stake in SPI Think Music, which put Believe in the position of market leader in film music in Southern India. The Group made an equity investment of 15% in Viva Music and Artists Group, the leading label in the Philippines (a market that should enter the global top 20 in coming years according to the Group's estimates) and one of the major labels of Southeast Asia.

In 2022, Believe continued to invest in the Central Platform and in the development of local teams. The war in Ukraine and its repercussions on the economic environment led the Group to put its external growth policy on hold from the end of February. The resilience of the music industry and the stability of label valuations over the rest of the year led the Group to invest in new structures at the end of the year.

Believe set up a joint venture in Germany with Madizin to address the Schlager market, which is in the process of being digitized. In France, the Group also entered a partnership with DJ Bellek to acquire a stake in its Morning Glory label, thus confirming its leadership in hip-hop, which remains the most streamed music genre in the country.

# 1.2 Overview of the Group's activities

## 1.2.1 Believe connects musical artists and digital music platform

The Group is one of the leaders in the digital music market for independent labels and local artists. The Group has extensive experience in the development of digital artists and optimization of catalogs. 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.

International presence is a key differentiator, as the Group began investing very early on outside of France, particularly in European and Asian markets where the Group has been able to build strong positions in recent years.

While the penetration rate of paid subscription streaming is high in some mature markets such as the Nordic 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 has built a solid presence in France, its historical country of operation, and in Germany with the acquisition of the Nuclear Blast label and the distribution company Groove Attack in 2018. These two countries represented respectively 16.9% and 14.9% of consolidated revenue for the fiscal year ended December 31, 2022.

The Group is also present in many European countries other than France and Germany, which together represented 27.6% of its consolidated revenue for the fiscal year ended December 31, 2022, including the United Kingdom, Italy and other less mature markets such as Turkey and several Eastern European countries. The Group began investing in Asia in 2013, where it occupies a leading position and is now present in 14 countries. Believe has significant development potential in Asia, Oceania and Africa, which together represent 26.2% of consolidated revenue for the fiscal year ended December 31, 2022. Lastly, the Americas region represents 14.3% of consolidated revenue for the fiscal year ended December 31, 2022.

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. Traditional music genres rely mainly on channels such as television and radio for their promotion and marketing. Sales of recorded music in traditional genres are still largely physical.

Believe has also dedicated offerings for digital artists and labels according to their needs and stages of development. The Group is organized as a global digital platform that develops high value-added technological solutions for all artists, adapted to each stage of their career, whether they are music creators, emerging artists, established artists or top artists(1). This approach is another differentiating factor, as Believe is one of the only music groups to offer solutions adapted to each stage of the 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 1,651 employees as of December 31, 2022(2) and a presence in more than 50 countries(3), and the Group benefits from cutting-edge technologies, and is able to offer artists and labels all over the world its expertise in music, digital marketing and data analysis, and is supported by over 266 product and IT experts(4). The Group manages several commercial brands, including Believe, TuneCore, Nuclear Blast, Naïve, Groove Attack, Allpoints, Ishtar and Byond.

*(1) The Group classifies the artists it serves (directly or via their labels) into music creators, emerging artists, established artists, and top artists according to the revenue they generate. The income threshold for each category of artist varies according to the geographic market considered.*

*(2) The Group also relies on the expertise of more than 250 external consultants in the countries where it is present.*

*(3) The countries in which the Group is present are those where the Group has a local presence through its employees and/or external consultants.*

*(4) Including employees and consultants.*

This quality of service is reflected in the development of digital audiences in all local markets. In addition, the Group operates with respect, expertise, fairness and transparency, which are the core values of Believe and its corporate project. The Group uses the following breakdown for reporting purposes, corresponding to the two business activities carried out by the Group as part of its offering[(1)]:

**i) Premium Solutions**, which consist mainly of the sale, promotion, marketing and delivery of digital content provided by artists and labels for which the Group is responsible for developing their catalog on the platforms of streaming and social media platforms using a share revenue model. To a lesser extent, it also includes services supporting the development of artists in terms of physical sales, derivative products, synchronization services[(2)], neighboring rights and music publishing. The Premium Solutions segment accounted for 58.1% of DMS[(3)], 93.7% of consolidated revenue and 93.9% of the Group's consolidated adjusted EBITDA (excluding adjusted EBITDA contributed by the Central Platform) for the fiscal year ended December 31, 2022; and

**ii) Automated Solutions,** which address the music creator market and whereby the Group enables music creators, via its TuneCore digital platform, to distribute their content in an automated manner to streaming and social media platforms in return for a subscription fee. Access to this platform can, at the choice of the music creator, be supplemented by music publishing and synchronization solutions. The Automated Solutions segment accounted for 41.9% of DMS, 6.3% of consolidated revenue and 6.1% of the Group's consolidated adjusted EBITDA (excluding adjusted EBITDA contributed by the Central Platform) for the fiscal year ended December 31, 2022.

The Group develops technological solutions and digital marketing strategies to make available, commercialize and promote audio and video content produced by each tier of the market on digital platforms and social media. In 2022, the content made available by the Group generated more than 245 billion streams on the nine main streaming platforms and more than 892 billion views on YouTube.

These streams and views form the basis of the DMS (Digital Music Sales)[(3)] which are generated by Believe and correspond to the gross amount before payment to the artists of the sums paid by the streaming and social media platforms. The Group derives the majority of its DMS from licensing digital audio and video content to streaming and social media platforms.

In order to benefit from the rights it distributes, the Group enters into contracts with producers of audio or video content, *i.e.* artists, where the artist concerned has chosen to record and exploit his or her content himself or herself, or labels, which artists may use to record and exploit their content. Under these contracts, an artist or label grants the Group the right to market all or part of its catalog in dematerialized, digital form. When the contract is signed with a label, the Group has no direct contractual relationship with the artists included in the label's catalog.

The Group's model is supported by an ambitious Corporate Social Responsibility (CSR) strategy, aligned with its core values and with the objective of having a positive long-term impact in the music industry. The corporate project, named Shaping Music for Good, is based on four pillars:

**i)** developing diverse & local talents in local markets as a priority;

**ii)** cultivating talent for the digital music era;

**iii)** developing relationships of trust based on respect, expertise, fairness and transparency with all our stakeholders; and

**iv)** supporting Believe's various communities by giving them the means to have a long-term positive impact on society.

The CSR strategy is described in detail in Chapter 2 of this Universal registration document.

*(1) Certain costs of centralized operational functions are also allocated to the Central Platform, which is not an operating segment under IFRS 8 (see Chapter 5, "Review of the Group's financial position and results" in this Universal registration document).*

*(2) As part of synchronization solutions, the Group manages the copyrights of artists relating to the use of their music works to enhance an audio-visual work, and collects the associated payments.*

*(3) "DMS" (Digital Music Sales) are a relevant indicator for the Group of the volume of business generated on streaming and social media platforms and correspond to the gross amount of payments made to the Group by these platforms in return for the provision of audio and video content by the Group. For a given fiscal year, DMS corresponds to: (i) for the Premium Solutions segment, invoices issued and to be issued in respect of the fiscal year in question in return for the provision of audio and video content to streaming and social media platforms (they correspond to the digital revenue of the Premium Solutions segment); (ii) for the Automated Solutions segment, to invoices issued and recognized during the fiscal year in question in return for the provision of audio and video content to streaming and social media platforms. Invoices are issued on the basis of financial statements provided by the platforms. A portion of the amount of the DMS is then paid to the artists and labels as part of the Premium Solutions service. In the case of Automated Solutions, the entire amount of the DMS is paid to the artists and labels, with the deduction of a margin for video content made available to video streaming and social media platforms. DMS is not an IFRS-defined measure and the definition used by the Group may not be comparable to that used by other companies for similar indicators. This indicator should not be considered as a substitute for revenue presented in the Group's financial statements prepared in accordance with IFRS.*

## 1.2.2 Its positioning in the industry value chain puts the Group at the core of the digital music revolution

The strong growth of the digital music market and streaming in particular, and the emergence of new digital means of production and distribution for artists and labels, have led to the transformation of the value chain in the music industry. Positioned at the heart of this revolution, the Group believes that it has become a central player in the digital music industry with its offering of high value-added technological solutions adapted to each stage of the development of artists.

In the traditional music industry value chain (before the digital disruption), music production and artist development were typically linked and coordinated by a single player, the artist's record label.

The emergence of digital technology has enabled the development of technological tools that facilitate the creation and production of music by artists. As such, their main needs now relate to obtaining distribution channels and implementing marketing strategies that enable them to share their content quickly, efficiently and widely with their target audiences. The Group aims to meet these needs, while giving artists complete autonomy in their artistic production, by focusing on the development of innovative solutions to develop their careers.

The Group uses digital service providers as its main channel for delivering content. These providers generate their revenue mainly from subscriptions paid by their users (for paid offers) and from advertising remuneration paid by advertisers (for free ad-funded offers). The providers then pay amounts, calculated according to predefined formulas, to the distributors (such as the Group) or, where applicable, to the producers (artists and labels) and the publishers directly, in return for delivering the content.

It is generally estimated that around 50% of the value of the streaming market is thus captured by distributors or producers, via the amounts paid by the providers, with the publishers receiving about 20%, while the remaining 30% is retained by the providers as their profit.[1]

### Licensing contracts with streaming and social media platforms at market standards

The Group enters into license agreements with the digital service providers such as Spotify, YouTube (through Google), Apple Music, Amazon, Tencent Music Entertainment and Deezer, and social media platforms, such as Instagram (through Meta) and TikTok. Under these contracts, it licenses audio or video content to these platforms for a certain period of time and in a defined territory.

This license allows the platform to exploit the Group's content (including the sound and/or video recording, as well as the accompanying elements and associated metadata) via the services operated by the platform concerned, whether for streaming, downloading or creating user-generated content.

The rights granted to the platforms cover the right for the latter to reproduce the sound and/or video recordings on their servers, the right to communicate them to the public via the platform, and the right to authorize users to reproduce these recordings in videos posted on the platform. For video content sharing platforms, these rights allow users to upload content to said platforms. Identical rights are granted to the platform regarding the accompanying elements of the recordings, such as the booklet, the cover or the artist's biography.

Each contract also defines the methods for calculating the amounts due to the Group by the platforms.

These calculation methods vary according to the content monetization method used by the platforms depending on whether the monetization is by paid subscription or ad-funded.

Amounts due to the Group are generally structured as a sharing mechanism of revenue generated by digital service providers or social media platforms, as the case may be, from paid subscriptions by users, or from revenue they earn from advertising, and to a lesser extent, from the sale of music for download.

*(1) For example, in 2022, Spotify's cost of sales, which mainly corresponded to the amounts paid to labels and record companies and also included certain other expenses such as credit card payment fees, customer service fees and certain personnel costs, accounted for 75% of the revenue from its paid services (source: Spotify 2022 Annual Report).*

For subscription-based offerings of digital service providers, the amount due to the Group is generally equal to (i) the market share (based on the number of listeners, defined below) of the content made available by the Group on the platform multiplied by (ii) the greater of (a) a fixed amount per user or (b) an amount resulting from the application of a percentage to the revenue generated by the platform from subscription-based offerings.

For download offers, the amount due to the Group is generally equal to a percentage of the amount paid by the end user to acquire the music.

For free ad-funded services, the amount due to the Group is calculated on the basis of how often the content uploaded to the platform is listened to or viewed. In general, it is equal to the market share of the content made available by the Group on the platform, multiplied by an amount resulting from the application of a percentage to the advertising revenue generated by the platform.

For audio and video content, the market share corresponds to a percentage calculated by comparing the number of plays or views generated on the platform over a given period by the content made available by the Group (for example, a stream is generally counted when it lasts more than 30 seconds) with the total number of plays or views generated on the platform over the same period.

Some contracts may also provide for a minimum guarantee payment, which is non-refundable by the Group but generally recoverable, similar to an advance on payments received by the Group, or provide for the payment of additional amounts, conditional on the Group meeting certain qualitative criteria.

The payment terms for amounts due from platforms under the Group's main contracts are generally between 30 and 60 days following receipt of the invoice or the end of the calendar month of the current period.

Contracts with digital service providers are usually concluded for periods of one to three years, with the possibility of renewal. They may be terminated in advance by either party, in particular in the event of a serious breach of their terms, and almost all of them are concluded on a non-exclusive basis.

The contracts entered by the Group generally include an obligation for the streaming and social media platforms to provide the Group with periodic sales reports, including, in particular, the number of streams generated by the content made available by the Group, the number of users of the platform and other information necessary to calculate the amount due.

The Group entity signing the contracts with the platforms is, in most cases, Believe International, with entitlement to the rights covered by the contract extended to all Group entities.

## 1.2.3 A global digital platform offering top-level service thanks to its musical, digital and technological expertise

The Group has built a unique model based on a central, data-driven, scalable technology platform allowing the delivery of the same level of service in all geographies while generating economies of scale.

Technology and data are at the heart of the Group's business model and are used by all of Believe's key functions, from the processes of ingesting, controlling and delivering audio and video content, to the processes of collecting and managing payments, identifying artists, marketing and promotion, and analyzing data. Local teams rely on this leading technological platform to support the development of artists and labels and to conduct their activities efficiently and profitably.

The Group's activities thus require substantial investments in technological tools in order to operate a complex operational model capable of processing high volumes of content and data on a global scale, with a growing number of platforms. These investments support the Group's growth.

The Central Platform developed by the Group gives it a clear competitive advantage, which the Group intends to maintain in the future by continuing to invest in further developing its content management and platform delivery tools, by improving its interfaces with artists and labels (Backstage for Premium Solutions and TuneCore for Automated Solutions), by developing its data management and analysis systems in order to improve its ability to identify high-potential artists, and by continuing to develop and automate digital marketing and promotion tools.

Finally, the Group intends to invest in the structuring and integration of its proprietary tools with third-party systems, in particular for its support functions such as finance and human resources, in order to further improve its productivity.

### A digital DNA providing an unparalleled digital music business intelligence

Data analysis is central to the digital music business.

It improves and further automates the ability to identify talent, providing the Group's sales teams with the tools to detect trends and high-potential artists.

Access to reliable and accurate data analysis tools is also essential to attract and retain artists and labels and optimize their audience. Data analysis also helps the Group to improve its business performance by refining its knowledge of the music landscape, enabling it to better meet the needs of creators, artists and labels. It also allows the Group to define its international expansion strategy and to better respond to the changing requirements of digital service providers.

The Group's data analysis tools provide information on the number of streams of a track or an album generated on a given platform on a consolidated basis. These tools also make it possible to identify the method of consumption on the platform – for example, a stream generated through a playlist created by the user, through an album or artist page or through a recommendation generated by the platform. Artists also have real-time access to information about the entry of his or her tracks into playlists, with easy access to the name of the playlist, the number of users following this playlist or its listening duration. Artists also have information about their audience, with a breakdown of streams by age group and gender.

## Tools for the management and delivery of content to the platforms – evolutive technologies to efficiently manage large volumes at scale

The Group relies on sophisticated digital tools and processes for the reception, management and delivery of content, in order to respond to the specificities of each partner platform on the one hand, and to the needs of the creators, artists and labels served through the Premium Solutions or Automated Solutions on the other (*e.g.* tight turnaround between the delivery of the masters by the artist and the date of delivery to the relevant platforms, or last-minute changes to the title of the track).

The tools used by the teams are based on proprietary technologies, developed in-house by the Central Platform teams, and used throughout the audio and video content supply chain. These tools made it possible to provide digital music platforms with significant volumes of content in 2022 ( approximately 35 million pieces of audio content made available on Spotify and Apple Music for example), while carrying out in-depth processing of each piece of content, metadata and accompanying material such as the booklet, the cover and the biography of the artist. More than 30 data fields (metadata) are thus checked for each audio content, ranging from the title and performer of the content to the mood, allowing optimal referencing and therefore visibility on the platforms of digital service providers.

The audio and video content supply chain comprises three functional blocks:

- **content ingestion and control:** audio content is sent by artists and labels via the Group's intranet to the content ingestion teams, who are responsible for checking it against internal and external guidelines (which depend on both local regulations and the rules specific to each platform), particularly in terms of technical quality and copyright. The Group has developed in-house tools to automate the ingestion of this content, control its technical integrity and, thanks to the proprietary *Vool* technology, verify its compliance with the quality standards of the platforms, particularly as regards metadata. The Group also relies on certain external tools, such as automatic audio fingerprinting tools, which identify the unique sound signature of each song and thus facilitate the identification of the chain of rights to the content. The process may vary for some video content, which is uploaded directly by artists or labels to video digital service providers such as YouTube, and then the Group uses a proprietary metadata retrieval, control and enrichment tool for this content. The Group therefore stores all content-related metadata internally, enabling a consistent approach across all platforms for each release, but does not store all video content;
- **management and enrichment of audio and video content:** after the ingestion process, content is stored in an optimal way (see Section on "*An intensive use of technology and data supported by the Group's servers and IT infrastructure*" on page 17 of this document) allowing all content to be accessible to Group teams in real time via its intranet. Then the content is "enriched" (*e.g.* with the addition of the moods described), in order to meet the quality standards of streaming and social media platforms. For this phase, the Group also uses technologies developed in-house to ensure the integrity, robustness and accessibility of the databases, as well as their continuous improvement. The number of data fields associated with each piece of content is continuously increasing;
- **delivery of audio and video content to platforms**: once controlled and enriched, the content is made available to more than 150 streaming and social media platforms around the world, using proprietary technological tools developed by the Central Platform. Approximately 80,000 pieces of audio and video content were made available each month by the Central Platform in 2022. For this phase, the Group mainly uses tools developed internally by the Central Platform teams such as *Demon* (delivery control and monitoring tool) or *Store Manager* (management of logistics with the platforms).

## Backstage, a comprehensive distribution software for artists and labels within Premium Solutions – leveraging a unified backbone to deliver best results globally

As part of the Premium Solutions, the Group has invested in a set of proprietary technological solutions enabling artists, labels and the teams responsible for monitoring them within the Group to analyze, manage and promote all the catalogs via a single interface called Backstage.

This interface is available to all artists and labels who have signed a contract with the Group in all geographies. It includes a content release creation system; a catalog management tool allowing artists and labels to optimize their referencing by including old and new content; and content monitoring tools, allowing artists and labels to follow each stage of delivery, check their promotional results, control their rights, read transparent financial reports and obtain payments.

Backstage also offers innovative tools tailored to artists and labels designed to meet all their needs.

Backstage includes an in-depth data analysis platform, Datamusic, allowing artists and labels to analyze trends on a daily basis, with the monitoring of some 15 digital service providers, providing a daily overview of where and when their content is streamed. Datamusic also provides information on the content included in the playlists available on major platforms, as well as information on the demographics and behavior of users. This makes it possible, for example, to identify the time someone spent listening to one track before moving on to another, thus offering better audience targeting. Datamusic also allows artists and labels to follow the evolution of the position of their content on different charts, with a segmentation by territory.

## TuneCore, an automated interface for content delivery dedicated to the music creator ecosystem

Artists using Automated Solutions, after creating an account, send their audio content, the cover of the track or album and information relating to the release of the track or album. Artists may choose, if they wish, to distribute their content from among 150 digital service providers. The Group makes this content available in accordance with the terms of the contracts entered into with the digital service providers, which stipulate in particular the amount of the payments due to the Group.

As content gets streamed or downloaded, the digital service providers pay out the amounts due, which the Group then passes along entirely to the artists.

Since November 2021, TuneCore has also offered the option, as an initial step, for a Social Discovery offer, which allows music creators to distribute their music on social media without taking out a subscription. The Group, which retains the remaining 20% as commission on the revenue generated, then pays 80% of the sums paid by social platform to the artists.

With the TuneCore interface, music creators receive reports that allow them to dynamically analyze the number of streams their content has generated on the major digital platforms (the analysis can be performed by country, by album or by track, for example). Creators of music also receive sales reports reflecting the breakdown of their sales from each digital platform (by country, by platform or by track), on a monthly or quarterly basis (depending on the reporting frequency of the digital platforms).

Finally, the TuneCore interface also allows music creators to benefit from a range of additional automated services for an additional subscription fee or a commission on the revenue generated, depending on the services chosen. For example, an artist can also benefit from administrative management solutions for their copyrights (in all the geographic areas served by TuneCore) or marketing and promotion tools (with the TuneCore Social service, for example, which allows centralized and supported management of the artist's promotion on several social media).

Some additional services are provided to artists on a white label basis or via partnerships, in order to offer a full range of features to attract and retain artists: for example, artists can benefit from a review of their content by a community of fans (TuneCore Fan Reviews), instant or custom mastering (via AfterMaster Audio Labs), CD or vinyl manufacturing (via Conflikt Arts), video clip creation (via Rotor) or even radio play (via Radio Airplay).

## Investing massively in technology and developing proprietary algorithms and applications

The Group has a team of more than 266 Product and IT experts mainly dedicated to the development of the Group's internal tools and websites, Backstage, and internal algorithms.

The majority of the Group's systems are based on open-source software and adapted by its teams according to its internal needs.

In order to limit infrastructure failures that could lead to operational or security difficulties, the Group's IT teams have put in place code review protocols for all development and infrastructure items.

## An intensive use of technology and data supported by the Group's servers and IT infrastructure

In order to support the growth of its business, which involves ingesting and delivering an increasing amount of content and analyzing a growing volume of data, the Group is making significant investments in storage solutions and has just switched to a new, more efficient storage solution. The Group is also optimizing its data storage method.

It has servers located in France in two data centers currently operated in-house and capable of processing and delivering data 24 hours a day. As of the date of this Universal registration document, more than 1,200 terabytes of data are stored in these servers, for an overall capacity of more than 3,100 terabytes.

The Group's critical databases are backed up internally on private infrastructures using open-source technologies with proven reliability, such as MariaDB (mySQL) and ColumnStore (infiniDB), and at a competitive cost to the Group.

Since 2021, the Group has significantly increased the use of best-in-class technologies to benefit from interoperability between private cloud and public cloud, and increase its data processing and storage capacity while making greater use of the functionalities of deep learning. The choice of a hybrid solution and the agnostic use of the public cloud also offers better interoperability with the acquired companies. This is notably the case for TuneCore, whose infrastructure is on Amazon Web Services (AWS). All the infrastructure security technologies deployed in the Group's hybrid solutions are leaders and benchmarks in their respective markets (Palo Alto, Cisco, F5, Pulse Secure, Splunk). The Group's critical assets are all backed up on latest generation storage solutions which also provide data security against ransomware.

## Targeted investment operations to support growth

The Group's activities are based on investments in its local teams and in the development of the Central Platform and dedicated teams. The development of the platform aims, on the one hand, to guarantee the reliability and security of the content and, on the other hand, to constantly improve and enrich the range of solutions. The Group capitalizes a portion of development costs, which mainly include internal and external personnel costs when they meet certain criteria (detailed in Note 6.2 to the Group's consolidated financial statements for the fiscal years ended December 31, 2022 and 2021 on page 249 of this document), and presents them in the Group's cash flow statement under the acquisition of intangible assets.

Expenditure on the acquisition of property, plant and equipment and intangible assets represented 3.3% of consolidated revenue for the fiscal year ended December 31, 2022, down compared to 4.6% for the fiscal year ended December 31, 2021. This decrease is mainly due to a lower rate of capitalization of development costs in 2022 than in 2021, due in particular to the nature of the projects (increased number of cloud and digital marketing projects in 2022).

The Group also pursues a targeted external growth policy, described in Sections 1.4.5 and 1.5.3 of this document, (on pages 37 and 40 respectively), which supports the Group's future growth.

The table below shows the Group's investment transactions over the last two fiscal years (detailed in Note 11.3 to the financial statements presented in Chapter 6, p. 273, of this document):

| *(In € thousands)* | Fiscal year ended December 31, 2022 | Fiscal year ended December 31, 2021 |
|---|---|---|
| Acquisitions of property, plant and equipment and intangible assets(1) | (25,450) | (26,699) |
| Acquisitions of subsidiaries, net of cash acquired | (8,717) | (49,934) |
| Decrease/(increase) in loans and non-current financial assets | (4,121) | 2,362 |
| **TOTAL** | **(38,288)** | **(74,271)** |

*(1) Corresponds primarily to the capitalization in development costs for intangible assets in 2022 and 2021.*

The Group intends to continue these investment transactions as described above. Expenses on the acquisition of property, plant and equipment and intangible assets (excluding external growth expenses) are expected to increase in absolute value over the coming years, but remain around 4% of revenue by 2025. After putting its external growth policy on hold in 2022, the Group plans to resume its strategy in 2023. Believe will continue to carry out investment transactions of this type to support its growth beyond 2025.

## Offering a development platform for artists and labels at the local level with contracts at or above market standards

As part of its Premium Solutions offer, the Group signs distribution, promotion and marketing contracts in line with or above market standards in terms of duration and conditions. Artist contracts are usually signed for a period, of between 3 and 15 years (and between 3 and 10 years with the labels) as it is the case for the rest of the industry, but these include clauses that the Group considers more favorable, such as no exclusivity clause on featuring, much shorter post-contract exclusivity clauses and no rebates on royalty rates.

Furthermore, in order to benefit from the rights on content, the Group enters into digital distribution contracts with artists and labels.

The contracts can cover all recordings or the catalog of an artist or label ("label" or "catalog" contract) or one or more recordings by a particular artist ("artist" or "project" contract).

Under the terms of these contracts, the producer grants the Group the right to market, in digital form and for the whole world (in the vast majority of cases), all or part of its catalog or the catalog of an artist. This concession covers the rights to reproduce, communicate to the public and make available to the public audio and video content on streaming and social media platforms.

The contracts are entered into on an exclusive basis. The artist or label may not, therefore, during the term of the contract and for the territories concerned, grant the rights referred to above to a person other than the Group, or self-release the audio and video content covered by the contract.

The contracts provide for both an exclusivity period ranging from a few months to a few years – covering the period during which the artist or label undertakes to provide the Group with new content – and an exclusive commercial exploitation period of up to 15 years – covering the period during which the Group may market the recordings provided by artists and labels for exclusive use.

The Group pays artists and labels a percentage of the remuneration it receives from the platforms in return for delivery of the audio and video content produced by the artist or label concerned.

Under certain contracts with artists and labels, the Group makes advance payments to them, which are deducted from the amounts paid by the Group to the artist or label during the performance of the contract. The advance is usually paid in several installments, with a first payment on the date of signature of the contract, another portion being paid when the content is delivered by the artist or the label, and, where applicable, the balance being paid based on the repayment of previously advanced amounts.

If the contract is terminated for the artist's or label's gross negligence, the artist or label is generally required to reimburse the Group for any advances not yet repaid. In addition, the contracts generally contain clauses enabling the Group to continue recovering advances after the expiry of the contract's initial term, for a set period, so long as the advances have not been fully recovered.

The advances are recognized as assets when they are paid and are booked as expenses as the associated rights fall due. They are reviewed at the end of each period to assess whether they are recoupable and are impaired where appropriate. Impairment, if any, is calculated on the basis of an estimate of the amount to be recouped until the end of the contract and is recorded as cost of sales. The advances held as assets are broken down into a current portion (which the Group expects to recover in the 12 months following the closing) and a non-current portion (see also Section 3.1.4 and Note 4.6 to the Group's consolidated financial statements for the fiscal years ended December 31, 2022 and 2021, on pages 127 and 240 respectively of this document).

The Group is also committed to promoting artists' and labels' recordings to providers.

As part of the Premium Solutions Artist Services offer, the contracts signed with artists and labels also cover additional services such as the definition and execution of the marketing, promotion and advertising strategy, the creation of visuals, the implementation and management of partnership operations with brands (branding), the synchronization and sale of derivative products or the payment of advances to finance the development of tracks or albums. In this context, the contracts entered into may be digital distribution contracts or licensing contracts. For the latter, the Group, in its capacity as a licensee, bears all operating costs related to recordings, such as manufacturing, marketing and promotion costs. In return for these additional services to artists, the Group receives additional remuneration and benefits from a longer period of exploitation of the rights.

Finally, in addition to digital distribution, promotion and marketing contracts, the Group may enter into contracts for physical sales in certain territories (principally France, Germany and Italy). These contracts are auxiliary to the digital distribution contracts and reserved for artists selected by the Group who wish to continue making and selling physical media.

In addition, for its more minor music production activity, in which it directly produces the recordings of its performing artists, the Group enters into artist contracts with them through its own labels. In this context, the Group enters into exclusive phonographic recording contracts, also known as artist contracts, with performing artists who hold neighboring rights to their performances (see Section 1.3.2. *"Legislative and regulatory environment"* on page 28 of this document), for durations generally greater than 10 years in order to market one to three musical projects, sometimes more. The Group bears the recording costs and also ensures the production, promotion and distribution of the recordings, and in return the performing artists transfer to the Group the neighboring rights they hold to their performances. In return for the transfer of his or her rights, the performing artist receives remuneration in the form of payments calculated on the basis of a predetermined percentage of the receipts generated by the exploitation of the recordings. In return for the recording service and depending on the recording time, the performing artist also receives a fee, remuneration that is considered a wage in France.

For Automated Solutions, artists agree to the general terms and conditions of sale published on the TuneCore website when they subscribe online to the service.

## 1.2.4 Believe provides solutions for artists at each stage of development, from music creators to top artists

The Group relies on an integrated model to offer artists a first-rate quality of service thanks to adapted technological solutions and the digital and music expertise of teams deployed locally in more than 50 countries. Its model makes it possible to offer the same quality of service at each stage of the development of artists, whether they are emerging artists, established artists or top artists.[(1)]

To operate its activities, the Group relies on a leading Central Platform offering a set of innovative digital solutions for the development of artists focused on their needs, including solutions for the provision and marketing of content, financing, marketing, promotion, synchronization, music publishing and the organization of musical events.

The Group offers two ranges of solutions: Premium Solutions and Automated Solutions.

### 1.2.4.1 Premium Solutions: a customized offering managed by experts in music and data analysis and supported by cutting-edge technology, targeting the needs of all artists, from emerging to established to top artists

#### A set of flexible solutions that can adapt to the needs of artists and labels

A survey conducted in the third quarter 2019, for instance, revealed that the main priorities of independent artists regarding career development are the ability to keep creative and commercial control, to retain ownership of their copyrights, to make a living from their music and to work with trusted partners *(source: MIDiA, "Independent Artist Survey", January 2020).*

The Group believes that it is in a position to address these priorities with its Premium Solutions offering, which includes a set of marketing and promotion solutions.

This product offering relies on the specific features of the Group's technological and business model, making it perfectly suited to the needs of artists, whether emerging or top:

- uploading, marketing and promoting artists' and labels' content on more than 150 audio and video digital service provider and social media;
- digital solutions leveraging the Group's leading technological expertise to provide digital marketing expertise and a set of marketing tools to help artists grow their audience and income;
- transparent, artist-centric solutions that provide near real-time access to data and advanced analytical tools for catalog performance;
- a local presence in all key geographical areas[(2)], in order to establish close proximity to artists and labels and deepen their knowledge of local market trends.

The Premium Solutions are dedicated to the development of independent labels or direct artists, through teams specific to each activity.

Premium Solutions mainly comprise Label & Artist Solutions. These include marketing, promotion and uploading services to streaming and social media platforms, the digital audio and video content of labels or artists who have entrusted the Group with the marketing and promotion of their catalog. As part of this offer, labels and artists also benefit from a flexible service for the collection and payment of their royalties, a simplified access in real time to their catalog's audience data and, for certain labels and artists, financial advance solutions.

For top artists, established artists or artists that have recently enjoyed popularity, the Group has also developed Artist Services, an expanded offer which, based on the same core services, ensures more advanced promotion and marketing of musical works by accompanying the artists in the definition and execution of "go-to-market" strategies.

At the discretion of the labels and artists, the Group also offers additional services such as the distribution of their catalogs in physical outlets, and, within the framework of its Artist Services offer, optional services such as the administration of copyrights (publishing), the use of recorded music in advertising, films and series, video games and television (synchronization), the sale of derivative products, the organization of musical events (booking) and the establishment and management of partnerships with brands (branding).

*(1) The Group classifies the artists it serves (directly or via their labels) into emerging artists, established artists and top artists according to the revenue they generate. The revenue threshold for each category of artist varies according to the geographic market in question.*

*(2) The geographic markets identified as being key markets by the Group are the markets in which it has the largest local teams or in which it intends to strengthen its local teams in the future, and include France, Germany, the UK, the USA, India, China, Brazil and Japan.*

Premium Solutions are based on a revenue share business model: in exchange for making artists' and labels' content available, the Group is paid sums of money by streaming and social media platforms. The Group then transfers a portion to the artists and labels in question. The average payment rate to artists and labels varies according to the type of customer (label or artist) and the level of service provided: on average, between 60 and 90% for Label & Artist Solutions and between approximately 50 and 70% for Artist Services.

### Main teams involved in developing relationships with artists and labels as part of Premium Solutions

The Group leverages the digital audience development expertise of its employees to thoroughly analyze artist performance data, build lasting relationships with all players in the music industry, and maintain the Group's brand image and ability to discover and develop talent.

The Group's Premium Solutions teams, in close contact with artists and labels, include:

- Talent Scouts, responsible for identifying and reaching out to emerging artists who may need support in developing their audience. They do so using data and trend analysis and tracking tools, as well as their strong relationships with the wider music industry and the relationships established with certain high-potential artists through the Automated Solutions offering;
- the teams responsible for commercial follow-up and relationships with artists or labels (Label Managers, Artist Relationship Managers, or Project Managers according to the type of offers) take over from the Talent Scouts once the relationship has been initiated, and manage the signing process. These teams, in support of the Talent Scouts, regularly monitor and update a pipeline of potential new artists, drawing on their in-depth knowledge of the music market, and regularly monitor existing relationships with producers in order to build loyalty and provide the offer that is best suited to the needs of artists and labels already signed by the Group. These teams are the main point of contact for artists and labels, responsible for optimizing their catalog, designing their content distribution strategy and developing marketing guidelines for artists and labels;
- the logistical and operational support teams (Support), responsible for the technical ingestion of the content catalog and the resolution of any technical issues;
- the video channel managers, responsible for developing and optimizing durable video content distribution channels on video streaming platforms;
- specialists responsible for negotiating the editorial positioning of the Group's content with digital service providers (particularly within playlists) in order to maximize its visibility and performance.

### The Group's operational process for Premium Solutions

The identification, provision and remuneration of audio and video content on streaming and social media platforms involves a series of steps integrated into a structured operational process based on the use of leading technological tools developed by the Central Platform teams.

- A preliminary market analysis phase enables the detection of potential artists, who are approached by the Group's Talent Scouts, with whom the contractual terms of their relationship with the Group are then negotiated. These mainly concern musical content and the duration and financial conditions of the agreement, which are monitored in the Salesforce suite.
- At the end of this preliminary phase, a contract is signed between the artist or label and the Group, directly via the electronic contract management platform rolled out by the Group's Central Platform (see Section 1.2.3 *"Believe is a global digital platform offering top-level service thanks to its musical, digital and technological expertise"* on page 14 of this Universal Registration Document). This contract conforms, as appropriate, to one of the Group's 250 contract templates (the majority of standard contracts signed by the Group with artists and labels) (see Section *"Digital distribution contracts with artists and labels"* on page 17 of this Universal registration document). A producer account is also created (in 2022, more than 31,400 producer accounts were active with the Group).
- The audio and video content of the artist or label is then sent to the Group via its intranet; the content ingestion teams then approve the quality and copyright of the content with respect to internal and external guidelines, which depend both on local regulations and on rules specific to each platform. The technical integrity of the content is checked and enriched to meet the quality standards of streaming and social media platforms (see Section 1.2.3 *"The Group's technology platform"* on page 14 of this Universal registration document).
- Once ingested, controlled and enriched, the content is made available to the streaming and social media platforms using the proprietary technological tools developed by the Central Platform. A monthly average of about 80,000 pieces of audio and video content were thus made available by the Central Platform in 2022.

- The streaming and social media platforms then check the content received and may, in certain cases, reject content that they believe violates copyright regulations. The amount of content rejected per month is very low compared to the amount of content uploaded.
- Once checked and validated by the streaming and social media platforms, the content is put online and sales reports are sent to the Group by the providers and social media platforms, generally on a monthly basis. More than 4,400 sales reports were processed in 2022 by a dedicated team of the Group.
- On the basis of the sales reports received from the streaming and social media platforms, the Group prepares and sends out its invoices. Once these invoices have been paid by the streaming and social media platforms (in most cases within a few days), the Central Platform teams draw up sales reports according to the contractual frequency (in the vast majority of cases every month) for each artist and label, highlighting the number of streams generated by their content and the details of the calculation of the amount due by the Group pursuant to the contractual terms.
- The artist or label, depending on the contractual payment deadlines, can request payment through an electronic invoicing process and receives its payments at the end of the contractual deadlines agreed with the Group.

### Main competitors of the Group's Premium Solutions

With regard to Premium Solutions, the Group's main competitors are:

- the three majors (Universal Music Group, Sony Music Entertainment and Warner Music Group), the main companies holding the global music catalog, through either (i) their digital distribution offer proposed through subsidiaries, such as Ingrooves and Virgin Music Label & Artist Services for Universal Music Group; The Orchard and AWAL for Sony Music Entertainment; and ADA for Warner Music Group; or (ii) their artist services offering, with the labels Polydor, Capitol and DefJam for Universal Music Group; Columbia, RCA and Epic for Sony; and Warner, Elektra and Atlantic for Warner Music Group;
- mid-sized players specializing in digital distribution and subsidiaries of large music publishing companies, such as Fuga, a subsidiary of Downtown, or local independent players, such as Idol in France or UnitedMasters in the United States; and
- a number of domestic labels and artist services companies located in the countries where the Group does business.

## 1.2.4.2 Automated Solutions: a high value-added technological solution targeting the needs of music creators and self-releasing artists

As part of the Automated Solutions, the Group enables music creators and self-releasing artists, via its TuneCore digital platform, to distribute their audio content in an automated manner to streaming and social media platforms. The Group is then responsible for collecting from the streaming and social media platforms the amounts they owe in return for uploading the content. These amounts are then paid in full to the artists for the content uploaded to audio streaming platforms, after the Group deducts a margin for content made available on video streaming platforms or social media sites.

Music creators using Automated Solutions, after creating an account, send out their audio content and associated information (such as metadata) via TuneCore. Music creators then choose, from among more than 150 digital service providers, where they wish to upload their content.

After these first steps, the TuneCore interface makes it possible to upload content onto all the digital service providers chosen by the artist. The Group makes this content available in accordance with the terms of the contracts entered into with the digital service providers, which stipulate in particular the amount of the payments due to the Group.

As the content gets streamed or downloaded, the digital service providers pay out the amounts due, which the Group then passes along to the artist, on demand and in their entirety, or, for content uploaded to video streaming platforms or social media and used in the creation of user-generated content, after the deduction of a margin by the Group.

### A new subscription offer to better meet the expectations of music creators

In June 2022, TuneCore launched *Unlimited Pricing* a new pricing offer to meet the expectations of music creators and self-releasing artists better. Customers can now stream their music instantly, regularly and transparently with a single annual subscription, allowing unlimited distribution of their music to their audiences.

This new offering includes four subscriptions designed to give a wide choice to music creators and self-releasing artists while meeting their unique needs:

- the New Artist/Social Platforms subscription, which is a unique solution on the market makes it possible to distribute an unlimited number of tracks for free on the music libraries of Instagram, TikTok, Snapchat and YouTube. This package allows music creators and self-releasing artists to distribute their music quickly and free of charge to gain visibility thanks to the sharing of users of these social media platforms. TuneCore allows them to recover 80% of the revenue generated;
- the Essential subscription, at €14.99 per year, is among the most affordable on the market. It includes all the options of the New Artist subscription as well as the possibility of distributing an unlimited number of releases on more than 150 online music platforms, such as Spotify, Deezer, Apple Music or Amazon Music by paying 100% of the generated revenues to music creators and self-releasing artists. This subscription also allows for the scheduling of release dates, the official verification of music creators accounts on Spotify and Apple Music, as well as including a response time from the artist support service of less than 72 hours;
- the Semi-Pro subscription, at €29.99 per year, includes all the options of the New Artist and Essential subscriptions, as well as access to the Store Automator tool, which automatically integrates the releases of a music creator or self-releasing artist into any new music platforms that TuneCore adds, the detailed performance report, as well as a response time from the artist support service of less than 48 hours;
- the Professional subscription, at €49.99 per year, is designed for labels, managers and self-releasing artists who want to master all aspects of music distribution. It includes all the functionalities of TuneCore, including advanced sales reports, the ability to customize its own UPC code, label name or impose geographical restrictions. This subscription also offers the possibility of managing several artist profiles on a single account (for an additional €14.99 per artist, per year) as well as a response time from the support service of less than 24 hours.

In addition, all self-releasing artists, regardless of their means, can call on TuneCore's music distribution expertise and benefit from scouting opportunities through the Signed By program, which benefited more than 400 TuneCore artists worldwide in 2022.

Music creators and self-releasing artists choose one of these annual subscriptions to be able to access TuneCore and make their audio content available on the streaming platforms. The amount of this program varies according to the subscription chosen by the artist. Subscription revenue represented 55% of revenue generated by Automated Solutions for the fiscal year ended December 31, 2022.

For content made available on video platforms or social media as part of the Social Platforms offering, the Group deducts a small portion of the sums which it pays to the artists. For content used to create user-generated content, the artists pay an annual subscription to the Group, which also deducts a margin (recorded as revenue) from the sums it pays to the artists. These remuneration methods represented 33% of revenue generated by Automated Solutions for the fiscal year ended December 31, 2022.

Finally, access to the TuneCore platform can, at the artist's choice, be supplemented by music publishing solutions, financial advances or marketing and promotion tools. Revenue from these additional solutions represented 12% of revenue generated by Automated Solutions for the fiscal year ended December 31, 2022.

### A pioneering product offering successfully merged into the Group's overall range of solutions

The Group strengthened its Automated Solutions business with the acquisition and integration in 2015 of TuneCore, a US company founded in 2006, at a time when the streaming market was just being formed. The Group believes that its Automated Solutions offering has a number of competitive advantages that enable it to be one of the leaders in its market. TuneCore is positioned as the leading development partner for self-releasing artists, having paid more than $3 billion to these artists since its creation in 2006, placing it well ahead of its main competitors.

The Automated Solutions offering is a pioneer in its field, which has enabled it to build a vast community of several hundred thousand self-releasing artists who regularly use the solutions offered. This strong community allows the Group to benefit from natural publicity for this automated offer, also linked to the strong recognition of the TuneCore brand on the market (more than 735,000 followers of TuneCore on Instagram, Facebook, TikTok, YouTube, etc. in December 2022). The Automated Solutions offering is supported by a stable subscriber base, with a subscriber retention rate[(1)] of 82% in 2021.

TuneCore benefits from the Group's expertise in branding and artist acquisition, thereby increasing the recognition of the TuneCore brand among music creators and self-releasing artists. The Group has also relied on its international experience to successfully structure the deployment of TuneCore outside the United States, as well as on its privileged relationships with digital service providers, developed as part of its Premium Solutions business, in order to negotiate the most competitive terms with them and facilitate the integration of content. These relationships allow self-releasing artists to make their content available on the major platforms of the music industry such as Spotify, Deezer, Apple Music, Amazon Music or YouTube for the streaming of audio and video, or TikTok and Instagram for social media.

*(1) Refers to the number of subscribers renewing their TuneCore subscriptions as a percentage of total subscribers.*

The Automated Solutions offer now benefits from international geographic coverage, with local sales teams (and in some cases a local domain name) located in 14 countries on 4 continents.

After its deployment in Brazil, Russia and India in 2020, the Group continued the deployment of TuneCore in Africa, Southeast Asia, Latin America and Benelux in 2021. In 2022, the Group continued its efforts to localize its Automated Solutions offering. The TuneCore interface has grown significantly in Southeast Asia since the introduction of the Social Platforms revenue-sharing offering, which enabled music creators to easily distribute their music on key social media, and generated new subscriptions in the region.

TuneCore has also partnered with a global electronic payment platform to offer localized payment methods to a growing base of music creators in the region who prefer alternative means of payment to credit cards. The Group plans to roll out these programs in countries and regions with similar practices, thus contributing to the growth of international customers of Automated Solutions. TuneCore had 51% international customers[1] in 2022.

### Main competitors of the Group's Automated Solutions

With regard to Automated Solutions, the Group's main competitors are CD Baby, Distrokid and Ditto. The majors that had developed competing offerings, such as Spinnup for Universal Music Group or Level for Warner Music Group, decided to exit this market or to reposition their offerings on more established artists.

The Group believes that the specific characteristics of its business and technological model and its geographical coverage give it a unique position in the recorded music market, in particular the digital music sub-segment, which differentiates it from its main competitors.

## 1.2.4.3 Believe provides artists and labels with the tools and the expertise they need to grow

The Group has developed a set of proprietary marketing tools to support the execution of marketing strategies of labels and artists, with numerous applications such as digital campaign tracking (Backstage Ads) automated content and video generation for promotion (Backstage Creative), smartlinks generation (Backstage Links 1:1), and online dashboards providing real-time access to artists' performance and audience results.

The Group is constantly developing new tools to automate key functions to enable artists to gain autonomy and develop more strongly. For example in 2021, the Group invested in a SaaS media buying automation platform, a leading marketing solution to develop and engage the audiences of artists and labels.

In 2022, the Group rolled out a new playlist monitoring tool that enables it to monitor the results of distribution partners' editorial placements and assess the impact on flows. The tool also maximizes reporting capabilities on editorial and marketing performance by analyzing thousands of playlists. The Group has also implemented a new royalty calculation and reporting system, offering a solution that makes it possible to easily manage complex cases for the split between beneficiaries, while standardizing and automating a transparent and reliable calculation process.

Believe also develops algorithmic technologies in-house to predict the virality of a piece of music or to better exploit the marketing capabilities offered by the Group's digital partners. Believe continues to forge innovative partnerships to develop long-term proprietary technologies.

This includes a partnership with Spotify on the platform *Discovery Mode,* for which the Group has developed its own algorithm.

This also includes partnerships with YouTube, including a partnership signed in 2021 for the launch of *Shorts,* positioning the Group as one of the leading partners for this feature available on mobile phones allowing artists to engage more with their communities. In 2022, the Group established a partnership as part of their initiative *Creator Music*, which offers a new digital storefront that allows creators to easily obtain licenses for popular music to use in their videos, thus making it possible to monetize the music both for them and for music rights holders.

*(1) Refers to customers located outside the United States, based on the country of origin entered online by the user when signing up for a new subscription.*

# 1.3 Markets and competitive position

*The information in this Section 1.3 relating to the market, in particular sizes and growth prospects, is mainly taken from third-party sources, such as IFPI*[1] *(Global Music Report 2022, March 2023), MIDiA (in particular MIDiA Research Global Music Forecasts, 2022-2030, June 2022 and MIDiA Recorded Music Market 2022, March 2023) and GFK Entertainments (see also Section 8.1.3 "*Information from third parties, expert declarations and declarations of interest" *of this Universal registration document). The data and information presented in this Universal registration document attributed to IFPI reflect the Group's interpretation of the data, research and points of view expressed in the Global Music Report published by IFPI in March 2023, and have not been reviewed by IFPI. Any IFPI publication should be read and interpreted as of its original publication date, not as of the date of this Universal registration document. IFPI, MIDiA and GFK Entertainments do not assume responsibility to third parties for information presented in this Section 1.3 as being extracted from studies, reports or other materials prepared by IFPI, MIDiA, or GFK Entertainments. The sizes of the various markets presented in this Section 1.3 are, unless otherwise indicated, expressed as the revenue generated by labels and distributors, which is largely equal to the revenue they derive from the sale of audio or video content or from the exploitation of the rights they hold on such content.*

## 1.3.1 The digital recorded music market is growing strongly

### Structure of the music market: recorded *versus* publishing market

The global music market is made up of the recorded music market and the live music market, two distinct markets with different players. These are the two main markets that enable artists to generate income. These two markets that make up the majority of the music industry monetization are supplemented by the music publishing market. Since its creation, the Group has been positioned in the most significant segment of the global music market, the recorded music market, which amounted to $27 billion in 2021, focused on the development of artists' careers via the distribution, promotion, marketing, sale and licensing of neighboring rights relating to their audio and video recordings.

The live music market, which amounted to approximately $13 billion in 2021, includes all musical performances that artists can physically or virtually perform in public. It is a mainly physical market, led by the American company LiveNation.

Music publishing consists of the acquisition by a publisher of a song's composition copyright, (*i.e.* the musical composition and/or the words) in order to disseminate the work as much as possible and optimize its exploitation. Music publishers are engaged in the business of granting these rights for use for example, in recordings, public performances, scores, translations, films, television programs, video games, websites or advertisements, etc. In return for the use of these rights, the publisher receives remuneration, partly paid to the author concerned. This market amounted to approximately $6 billion in 2021, positioning itself well behind the recorded and live music markets.

Within the recorded market, the Group is one of the leaders in the digital music segment and, in particular, in the streaming segment, which is showing the highest growth rates in the industry as it becomes increasingly adopted worldwide.

The Group's priority target is the fast-growing segment of local artists and labels that have the potential for local then international development.

### The global recorded music market

The recorded music market includes all business activities related to making musical recordings available to consumers who want to listen to them.

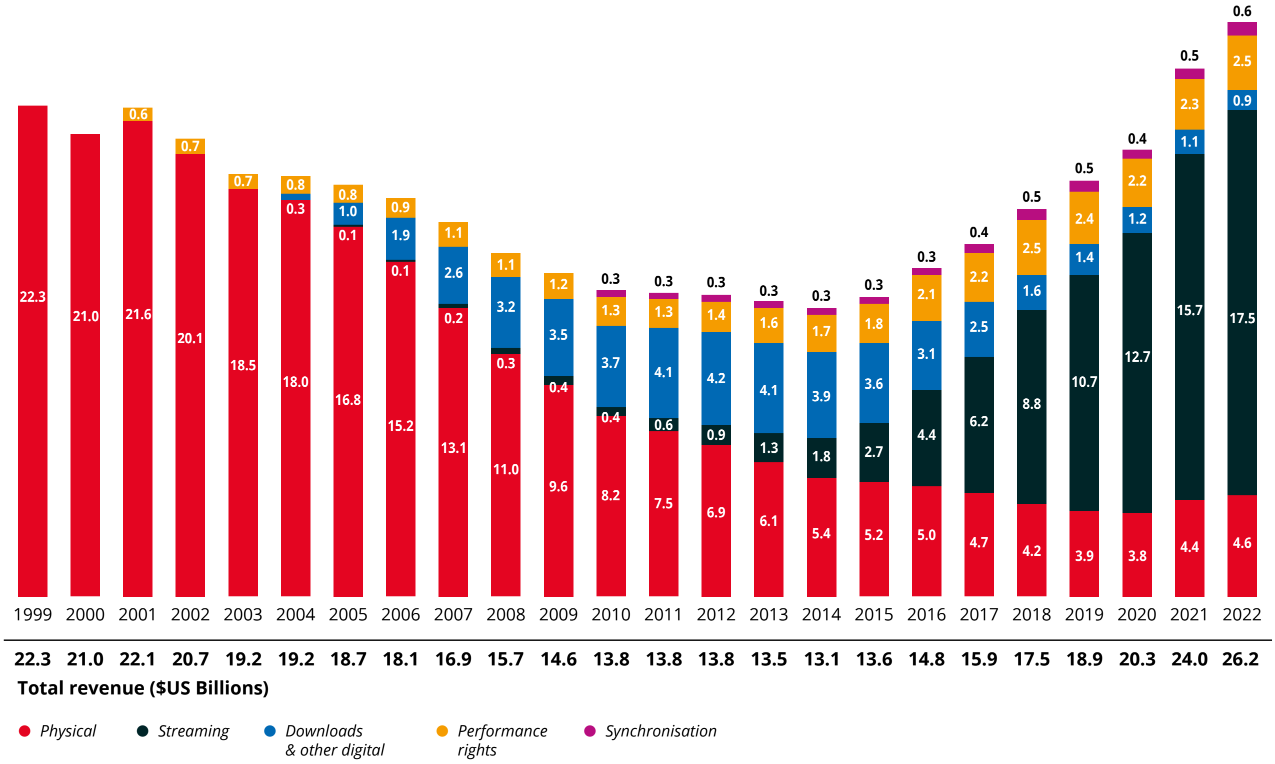
According to IFPI, the global recorded music market has enjoyed steady growth over the past few years, with revenue rising from $14.8 billion in 2016 to $26.2 billion in 2022, or a CAGR of 6.9% over the 2016–2022 period *(source: IFPI, Global Music Report 2022, March 2023)*. This market is broken down into 4 segments with different dynamics.

In 2022, the digital music market reached revenue of $18.5 billion and accounted for 70.6% of the recorded music market, mainly driven by the worldwide adoption of streaming which generated revenue of $17.5 billion thus representing 67% of the market *(source: IFPI, Global Music Report 2022, March 2023).*

*(1) International Federation of the Phonographic Industry.*

The physical music market, which represented 17.5% of the global recorded music market in 2022 *(source: IFPI, Global Music Report 2022, March 2023),* has grown slightly after a rebound in 2021 following a year marked by the Covid-19 pandemic and the associated restrictions. This slight increase doesn't question the structural decline, due in particular to the increasing adoption of streaming, is reflected in a reduction in sales areas and a decrease in the available supply (which is accompanied by higher physical distribution costs with, in particular, higher costs for the vinyl record, which is experiencing a growing consumer preference to the detriment of the CD); or a decline in the popularity of certain artists or genres traditionally distributed in physical format.

Lastly, the neighboring rights market, associated with the use of recorded music by broadcasters or in public places, and the synchronization market, namely the use of recorded music in advertising, films, video games, and television, accounted for 9.4% and 2.4% of the global recorded music market respectively in 2022 *(source: IFPI, Global Music Report 2022, March 2023).*




*Source: IFPI, Global Music Report 2022, March 2023.*

According to estimates by MIDiA, the recorded music market is expected to continue its strong growth to reach more than $43 billion by 2030 *(source: MIDiA Research Global Music Forecasts, 2022–2030, June 2022).*

## Streaming, a market with strong growth potential

The streaming market has experienced steady growth for several years, going from $4.4 billion in 2016 to $17.5 billion in 2022 *(source: IFPI Global Music Report 2022, March 2023)*, and has been the main reason for the growth of the recorded music market, to the detriment of the traditional physical market. The growing preference of users for this listening format, which allows users to listen to the desired track at any time without restriction through access to an on-demand library that is practically unlimited in terms of choice of content, on almost all types of devices with an Internet connection, and for a relatively inexpensive monthly subscription, if any, has supported the growth of this market.

The streaming market is served by two types of business: subscription streaming, whereby users have a paid subscription to digital service providers or social media, giving them ad-free access to the features of that interface; or funded streaming, giving users no-cost access to certain features of the interface, with the regular appearance of advertising messages, in return for which advertisers pay fees to the streaming and social media platforms. A certain number of digital service providers offer their users both types of offer. It is estimated that in 2022 subscription streaming accounted for 48.3% of the overall recorded music market (*i.e.* approximately 72% of the streaming market), compared to 18.7% for ad-funded streaming (*i.e.* around 28% of the streaming market) *(source: IFPI Global Music Report 2022, March 2023).*

According to MIDiA, streaming market revenue should reach $26 billion by 2024 and $35.1 billion by 2030 (82% of the recorded music market), of which the subscription streaming market would represent $23.7 billion *(source: MIDiA Research Global Music Forecasts 2022–2030, June 2022).*

This growth is expected to be supported by several favorable trends, such as the increasing adoption of subscription streaming by users and the further development of ad-funded streaming, including the development of new forms of monetizing recorded music.

## Increasing adoption of subscription streaming

According to MIDiA, the number of subscribers to a subscription streaming service jumped from 144 million worldwide in 2016, representing a 2% penetration rate, to 586 million users worldwide in 2021, representing a 10% penetration rate, and is expected to exceed one billion users in 2030, a penetration rate of 17% *(source: MIDiA Research Global Music Forecasts 2022–2030, June 2022).*

Subscription streaming is expected to enjoy growing user adoption in the next years, particularly among older generations and in geographic markets with high growth potential where the adoption rate of subscription streaming is still low.

### *Subscription streaming rates are still low in geographic markets with high growth potential*

The adoption rate of subscription streaming in certain developed countries, where the recorded music market is significant and where the Group has a strong presence, such as Western European countries[(1)], remains at a relatively low level (26% in 2021). The rates vary greatly from one country to another with, for example, 35% for Germany, 21% for France and 12% for Italy, levels well below those of more mature markets such as the Nordic countries (including Sweden, Spotify's home country, with 51% in 2021) and North America[(2)] (40% in 2021).

Some so-called emerging markets, such as Latin America[(3)] (penetration rate of 12% in 2021, including 12% in Brazil and 12% in Mexico), Eastern Europe and Russia[(4)] (penetration rate of 13% in Russia, for example), and Asia-Pacific[(5)] (penetration rate of 5% in 2021, with 9% in China, 2% in Thailand, 1% in Indonesia and 0.4% in India), with low penetration rates, also show high growth potential, with the digital music market still dominated in some countries by other listening formats, such as ad-funded free videos (in India in particular, where pirated music listening is still in place) *(source: MIDiA Research Global Music Forecasts, 2022–2030, June 2022).*

This strong potential is expected to result in an estimated near-tripling in the number of streaming subscribers in the above so-called emerging markets from 303 million in 2021 (52% of worldwide number of subscribers) to 705 million in 2030 (64% of worldwide number of subscribers), while developed markets[(6)] are expected to experience more limited growth in subscribers from 283 million in 2021 to 399 million in 2030 *(source: MIDiA Research Global Music Forecasts 2022–2030, June 2022).*

The Group, which has strengthened its presence in emerging countries between 2019 and 2021, with in particular the acquisition of companies in India, the Philippines and Turkey, aims to continue its development in these countries whose structural market trends favor its growth strategy (see also Section 1.5 *"Strategy and objectives"* of this Universal registration document).

### *The increasing adoption of streaming by older generations*

According to a survey, 54% of respondents aged 16 to 24 years reported having used a paid subscription streaming service in the last month. This percentage rises to 56% among 25–34 year old, 44% among 35–44 year old, 36% among 45–54 year old and 26% among 55–64 year old *(source: IFPI, Engaging with Music Report November 2022)*. This represents significant potential for streaming adoption and growth for older users, particularly as artists catering to this audience make greater use of digital distribution channels such as those offered by the Group.

*(1) The Western European countries surveyed by MIDiA include Ireland, the United Kingdom, Italy, Spain, Austria, Denmark, Finland, Belgium, France, Germany, the Netherlands, Norway and Sweden.*

*(2) The North American countries surveyed by MIDiA include the United States and Canada.*

*(3) The Latin American countries surveyed by MIDiA include Argentina, Brazil, Colombia and Mexico.*

*(4) The Eastern European countries surveyed by MIDiA include the countries not among the Western European and Nordic countries.*

*(5) The Asia-Pacific countries surveyed by MIDiA include Australia, China, India, Indonesia, Japan, South Korea, Taiwan and Thailand.*

*(6) Including North America, the Nordic countries and Western Europe.*

## The continued development of ad-funded streaming and the emergence of new ways to monetize recorded music

Ad-funded streaming is a powerful tool for artists to be discovered and become known to a wider audience. Revenues generated by ad-funded streaming are typically more sensitive to changes in economic conditions, due in particular to their impact on the level of advertising spend by advertisers. In this respect, the deterioration of economic conditions during 2022 led to a slowdown in the growth of advertising spend from June 2022.

Over the past few years, the Group recorded significant growth in revenues generated from making audio and video content available on video digital service providers, such as YouTube, which uses a content monetization model based mainly on ad-funded streaming, despite growth in its subscription offering.

The consumption of audio content in the form of videos has been expanding greatly, supported by the emergence of new forms of monetizing recorded music over social media like Facebook, Instagram or TikTok, which allow people to post relatively short, user-generated videos using the audio content of artists. The business model of these platforms and social media is mainly based on free plays and viewing, financed by advertising remuneration paid by advertisers.

These applications offer great potential for mass adoption worldwide, representing an additional opportunity for digital music players such as the Group to make their content widely available, especially to young listeners. From the artists' point of view, these applications represent an opportunity to gain visibility and sometimes even to go from being an emerging artist to a top artist, due to the awareness generated by these means.

## The growing market share of independent artists and labels, the Group's core target, in the recorded music market

Historically, the cost for artists of producing, distributing and promoting their content was relatively high, requiring substantial financial and logistical support, which artists sought to obtain from the majors in the music industry.

The historic business model of the majors is based on the identification, production and development of a limited number of artists, and the simultaneous acquisition of the majority of the rights to their catalogs, with an artist development strategy focused on traditional media such as television, radio and print.

The development of technological and digital applications has had a disruptive effect on the music industry. It fostered a burgeoning of new digital tools to aid in the creation of music which then enabled artists to self-produce. This led to the emergence of the digital music market and in particular the market for streaming, which has democratized market access for artists (especially by reducing their distribution costs) and made it easier for the public to learn about them, as well as the emergence of social networks, allowing for more direct contact with artists.

These developments are contributing to the emergence of a middle class of artists who are destined to capture a significant share of the value of the recorded music market, which is now less concentrated than before the emergence of streaming and spread over a larger number of artists and labels, with the existence of a multitude of music creators contributing to this new distribution of value. For example, in Germany, it is estimated that top artists (0.4% of the total number of approximately 47,834 artists identified in that country) account for 22.7% of the revenues generated by the digital music market[1] in that country, as opposed to 45.8% for emerging and established artists (although these represent only 10.5% of the total number of artists) and 31.5% for music creators and self-releasing artists (89.5% of the total number of artists) *(source: GFK Entertainments).*

In this context, a growing number of artists are seeking to benefit from high value-added digital solutions focused on their needs, with the objective of retaining the ownership of their copyrights, a rebalanced value sharing and a higher level of transparency and independence from their record companies and partners. For example, a survey carried out in the third quarter of 2019 shows that the main priorities of independent artists in the development of their careers are the possibility of retaining creative and commercial control, retaining ownership of their copyrights, making a living from their music and working with trusted partners *(source: MIDiA, "Independent Artist Survey", January 2020).*

The Group has historically structured its offer by targeting its support to artists in a market that is in the process of being digitalized and in a context where artists are increasingly seeking independence. The Group has positioned itself as a partner to artists for the development of their audiences on digital service providers with an offer currently included in Premium Solutions, before enriching its offer with complementary solutions such as marketing and promotion.

With the acquisition of TuneCore in 2015, the Group enhanced its ability to support artists at each stage of their career, offering solutions for automated distribution of their content by streaming and social media platforms, aimed primarily at artists at the beginning of their career. These solutions are included in the Group's Automated Solutions offering.

*(1) Digital music market including download and streaming (radio, paid and free), excluding audio books and performances.*

This positioning of the Group, which focuses primarily on artists in the process of developing their careers (whether emerging or established), and most often with a local rather than an international reputation, enables it to benefit from the strong growth potential of these market segments, in particular in comparison with the positioning of the majors, which focuses on internationally renowned top artists.

Thus, in a number of countries in which the Group operates, local artists generally represent a substantial portion of the best-selling albums in the country in question. For example, 17 Top 20 albums are French productions, and 154 French productions are ranked among the top 200 sales in 2022, *i.e.* 77% *(source: SNEP).*

These trends have led to a shift in the distribution of value in the recorded music market between the Majors ($20.0 billion in estimated revenues in 2022), direct artists (*i.e.* artists without labels) ($1.8 billion in estimated revenues in 2022) and independent labels ($9.3 billion in estimated revenues in 2022) *(source: MIDiA "Recorded Music Market 2022", March 2023).* Over the 2015-2022 period, the market share of Spotify went from 87% of total streams in 2017 to 75% in 2022 *(source: Spotify 2022 annual report 20F, February 2023)*, as well as the increase in the number of independent music creators (including the creators of podcasts) whose content is available on Spotify, increased from 3 million in 2018 to over 10 million in 2022 *(source: Spotify "Stream On", March 2023).*

## 1.3.2 The Group operates in complex legislative and regulatory environments

The Group is subject to various regulations through its business activities, notably in Europe and the United States and in other countries where it operates, in particular India, Russia and China.

The Group's Legal Department ensures compliance with the legal rules applicable in all countries in which the Group operates. It can also rely on external advice.

The regulations are specific:

- to the nature of the Group's business in question;
- to the territory where the Group operates.

The Group's main activities governed by specific regulations are set out below.

### Digital sales

The Group specializes in the digital distribution of music and video content. It markets and promotes the recordings of independent producers on online streaming or download platforms. This digital distribution is operated worldwide under the contractual framework described below.

- Producers grant the Group the neighboring rights they own to their recordings. The contracts entered into grant the Group the exclusive right to market the recordings concerned on the platforms;
- To distribute its catalog, the Group enters into contracts with digital service providers, such as Spotify or Apple;
- The Group receives the revenues generated by the digital distribution of the recordings from the platforms. In return for the distribution service, it retains a share of these receipts as a commission and then pays the balance to the producers.

### Complementary services to artists

The Group also offers producers a wide range of additional services. These services aim to optimize the exposure of recordings and their audience. These services make it possible to diversify and increase producers' income. These services include:

- the promotion and advertising of recordings;
- the creation of visuals;
- the implementation and management of partnership operations with brands;
- the use of additional rights such as the synchronization or sale of derivatives;
- advances of funds to finance the development of tracks or albums.

In return, the Group receives remuneration.

### Music production

Occasionally, the Group produces phonographic recordings. This activity is mainly carried out in France.

The Group enters into exclusive recording contracts with its own performing artists. These assign to the Group all neighboring rights attached to their performances.

The Group fully finances the production, promotion and exploitation of the recordings. As producer, the Group owns the recordings. It pays the performing artists a share of the operating receipts.

In France, the exclusive recording contract is an employment contract. The rules of employment law and social security law govern it. This type of contract is also called an "artist contract" in the music industry.

## Music publishing

On a marginal basis, the Group is a music publisher.

In this context, the Group enters into publishing and assignment contracts with songwriters for their musical works. Sometimes, the performing artist is the author of the words of the work and/or the musical composition.

The Group's music publishing activity mainly concerns authors who are also performing artists and whose recordings the Group produces.

A publishing contract governs the relationship between the Group and the songwriter. Copyright is applicable to them.

## Concert production

In addition, the Group produces concerts and stage services, known as "live productions".

In this context, it can rely on co-producers of shows. It may also use various other parties, such as musicians and technicians. Specific rules apply to them, as in France with the employment scheme for intermittent show business workers.

## Operation of websites

Lastly, the Group develops and operates websites:

- To offer and provide online services to users holding exploitation rights to a catalog of recordings. This is the case of TuneCore.
- Websites dedicated to the Group's labels or to the artists it produces. Through them, it sells derivative products or "articles of merchandising".

This activity entails additional obligations for the Group related to content publication responsibility, e-commerce and consumer law.

## 1.3.2.1 Regulations relating to literary and artistic property

Due to its international presence, the Group is subject to rules that may differ from one territory to another. These regulations all aim to protect copyright and copyright-neighboring rights.

### International conventions

The Berne Convention for the Protection of Literary and Artistic Works adopted in 1886 defines the minimum protection that must be granted to authors and their works. The Berne Convention provides creators of music and video content with the means to control how their works can be used, by whom and under what conditions.

The Rome Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations, adopted in 1961, concerns neighboring rights. It defines the minimum protection that must be granted to performing artists and producers of phonograms.

### Europe

The Member States of the European Union have harmonized their national laws on copyright and neighboring rights.

The latest Directive (EU) 2019/790 of April 17, 2019 on copyright and neighboring rights in the digital single market provides for:

- various measures to prevent or stop the use of protected content by online services, including YouTube;
- measures relating to the formalism of contracts concluded with authors and/or performing artists. These written contracts must specify the scope of the rights transferred, and their intended use both in terms of territory and duration.

### France

In France, the Intellectual Property Code covers most of the rules applicable to copyright and neighboring rights. The provisions relating to neighboring rights are referred to in Articles L. 211-1 to L. 219-4 of the French Intellectual Property Code.

#### *Copyright-neighboring rights*

The Group is subject to applicable neighboring rights regulations in two respects:

- as part of its digital sales activity: contracts signed with producers;
- as part of its more marginal music production activity: contracts signed with performing artists.

The prerogatives granted by law are comparable to those granted to authors. Performing artists thus enjoy the exclusive right to consent to the use of their performance and the exploitation of the resulting recording. Producers of phonograms and videograms also have the exclusive right to consent to or prohibit the exploitation of recordings.

Neighboring rights are protected for 70 years from the date of registration.

#### *Copyright: moral and economic rights*

The provisions relating to copyright are referred to in Articles L. 111-1 to L. 139-1 of the French Intellectual Property Code. The French regulations applicable to copyright also apply to the Group's activity:

- when it acts as a music publisher;
- as part of the visual elements accompanying the recordings it produces. Videos and graphic designs must comply with these rules;
- when it distributes merchandising products.

In France, the creator of an intellectual work benefits from the moral and economic rights to their work:

- the author's moral rights are perpetual, inalienable and imprescriptible. The author may not assign or waive it in advance;
- the author's economic rights give him or her the right to authorize the exploitation of their work and to make a financial profit from it. They last the life of the author and for 70 years after his or her death.

Strict formal rules govern the validity of copyright assignment contracts. These are always interpreted in favor of the author. The author's remuneration must in principle be proportional to the receipts from the exploitation of the work. However, the law provides, by way of exception, for several cases in which lump-sum remuneration is valid.

#### Other countries of the European Union

In Germany, performing artists enjoy similar protection under the *Urheberrechtsgesetz* (UrhG) copyright act.

In the United Kingdom, Luxembourg and Italy, intellectual property law also has a typology and rules comparable to that of French law with, in particular, protection of exclusive exploitation rights, neighboring rights and copyright.

#### United States

In the United States, the Group is subject to the United States Copyright Act of 1976. This law provides for a type of economic rights similar to those provided for in France and Europe.

However, this law provides for penalties that include punitive damages in the event of willful infringement, the amount of which is set directly by the wording of the law. Compensation is not limited to the damage suffered. The maximum amount is $150,000 per act of counterfeiting (one copy is equivalent to one act of counterfeiting). Convictions can thus reach higher amounts than in Europe.

According to the practices in force in the United States for download operations, producers and/or distributors of phonographic recordings:

- have full responsibility for identifying the owners of the rights to the reproduced works available for download;
- must obtain licenses;
- pay the royalties due for mechanical reproduction rights.

Thus, the Group must use external service providers to identify these rights holders and pay the corresponding fees. The risk lies in the failure to identify the beneficiary and the lack of control of the procedures implemented for this purpose.

The US music industry has benefited from positive regulatory developments in recent years. The Music Modernization Act, which came into force in 2018, facilitates the identification of rights holders to musical works. It also promotes the obtaining of licenses by distribution platforms.

As elsewhere in the world, the responsibility for identifying rights holders and obtaining licenses lies with the digital platforms for exploitation by streaming.

#### Other countries

Due to the Group's global presence, other local laws apply to its activities. These generally have similarities with the regulations applicable in Europe, particularly in terms of types of rights protected. However, they may have certain specificities.

These specificities may lead the Group to change certain contract terms to adapt them to local practices, particularly in India and Russia.

### 1.3.2.2 Employment law regulation

Any contract for a performing artist is presumed to be an employment contract. Exceptionally, this may be a contract for the provision of services if the artist is registered in the trade and companies register.

When acting in France as a producer, the Group must comply with the rules applicable to employment law. Performing artists are covered by the general social security system. They may, however, be covered by exceptional arrangements such as the intermittent showbusiness regime. These provisions secure the unemployment insurance scheme for intermittent workers and strengthen the protection of the right to compensation for intermittent workers with the lowest incomes.

### 1.3.2.3 Regulations relating to content

#### The responsibility of technical intermediaries for hosting content

In the European Union, Directive 2000/31/EC of June 8, 2000, known as the "Directive on e-commerce", provides, under certain conditions, for an exemption from liability of the hosting provider for hosted content.

In France, the Directive on e-commerce was transposed by Law No. 2004-575 of June 21, 2004 for confidence in the digital economy ("*Loi sur l'économie numérique*", or "Law on the Digital Economy").

The host is under no obligation to filter and/or monitor the hosted content upon publication. It is liable only if it has not acted promptly to withdraw it as soon as it becomes aware of its illicit nature. Specifically, if a third party notifies the host of the presence of illegal content, the host has the obligation to remove it. Failing this, it is held liable.

The Group provides content to digital service providers. These are the ones that make them available to the public. The Group does not operate as a host. The specific liability regime covering this activity does not apply to it.

Two European regulations will come into force between 2023 and 2024:

- the Digital Service Act will apply to any intermediary offering online services on the European market and will aim to impose new compliance obligations in relation to the content it hosts. However, the principle of non-liability of intermediaries will be maintained;
- the Digital Market Act will be applicable to certain online platforms that have an economic and technical position that allows them to have a significant impact on the European market and a strong intermediation position between a large user base and many suppliers of goods and services. This regulation will prohibit these platforms from setting up preferential treatment for their own products.

In the United States, many texts regulate the liability of online technical platforms for illegal content, particularly counterfeit.(1)

### Liability for the distribution of content

In France, as a content distributor, the Group must respect the intellectual property rights of third parties. It must also respect their personality rights, in particular their image rights.

The provisions of the law of July 29, 1881 on freedom of the press are also applicable to it. This law lays down the fundamental principle of this freedom and sets out the limits thereof.(2) This press law applies to the Internet.

In the other countries of the European Union, the rules of liability related to the distribution of content are similar.

The Group may be held liable for illegal content that it distributes:

- either itself;
- or indirectly through digital service providers. The Group is bound by contractual guarantees in respect of these liabilities.

The Group could thus be required to remove or have removed content that may be considered illegal (infringing or racist, negationist or incitement to violence, for example) in the territory where it is broadcast. It may incur civil and/or criminal penalties in this respect.

To limit these risks, the Group has put in place internally:

- content legality checks;
- systems and procedures to quickly remove illegal content.

## 1.3.2.4 Electronic commerce and consumer law regulations

### Electronic commerce

Some of the Group's subsidiaries sell products and services on their websites.

American and European regulations relating to e-commerce are applicable to them.

In Europe, the Directive on e-commerce applies to the Group's e-commerce activities. It provides for a unified legal framework in the European Union. In particular, a certain amount of information and statements about the electronic merchant must be communicated to the recipients of the services concerned.

### Consumer law

European consumer law applies to the Group's activities aimed directly at consumers. These activities may consist of:

- direct sales to consumers, for example of merchandising products, in particular by the Nuclear Blast subsidiary;
- the organization of competitions.

On the other hand, TuneCore's online services are not subject to consumer law as they are mainly intended for music professionals who use these services for commercial purposes. However, these services may be used to a lesser extent by consumers.

In Europe, Directive 2011/83/EU of October 25, 2011 on consumer rights applies:

- a professional seller must provide the consumer with information prior to the conclusion of any contract;
- a right of withdrawal must be exercisable free of charge by the consumer;
- it prohibits the practice of unfair terms, *i.e.* those creating a significant imbalance in the respective rights and obligations.

European Directive 2019/2161 of November 27, 2019 strengthened consumer protection rules by imposing:

- increased transparency for consumers when shopping online;
- the application of effective and harmonized sanctions;
- the fight against fake consumer reviews.

It was transposed by Order No. 2021-1734 of December 22, 2021, for application as from May 28, 2022. In the United States, the protection of consumer rights is less developed than in Europe.

*(1) Copyright Act of 1976, Digital Millennium Copyright Act (DMCA), Music Modernization Act (MMA), Online Copyright Infringement Liability Limitation Act (OCILLA).*

*(2) These limits are defamation, insult, incitement to crimes and offenses, and condoning certain crimes.*

### 1.3.2.5 Personal data regulation

In the course of its business, the Group collects and processes personal data. These data include data relating to:

- the Group's employees and service providers;
- artists whose recordings the Group distributes;
- consumers who have purchased goods or services through the Group's online sales sites;
- persons who communicated them during sales and marketing operations carried out concerning artists.

In Europe, Regulation (EU) 2016/679 of April 27, 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data (GDPR) applies to the Group. It entered into force on May 25, 2018.

The GDPR defines broadly what personal data is:

- any information relating to a natural person;
- specifically identified or identifiable directly or indirectly;
- regardless of the person's country of residence or nationality.

The GDPR provides essential rules and principles, including:

- as for the methods of data collection.
- with regard to the information given to the persons whose data are collected;
- use for a specific purpose;
- a limited retention period depending on the type of data and its purpose;
- as for the security and confidentiality of the data held;
- for data transfers outside the European Union.

Its scope is wide:

- automated or non-automated processing;
- personal data produced by any entity established in the territory of the European Union;
- or to the processing carried out by an entity outside the European Union when the processing activities relate to the offering of goods or services to persons within the European Union or to the monitoring of the behavior (targeting) of these persons.

The penalties provided for in the event of non-compliance are significant. The fine incurred is the highest of the greater of €20,000,000 or 4% of annual worldwide revenue.

In its capacity as data controller, the Group is responsible for compliance with legal obligations. It implements the measures necessary to ensure compliance with the GDPR by its relevant entities. In this context, the Group intends to proceed in the near future with the appointment of a Data Protection Officer (DPO).

The Group must also comply with similar laws and regulations in countries outside the European Union. For example and in particular:

- in Brazil: the Brazil Data Protection Law incorporates the rules of the GDPR. It entered into force on September 18, 2020.
- in the United States: there is no unified regulation throughout the country. However, certain state laws grant individuals significant rights in terms of personal data. For example, in California, Virginia and Colorado.
- in India, a draft bill, the “Digital Personal Data Protection Act”, is under discussion.

# 1.4 Group strengths and competitive advantages

## 1.4.1 Believe has a solid positioning at the heart of the digital music revolution, benefiting from the growing adoption of streaming and better sharing of value between artists

### Strong long term growth prospects thanks to the growing penetration of streaming

The Group operates in the global recorded music market, estimated at $26.2 billion in revenue in 2022. This market has experienced strong growth in recent years, with a CAGR (compound annual growth rate) of 6.9% over the period 2016-2022 *(source: IFPI, Global Music Report 2022, March 2023).* It is expected to reach $42.9 billion by 2030 *(source: MIDiA Research Global Music Forecasts, 2022-2030, June 2022).*

The Group operates mainly in the digital music segment, which is dominated by streaming, which represented 67.0% of the global recorded music market in 2022 *(source: IFPI, Global Music Report 2022, March 2023).* The streaming segment has enjoyed significant growth in recent years with a CAGR of 26% over the 2016-2022 period, going from $4.4 billion in 2016 to $17.5 billion in 2022 *(source: IFPI Global Music Report 2022, March 2023).* This segment is characterized by attractive growth prospects and is expected to reach an estimated market size of $26 billion in 2024 and $35.1 billion in 2030, which should then represent 82% of the global recorded music market *(source: MIDiA Research Global Music Forecasts 2022-2030, June 2022).*

This growth is expected to be driven mainly by the growing adoption of paid streaming, the continuing development of ad-funded streaming and the emergence of new forms of monetization of recorded music on social media platforms such as TikTok, Facebook and Instagram or, for example, live -streaming platforms.

The adoption of paid streaming by new generations of users and the increase in monetization should create opportunities in new markets that are still underdeveloped or in market segments that are not very digitalized, such as metal or classical music.

The digital music markets, and in particular streaming, continued their strong growth in 2022. In 2022, the streaming market increased by 11.5% (*Source: IFPI, Global Music Report 2022, March 2023*), still driven by favorable structural market trends and the growing preference of users for online consumption.

### Accelerated adoption of streaming in emerging countries opening new markets where the Group is deeply entrenched

Paid streaming should benefit in particular from a strong acceleration of its adoption in emerging markets.

While paid streaming penetration rates are high in certain mature markets such as the Nordic countries (including Sweden, the home country of Spotify, 51% in 2021) and North America (40% in 2020), they are still relatively low in certain other developed countries where the recorded music market is significant in terms of size and the Group has a strong presence, such as Western Europe (26% in 2021), representing significant growth potential in terms of the number of subscribers to a paid streaming service.

In particular, some markets (considered to be “emerging” in this respect), such as Latin America and Asia-Pacific which have low paid streaming penetration rates (12%, 5% respectively in 2021), also exhibit high growth potential, as the digital music market remains dominated by other listening formats, such as ad-funded videos despite regular growth in subscriptions *(source: MIDiA Research Global Music Forecasts, 2022–2030, June 2022).*

This growth potential is expected to translate into a two and a half times increase in the number of paid streaming subscribers in the emerging markets referred to above, which is expected to rise from 303 million in 2021 to 705 million in 2030, while developed markets are forecast to grow less rapidly, from 283 million subscribers in 2021 to 399 million subscribers in 2030 *(source: MIDiA Research Global Music Forecasts 2022–2030, June 2022).*

### The music revolution mix brings with it a new balance that is beneficial to the Group: a rapid rise of the independent artists and a value shift to the music creators, emerging and established artists

Digital and streaming are leading to structural changes in the artist market, resulting in a higher number of music creators and self-releasing artists with lower production costs, a new value split for the players in the artist market and, in general, different expectations from artists and labels.

Over the 2015-2022 period, the market share of the direct artists (*i.e.* without a label) and independent labels segment increased at the expense of the majors, growing from 29% in 2015 to 34.6% in 2022. The direct artists and independent labels segments strongly outperformed the streaming market, increasing by 16.6% and 15.4% respectively in 2022 compared to 2021, while the global streaming market grew by 8.3%. The combined direct artists and independent labels segments represent $10.8 billion and are the largest market segment. This figure does not include the distribution of independent labels by the music industry Majors (*source: MIDiA Research, March 2023*).

The rise of the direct artist and independent label segments has been driven by several factors with potential global reach, including: the emergence of digital tools for music creation allowing artists to produce their own work; a reshaping of market value towards the middle tier of artists, with broader music discovery fostered by streaming services; artists having new expectations in terms of IP retention, fair value sharing, greater transparency and independence from their record labels and partners.

The Group's offering and positioning were initially focused on the market of independent labels and emerging and established local artists. The Group then addressed the self-releasing artists segment. These two segments, in which the Group believes it has established a leading position, have grown faster than the majors in recent years given the greater concentration of the latter on top artists. Lastly, the Group more recently rolled out its Artist Services offering, to target the top artist segment.

Today, the Group mainly focuses on digital music genres, *i.e.* genres that are promoted and marketed mainly on streaming and social media platforms. Traditional music genres that are promoted and marketed on traditional channels, such as television and radio, generate a majority of their revenues from physical activities. More and more music genres are gradually switching to digital in the Group's various markets, which represents an important source of growth.

## 1.4.2 A digital global powerhouse offering top quality service thanks to digital expertise and technology

### A unique model with intensive use of technology and data analysis

The Group's entire organization is technology-driven, with agile technology and product teams comprising more than 266 highly-skilled head-office based product and IT experts[(1)], supporting each key function of the Group's business in the operational and commercial value chain. In addition, the Group has a digital technology driven strategy and prioritizes technological innovation. This translates into approximately 41% of central costs being dedicated to product and technology innovation in 2022.

Technology and data analysis are used all along the sales process. All of the Group's sales teams are equipped with technological tools and dashboards to source, sign and serve artists and labels with solutions most suited to their needs. Financing through advances paid to artists and the marketing strategies of artists and labels are also conducted with the use of data-powered tools, which enable better targeting of artists' audiences and better assessment of their potential for revenue generation.

Furthermore, the Group maintains strong and scalable content management processes, which have enabled it to efficiently ingest, store, enrich and distribute over 35 million tracks on Spotify and Apple received from artists and labels who have entrusted the Group with the management of their catalog. The Group has secure and scalable storage capacities, as it currently stores more than 1,200 terabytes of data (with an overall storage capacity of more than 3,100 terabytes) on its servers currently located in two data centers in France.

*(1) Comprising employees and consultants.*

### A digital DNA providing an unparalleled digital music business intelligence

Its data management capabilities allow the Group to ingest and process more than 490 million rows of data per day from digital service providers, with an average time to display statistics to artists and labels of nine hours (see also Section 1.2.3 "*Believe is a global digital powerhouse offering a high level of service quality level thanks to its musical, digital and technological expertise*" on page 14 of this Universal registration document). Thanks to these cutting-edge technological capabilities and in particular to the investments made between 2018 and 2020, the Group also obtained the status of preferred partner with leading digital service providers. This status of preferred partner allows it to benefit from specific advantages such as privileged access to additional data or the instant validation of works prior to them being made available on the platforms. All of these attributes represent key competitive advantages to source, attract and retain labels and artists.

### Strong local teams trained to leverage the tools developed by the Central Platform

The Group operates globally, with a local presence in more than 50 countries and on-the-ground teams and experts committed to the recruitment and development of local artists and labels accounting for the lion's share of each market. Thanks to its global geographic footprint, the Group benefits from high development potential in fast-growing markets such as Asia, Oceania and Africa (which together represented 26.2% of the Group's consolidated revenue for the fiscal year ended December 31, 2022) and Europe, excluding France and Germany (which represented 27.6% of its consolidated revenue for the fiscal year ended December 31, 2022).

The Group's strong local presence is evidenced in particular by its robust market share[(1)] of digital music in some of its key geographies[(2)], with estimated digital music market shares of about 20% in India, 15% in France and 10% in Germany. The Group is also exhibiting strong growth in local repertoires in its various markets. For example, Believe positioned itself as the second player in the market for French artists in France in 2021, and became the third player in the German streaming market for local repertoires in 2022.

These strong local teams are trained to leverage the tools developed by the Central Platform. They provide expertise on the local market and can adapt solutions to local specificities. By leveraging this operating model worldwide, Believe is able to deliver a strong quality of service to all creators of music, artists and labels alike, in all the markets where it operates and at scale.

## 1.4.3 Believe offers distinct and high value-added solutions to labels and artists at each stage of their development

### Dedicated solutions to all tiers, from music creators to top artists at each stage of their career

The Group's ambition is to deliver high-end, go-to-market solutions to labels and artists by developing a tiered offering adapted to each artist and label segment.

The Group's offering includes Automated Solutions, mainly dedicated to music creators and self-releasing artists, primarily through a subscription model based on the provision of a fully digitized platform (see also Section 1.2.4.2 on page 21 of this Universal registration document) and Premium Solutions, focused on independent labels and local emerging, established and top artists, based on a revenue-sharing model and leveraging the music industry, digital marketing and data analysis expertise of the Group's sales teams and technology to provide solutions through two offerings: Label & Artist Solutions and Artist Services (see also Section 1.2.4.1. *"Premium Solutions: a customized offering managed by experts in music and data analysis and supported by cutting-edge technology, targeting the needs of all artists, from emerging to established to top artists"* on page 19 of this Universal registration document).

*(1) Market shares are calculated by dividing the amount of DMS generated by the Group in the relevant country by the total size of said market, as estimated by IFPI in its Global Music Report 2022 (with 2021 data).*

*(2) The geographic markets identified as being key markets by the Group are the markets in which it has the largest local teams or in which it intends to strengthen its local teams in the future, and include France, Germany, the UK, the USA, India, China, Brazil and Japan.*

### Tools developed to maximize exposure and grow monetization

The Group has developed a set of proprietary marketing tools to support the development of its labels' and artists' marketing strategies, with numerous applications such as digital campaign tracking (Backstage Ads), automated content and video generation for promotion (Backstage Creative), smartlinks generation (Backstage Links 1:1), and online dashboards providing real-time access to artists' performance and audience results.

The Group also developed in-house upselling opportunities by a solid presence in each tier of the market (music creators, emerging and established artists, top artists). For example, Believe launched the Signed By program, which enables the most promising music creators distributed on the TuneCore platform to accelerate their careers by benefiting from the Premium Solutions offered by the Group. In 2022, more than 400 artists moved from TuneCore to Believe's Premium Solutions and its various brands (such as Nuclear Blast, Naïve, All Points, Groove Attack).

### Believe, a trusted partner empowering artists and labels to develop digitally

The Group has built dedicated offers to best serve artists at each stage of their career and development with respect, expertise, fairness and transparency. These values are the foundation of the relationship with the artists and are perfectly aligned with the corporate project *Shaping Music for Good* which supports the commitment to corporate social responsibility and which is presented in Chapter 2 of this Universal registration document.

Believe regularly monitors customer satisfaction to improve and upgrade the level of service. The objective is to make sure their expectations are met. This regular dialogue with artists and labels is then leveraged to optimize Believe's digital high end go-to-market solutions.

## 1.4.4 A management team led by the founder leads the strategy in line with the corporate project *Shaping Music for Good*

### A founder-led management team deeply rooted in music and technology, ready for the next growth phase

The Group's management team is organized around Mr Denis Ladegaillerie, Chairman and Chief Executive Officer and founder of the Group, and made up of managers with many years of experience within the Group, in the music industry, digital technology and technology, who focus on the development of artists either directly or via their labels in the digital ecosystem, including by providing innovative digital solutions to develop their careers on a local and global scale.

In recent years, the Group's management team has successfully designed and implemented a strategy that has generated steady growth in the Group's revenue and catalog, and has established long-term relationships with artists and labels, streaming and social media platforms, while establishing a strong musical and digital culture to foster the emergence of new talent with a strong entrepreneurial dynamic. In 2022, the management team was strengthened to support the Group's new phase of growth, with the recruitment of a Chief Operating Officer in charge of operations and the creation of a dedicated product organization, bringing together the product and central marketing teams to strengthen the innovation and differentiation of the Group's products and solutions.

Members of the management team had an interest in the Group's performance through founder's share subscription warrants (BSPCE) and share subscription warrants (BSA) until 2019, and the inclusion of a significant variable component in their total compensation, subject to quantitative and qualitative performance criteria. The Group continued to strengthen management involvement in the Group's performance and success by implementing in the second half of 2021 a long-term incentive plan following the admission of the Company's shares to trading on the regulated Euronext Paris market on June 10, 2021. This incentive plan was renewed for the 2022 fiscal year (described in detail in Section 4.2.2.4 on page 182 of this Universal registration document). In addition, the entrepreneurial dynamic also inspired the implementation of the first collective employee shareholding plan that the Group implemented in the second half of 2022.

### The Group's talent – its employees and its artists – at the center of its CSR strategy "*Shaping Music for* Good", a strategy fully aligned with its mission

The Group's mission is to develop all artists and labels in the most appropriate way, at each stage of their development, in all local markets around the world, with respect, expertise, fairness and transparency. These key values are at the heart of the corporate project, *Shaping Music for Good,* fully aligned with its mission. To carry out this project, the Group relies on its "two hearts", its employees and its artists.

*Shaping Music for Good* is based on the following four pillars (described in detail in Chapter 2 of this Universal registration document):

**a)** as a priority, develop diverse local talents in their local markets by supporting local artists and labels at every stage of their career thanks to Believe's local teams present around the world, placing the emphasis on diversity, inclusion and parity;

**b)** cultivate talent for the digital music era by supporting the transition of artists to the digital world by developing and training a new generation of digital market experts;

**c)** build trusting relationships through respect, fairness and transparency with all of Believe's stakeholders to promote and protect the interests of its artists and labels, and employees;

**d)** empower Believe's communities to have a long-term positive impact on society by leveraging technology, reducing their environmental footprint, and rolling out a network of ambassadors for sustainable development.

## 1.4.5 Believe's model drives strong operating leverage and relies on optimized capital allocation

### A strong track record of profitable growth

The Group believes that it has demonstrated its capacity to grow its business consistently, at a sustained rate of growth while maintaining operating profitability despite high levels of investment in its technological platform, significant marketing and commercial efforts and continuous strengthening of its IT teams, sales force and talent scout teams.

Over the 2020-2022 period, the Group recorded strong revenue growth, with a CAGR of 31.3% growing from €441.4 million for the fiscal year ended December 31, 2020 to €760.8 million for the fiscal year ended December 31, 2022. This development was notably driven by the growing adoption of streaming, the growth and performance of the Group's catalog and the successful integration of several targeted acquisitions, which contributed to approximately one third of the Group's growth over the 2019-2021 period. After growth in revenue of 30.7% in 2021, the Group continued its strong growth in 2022. Revenue increased by 31.8% in 2022, mainly reflecting a solid organic performance generated by the Group's investment strategy.

### A proven external growth strategy and clearly identified roadmap to foster future growth

The Group's external growth has benefited from its in-depth knowledge of local markets and commercial proximity with various players, which enables it to maintain a pipeline of targets that are clearly identified and constantly updated and to establish close relationships with potential sellers.

Thanks to its proven ability to successfully integrate acquisitions and precisely identify acquisition opportunities, the Group believes that it is well positioned to seize other external growth opportunities that should contribute to future revenue and business growth. The uncertain economic environment and the potential impact on the valuations of private companies led the Group to pause its external growth strategy in 2022. It intends to resume it in 2023 depending on the opportunities created by market conditions.

See also Section 1.5.3 *"Accelerate revenue growth through a targeted external growth strategy"* on page 40 of this document.

### A diversified revenue mix providing adequate visibility over future growth

The Group maintains a large base which stood at the end of December 2022 at around 1,300,000 artists, either directly or via their labels, and has strong relationships with more than 150 streaming and social media platforms.

The Group estimates that less than 10% of its digital revenue comes from its top 10 artists and labels, for which the average duration of contracts signed with the Group is approximately 8.5 years.[1]

*(1) Average duration of the total contractual relationship calculated on the basis of the relationship duration already elapsed and the remaining duration under the terms of the current contract (excluding the exercise of any option(s) or tacit renewal).*

The Group also benefits from a geographically diversified revenue mix, with 16.9% of its consolidated revenue generated in France, 14.9% in Germany, 27.6% in the rest of Europe, 14.3% in the Americas and 26.2% in Asia/Oceania/Africa for the fiscal year ended December 31, 2022.

In addition, the Premium Solutions business is mainly based on contracts of three years or more, offering adequate visibility on the evolution of the Group's managed catalog.

### A financial model offering solid operating leverage

After a phase of significant investments in the Central Platform between 2018 and 2020 in order to serve more regions, maintain a very high quality of service and meet the requests of the streaming platforms, the investment cycle in the Central Platform went into a stabilization phase from 2021. The Group continued to invest, but at a slower pace. As a result, costs related to the Central Platform decreased as a percentage of revenue. This better amortization of the Central Platform's costs resulted in an improvement in the adjusted EBITDA margin, which amounted to 4.6% in 2022, compared to 4% in 2021 and 2% in 2020.

- Over the 2019-2022 period, the Group also demonstrated its ability to generate profitable growth, despite significant investments in local teams and the development of new services in key geographical areas. Each year, a significant portion of revenue is reinvested at the segment level to strengthen the teams and prepare for the future growth of its activities.

### A strict risk and cash management to support development

The Group manages its contracts by target profit margins and maintains risk control central for all business aspects. In addition, all digital revenue collection is carried out via a single central point, which facilitates centralized management and control. The Group has also deployed unified tools and procedures in all the countries where it is present thanks to the Central Platform.

Customer advances to artists and labels which are part of the global services are managed centrally. The Group uses a certain number of criteria, including return on assets, adjusted EBITDA margins, return on investment and risk assessment to make its decision regarding customer advances agreed as part of a contract. The level of recouped advances is relatively stable and represented 51% of the overall customer advances in 2022 compared with 53% for the fiscal year ended December 31, 2021.

## 1.5 Strategy and medium- and long-term objectives

The Group's strategy is to build the best leading artist digital development platform by reinforcing and expanding its existing capabilities through investments in the Central Platform (1.5.1), by continuing to invest heavily in the development of its local presence (1.5.2) and by accelerating growth through its targeted external growth strategy (1.5.3).

In addition, in order to finance its external growth strategy, the Group raised €300 million through the capital increase carried out as part of the admission of the Company's shares to trading on the regulated Euronext Paris market on June 10, 2021. After approximately €60 million of acquisitions in 2021, the Group paused its external growth strategy in 2022 due to the high level of economic uncertainty, but intends to resume in 2023.

### 1.5.1 Reinforce the Group's appeal by expanding existing capabilities through significant investment in the Central Platform

In order to support growth, the Group intends to enhance and expand its existing capabilities and operational efficiency, by investing significantly in the development of its technological platform.

The Group intends to develop new tools and solutions to labels and artists, as well as impove its offering and existing products. By way of illustration, a new user experience and new functionalities in terms of distribution and the management of royalties are currently being developed for the Automated Solutions offering, which is also expected to benefit from greater integration with the

Group's technologies, such as dedicated tools for promotion on streaming and social media platforms, developed by the central IT teams for the Group as a whole. The Group will also expand its data analysis and digital marketing capabilities, to optimize the identification of artists and labels and maintain its lead in terms of quality of service in digital. Believe will also devote significant resources to the automatic improvement of the referencing of artists (particularly in the playlists) on the main digital service providers, particularly by optimizing the content delivered.

The Group also intends to invest in technological innovation in order to continue to develop partnerships with the main streaming and social media platforms and other fast-growing emerging players offering new forms of music monetization. Believe will also continue the automation of complex internal processes (such as content ingestion, control and validation). The Group will also develop additional data analysis tools to facilitate decision-making on geographic expansion and investments, in order to optimize the execution of its strategy to develop commercial offerings in new geographical areas.

## 1.5.2 Pursue investment in local teams to support organic growth globally with a rigorous and proven strategy

The Group considers that it has further potential to pursue sales and marketing growth globally, supported by the increasing digitalization of the music market combined with continued market share gains in selected key geographies.

This growth potential should result in an approximately two and a half times increase in the number of subscribers to a paid streaming service in emerging markets, which is expected to increase from 303 million in 2021 to 705 million in 2030, while developed markets are expected to experience slower growth in the number of subscribers, with a forecast increase from 283 million in 2021 to 399 million in 2030 *(source: MIDiA Research Global Music Forecasts 2022-2030, June 2022).* Emerging markets are expected to account for 64% of the streaming market in 2030 compared to 52% in 2021, with the Asia-Pacific region becoming the leading market in terms of number of subscribers to a streaming service (see also Section 1.4.1 *"Believe has a solid positioning at the heart of the digital music revolution, benefiting from the growing adoption of streaming and better sharing of value between artists"* on page 33 of this document).

In addition, the Group's market share gains in certain key geographical areas[1], despite its solid positioning in a number of countries in which it operates, represent significant upside potential for the Group. In 2022, the Group's digital music market shares were estimated at 20% in India, 15% in France and 10% in Germany[2].

The Group intends to rely on several identified levers of development to ramp up in its existing geographies to reach or consolidate leadership positions in local markets, such as the expansion into music genres that are shifting to digital, the provision of additional Premium Solutions commercial offers, the roll-out of the Automated Solutions offering in new countries, enrichment of the Group's offering with new products and the completion of synergistic acquisitions.

The potential for expansion into new countries is notably supported by the global expansion of digital service providers, with a player such as Spotify operating (or having announced its intention to operate) in 184 countries as of the date of this Universal registration document *(source: "20-F, Spotify annual report", February 2023).* Already present in 14 countries for its Automated Solutions[3] and in more than 50 countries in total[4] to date, the Group has identified additional potential in more than 130 new countries where it could establish itself to support future growth.

The Group intends to pursue its international expansion by following a rigorous and proven action plan which consists of identifying countries in which the streaming penetration rate is still low and which present strong growth potential so as to apply a systematic and repeatable development strategy, generally organized around: (i) the launch of a new service layer or a new music genre, with the hiring and training of a dedicated team with strong experience in the local music market, (ii) followed by an 18-to-24-month ramp-up phase with strict performance monitoring, at the end of which the decision is taken by the Group whether or not to make further investments in human resources there, and finally (iii), if a decision is made to make further investments, the reinforcement of local teams through the recruitment of more experienced local managers and/or the strengthening of the growth plan through acquisitions or the development of neighboring services or offers.

*(1) The geographic markets identified as being key markets by the Group are the markets in which it has the largest local teams or in which it intends to strengthen its local teams in the future, and include France, Germany, the UK, the USA, India, China, Brazil and Japan.*

*(2) Market shares calculated by comparing the amount of DMS generated by the Group in the relevant country to the total size of that market, as estimated by IFPI in its Global Music Report 2022 (on the year 2021).*

*(3) Countries where the Group has local sales teams (and in some cases a local domain name for TuneCore).*

*(4) Countries where the Group has a local presence through employees and/or external consultants.*

This international growth strategy proved to be successful in the past. This is how the group expanded in India in 2013 by distributing catalogs of movie soundtrack-related songs (essentially Bollywood music), then significantly diversifying its catalog to include other genres, becoming one of the largest and most recognized players on the local digital music market. In 2019, the Group used external growth to accelerate in this market, by making three acquisitions (Venus, Entco and Canvas), and by launching its Automated Solutions offering in 2020. Believe continued its external growth strategy in the country with the acquisition of SPI Think Music in 2021, increasing its coverage of Southern India. Locally, the Group relies on an extensive local network with offices in seven regions of the country, as well as in Pakistan and Bangladesh, to best meet the needs of local artists and support the development of local music genres. The Group has developed an excellent reputation in these regions, due in part to a rigorous human resources development process. Thanks to this strong local footprint, the Group believes it is well positioned to source and execute attractive external growth transactions in India and extract meaningful synergies.

More recently, the Group continued its expansion in Asia, which will be the world's largest market within the next ten years, by applying the same strategy. In 2022, the Group strengthened its management team in the region, with several appointments of CEOs at the regional and country level (in Indonesia, Thailand and the Philippines). Believe occupies market leadership positions in most of the region's eight key territories, supporting their dynamism and the growth of local artists. In this region, the Group operates in all its segments (Premium Solutions and Automated Solutions) and has invested steadily over the last 10 years: firstly deploying Label & Artist Solution by targeting the emerging and established artists segment in eight markets, then by launching Artist Services in three markets to meet the needs of established artists.

### 1.5.3 Accelerate revenue growth through a targeted external growth strategy

Over the past seven years, the Group has made 23 synergistic acquisitions in seven countries, ranging from technological platforms to labels, and has spent €183 million (excluding acquired cash) on acquisitions since 2018.

The Group has successfully integrated labels and artist services businesses, including the full acquisition of Nuclear Blast, a leading global metal label, in Germany in 2018; a stake in Tôt ou Tard, a French label, the same year; Entco Music and Canvas, respectively specialized in show production and artist services in India, in 2019; a majority stake in DMC, a leading label in Turkey, in 2020 and more recently several transactions in 2021, including a minority stake in Play Two, the leading independent French label, a minority stake in the largest label of the Philippines Viva Music & Artists Group and a majority stake in Jo & Co, a highly reputed independent label in France.

The Group also creates joint ventures with labels or specialized teams to develop artists in specific genres. In 2022, Believe entered into a partnership with the Madizin label to develop Schlager artists in Germany and took a stake in Morning Glory, the company of DJ Belleck, one of the main players in hip-hop in France.

Some acquisitions have also added new marketing and digital promotion solutions to the Group's offering, by strengthening its technological platform. For instance, the Group made the transformational acquisition of TuneCore in the United States in 2015, which enriched its offering with Automated Solutions for artists, which is now one of the Group's segments. The Group also acquired SoundsGood in 2020, specialized in creating innovative digital marketing tools for artists, and took a minority stake in IRCAM[1] Amplify, IRCAM's commercial entity for audio innovation.

The Group also expanded its distribution capabilities with, for example, the acquisition in 2018 of Groove Attack, a leading German independent distributor specialized in hip-hop, and the acquisition in 2015 of Musicast, a French distributor also specialized in hip-hop.

Finally, the Group may consider opportunistic targets aimed at growing its catalog, such as the acquisition of Naïve in 2016, an independent French label specialized in classical music, the acquisition of Venus Music Private Ltd in 2019 (renamed Ishtar in 2021), an Indian company holding a catalog comprising mostly Bollywood music and more recently the acquisition of SPI Think Music, an Indian company owning for perpetuity a dynamic catalog consisting of popular film, non-film and independent soundtracks including some of the biggest and marquee albums of Tamil Cinema.

*(1) Institute for Research and Coordination in Acoustics/Music (Institut de recherche et coordination acoustique/musique).*

The Group's external growth strategy has benefited from its ability to detect and analyze potential targets based on its in-depth knowledge of the local market in over 50 countries. The Group has also leveraged its strong brand image, reputation and sound financial position, giving it the ability to proceed with transactions at an attractive value and with an adequate conversion rate. Finally, once the transaction is completed, the Group implements a well-defined integration plan to ensure that the target's business is managed according to the same vision and values as the Group and to implement substantial synergies.

The Group operates in a fragmented market with hundreds of potential targets. The Group continuously monitors a large number of targets, with the objective of investing €100 million each year in external growth transactions. The Group's current pipeline of actively monitored acquisitions comprises artist and label services companies (representing more than half), followed by digital marketing and technology companies, distribution players and catalog acquisitions.

An example of the Group's key integration successes is the acquisition of Nuclear Blast in Germany in 2018. Nuclear Blast is one of the leading metal labels in the world with a brand and team that are well recognized in the industry, benefiting from a loyal fan base. The rationale for this transaction was to acquire the capacity to position the Group in the metal music genre and benefit from the ramping up of digital revenue. Upon its integration into the Group, Nuclear Blast (whose physical sales have historically dominated the business) quickly transformed into a digital platform for metal artists, with the launch of Blood Blast, an exclusively digital distribution offer for the young generation of metal groups. In 2021, Nuclear Blast continued its strong growth and reached its highest revenue despite the review of contracts that include too high a component of physical sales. Nuclear Blast also continued to improve its profitability as in 2019 and 2020, due to cost saving initiatives, an improvement in operational efficiency and the creation of an online direct-to-consumer platform.

## 1.5.4 Medium-term and long-term outlook

The objectives and trends presented below are based on data, assumptions and estimates, particularly in terms of economic outlook, considered reasonable by the Group at the date of this Universal registration document.

These outlook and objectives, which result from the Group's strategic orientation, do not constitute forecasts or estimates of the Group's net income. The figures, data, assumptions, estimates and objectives presented below may change or be modified in an unforeseeable manner, depending, among other things, on changes in the economic, financial, competitive, legal, regulatory, accounting and tax environment or on other factors of which the Group is not aware at the date of this Universal registration document.

In addition, the materialization of certain risks described in Chapter 3 *"Risk factors and risk management"* of this Universal registration document could have an adverse effect on the Group's business, financial position, market situation, results or outlook, and therefore call into question its ability to achieve the objectives presented below.

Furthermore, the achievement of these objectives requires the success of the Group's strategy and its implementation.

Therefore, the Group does not make any commitment or give any guarantee that the objectives in this Section will be achieved.

### Outlook for the evolution of the Group's activities and financial objectives

The outlook for the Group's activities and the financial objectives presented below are based on market trends and prospects in line with those set out in Section 1.3.1 dedicated to market trends in the recorded music industry on page 24 of this Universal registration document and the assumptions presented in Section 5.4.1, page 213, of this Universal registration document (in particular the Group's increased market share in key geographic areas(1)).

Over the 2021-2025 period, the Group's objective is to achieve organic revenue growth at constant exchange rates(2) at a CAGR of between 22% and 25%. The Group intends to continue to benefit from the growth of the digital music market, which has a favorable outlook, and from continued market share gains in its key geographic markets. Beyond 2025, the Group expects revenue growth (after taking into account acquisitions) to stabilize at around 20%.

*(1) The geographic markets identified as key markets by the Group are the markets in which it has the largest local teams or in which it intends to strengthen its local teams in the future, and include France, Germany, the UK, Italy, Russia, Turkey, India, China, Mexico and Brazil.*

*(2) Organic growth at constant exchange rates corresponds to revenue growth at constant exchange rates and on a like-for-like basis.*

Growth in revenue at constant exchange rates is calculated by applying to the revenue for the period and the comparative period of each Group entity expressed in its reporting currency, the average exchange rates for the comparative period. Exchange rate fluctuations relating to transactions, if any, carried out by each reporting entity in currencies other than its functional currency (generally referred to as transactional exchange rate fluctuations) are not included.

Organic revenue growth corresponds to revenue generated in year n by all companies included in the Group's scope of consolidation at December 31 in year n-1 (excluding any contribution from companies acquired during year n), compared to revenue generated in year n-1 by the same companies, regardless of when they entered the Group's scope of consolidation.

In addition to this organic growth, the Group has a strategy of targeted acquisitions to accelerate its growth (see Section 1.5 *"Strategy and objectives"* on page 38 of this Universal registration document). After having completed four strategic external growth transactions in the second half of 2021, the Group paused its external growth in 2022 given an economic environment made more uncertain, which could have resulted in a decline in the valuation of the targets identified by the Group. The resilience of the music industry, which was confirmed during the year, did not lead to the decreases in the valuations envisaged and the Group has reconfirmed the resumption of its external growth strategy in 2023.

The Group aims to achieve adjusted EBITDA(1) of between 5% and 7% by 2025. The Group intends to benefit from a gradual reduction in its Central Platform costs expressed as a percentage of revenue, under the combined effect of revenue growth over the period and a better absorption of fixed costs enabled by the improvement of the operational leverage, allowing it to continue its significant investments in the development of its Central Platform. The Group will also continue to invest heavily in the development of the commercial and marketing capabilities of its various local entities. The Group anticipates a gradual stabilization of around 15% at the end of its strong growth phase.

By 2025, the Group's expenditure on property, plant and equipment and intangible fixed assets (excluding expenditure on external growth) is expected to increase in absolute terms, in order to support the growth of its activities, but to decrease as a percentage of revenue, to approximately 4% of revenue (compared with 3.3% for the fiscal year ended December 31, 2022). This trend is expected to continue beyond 2025.

Finally, the Group intends to pursue its strategy of offering financing solutions to certain artists and labels via the payment of advances, in support of its commercial strategy in the Premium Solutions activity. The implementation of this strategy will have an effect on the Group's working capital requirements(2), which is expected to have a negative impact on the Group's cash flow of around 5% of the change in its annual consolidated revenue by 2025.

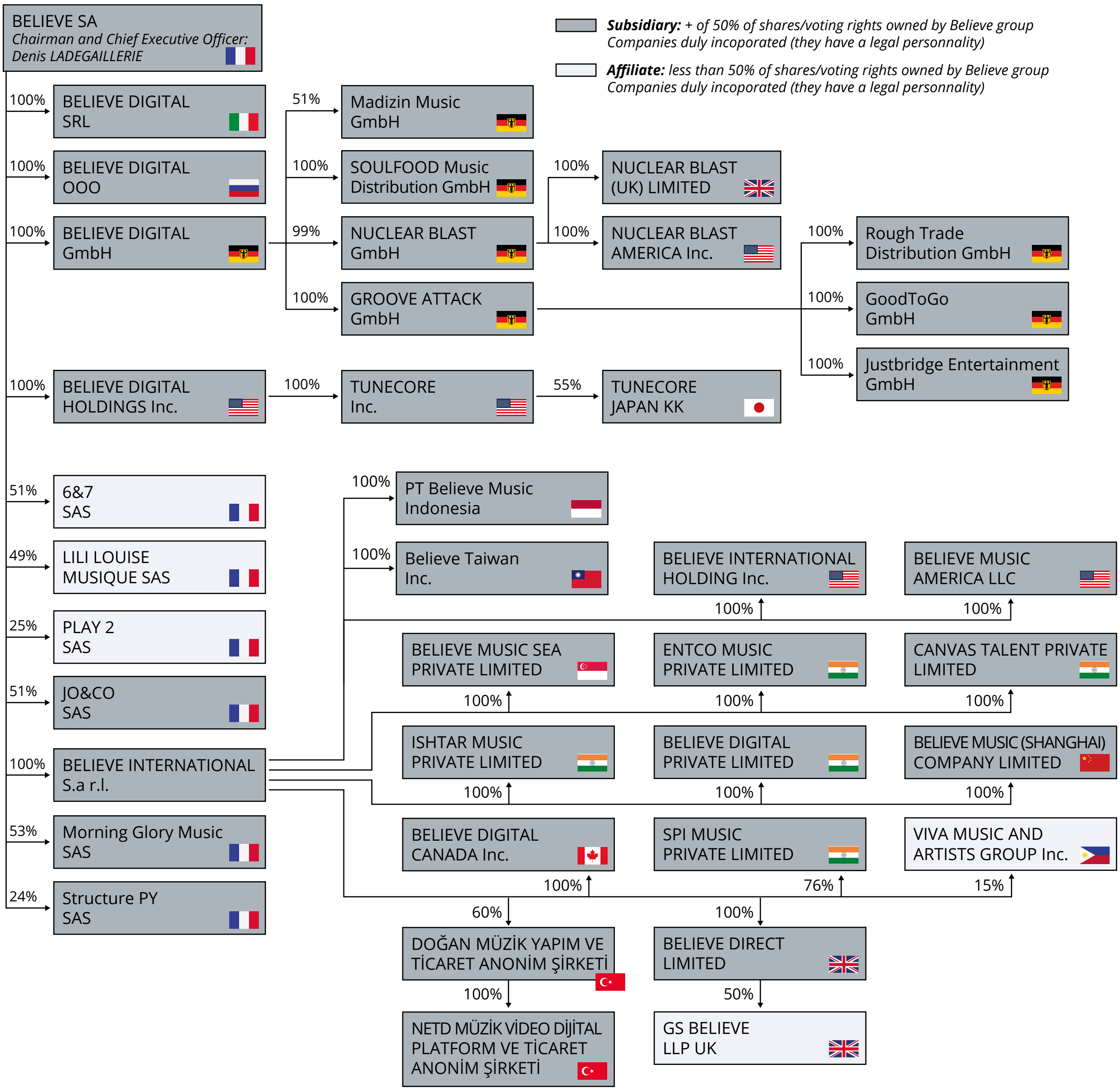
(1) *Corresponds to the ratio of Adjusted EBITDA to revenue. Adjusted EBITDA corresponds to operating income (loss) before depreciation and amortization, share-based payments and other operating income (expense).*

(2) *Working capital requirements correspond mainly to the value of inventories plus trade receivables, advances to artists and labels and other current assets, less trade and other payables and other current liabilities (see also Section 5.3.2.1 "Working capital requirement" of this Universal registration document).*

# 1.6 The Group's organization and headcount

## 1.6.1 Simplified organizational chart

The simplified organizational chart below shows the Group's organization and the main countries in which the Group operates. See also Note 2.2 to the Group's consolidated financial statements for the fiscal years ended December 31, 2022 and 2021, which presents the Group's scope of consolidation, on page 228 of this Universal registration document.



## 1.6.2 Main subsidiaries

The principal direct and indirect subsidiaries of the Company at the date of this Universal registration document are described below:

- **TuneCore Inc.** is a US corporation with share capital of US$1, whose registered office is located at 251, Little Falls Drive, Wilmington, New Castle, Delaware, United States, and is registered under number 4251685 in the Division of Corporations of the State of Delaware. TuneCore Inc. provides services to distribute and collect digital music publishing and licensing rights;
- **Believe International SARL** is a Luxembourg limited liability company, with share capital of €17,312,000, with its registered office at Spaces – 5, Place de la Gare, Bureau 601, L-1616 Luxembourg City, Luxembourg and registered under number B 230.194 in the Luxembourg Trade and Companies Register. Believe International SARL provides services to distribute and promote music content intended for artists and labels;
- **Nuclear Blast GmbH** is a limited liability company governed by German law, with share capital of €500,100, whose registered office is located at Oeschstrasse 40, 73072 Donzdorf, Germany, and is registered under number HRB 540822 in the B Register of Companies of the courts of the city of Ulm (Handelsregister B des Amtgerichts Ulm). Nuclear Blast GmbH is a music label specialized in heavy metal and all its derivatives;
- **GoodToGo GmbH** is a German limited liability company with share capital of €25,000, whose registered office is located at Mathias-Brüggen-Straße 85, 50829 Cologne, Germany, and is registered under number HRB 58201 in the B Register of companies of the courts of the city of Cologne (Handelsregister B des Amtgerichts Köln). GoodToGo GmbH provides distribution services in the areas of music, film, audiobooks, software and sports.

The Group's recent acquisitions and disposals are described in Section 5.1.2.4 on page 190 of this Universal registration document.

## 1.6.3 Headcount

At December 31, 2022, the Group had 1,651 employees in the companies included in its scope of consolidation, including 643 in France.(1)

For the fiscal year ended December 31, 2022, the Group's payroll amounted to €135.5 million compared to €104.8 million for the fiscal year ended December 31, 2021 and €78.6 million for the fiscal year ended December 31, 2020. The payroll is the sum of all gross salaries and the employer's social security contributions, as well as employee profit-sharing and other personnel costs, paid during each fiscal year.

The table below shows the change, over the last three fiscal years, of the Group's headcount by reporting segments:

| | Employees as of December 31 | | |
|---|---|---|---|
| **Segments** | **2022** | **2021** | **2020** |
| Premium Solutions & Automated Solutions | 1,059 | 940 | 860 |
| Central Platform | 592 | 490 | 410 |

(1) *In this Chapter, the Group's headcount is presented at the end of the period, excluding interns and temporary workers. In addition, the Group relies on the services of external consultants in a number of countries where it operates. These consultants are not counted as employees.*

The table below shows the change, over the last three fiscal years, of the Group's headcount by geographical area:

| | Employees as of December 31 | | |
|---|---|---|---|
| **Geographical areas** | **2022** | **2021** | **2020** |
| France | 641 | 559 | 471 |
| Germany | 254 | 246 | 245 |
| Other Europe | 237 | 220 | 184 |
| Americas | 177 | 156 | 150 |
| Asia/Oceania/Africa | 342 | 249 | 220 |
| **TOTAL** | **1,651** | **1,430** | **1,270** |

The number of employees continued to grow in 2022 with an increase of +15.5% compared to 2021. Hires in 2022 were mainly driven by the Premium Solutions and Automated Solutions segments in APAC (+37%), Americas (+13%), and Eastern Europe (+12%). The technology and product marketing activities of the Central Platform were significantly strengthened in 2022 with a +34% increase in the headcount due in particular to the bringing in-house of certain functions that until now have been carried out by external consultants. The other Central Platform teams remained stable in 2022.

Shilpa Sharda
Head of Artist Services
India

# 2.

# Corporate social responsibility

For this second publication of its Non-Financial Performance Statement (NFPS), Believe has brought together in Chapter 2 of its Universal registration document, the relevant information with regard to the Group's main non-financial risks, their management and their control, as required by the regulatory framework of the NFPS.

In addition to Believe's business model and values published in Chapter 1 of the URD, Believe publishes in this Chapter 2 (NFPS), useful social, societal and environmental information that is important to understand its CSR approach, *Shaping Music for Good*. This NFPS presents the initiatives already launched and the improvement focuses to be carried out in the short and medium term.

Sections 1 and 3 describe the governance of corporate responsibility, the materiality analysis and the ethics system.

Stakeholder expectations and a summary table of non-financial issues and risks with regard to policies are presented in Section 2.

Commitments to employees, addressing the material risks and opportunities identified, policies, actions and indicators are presented in Section 4.

The commitments to the society, and in particular to the artists and labels, are set out in Section 5.

Section 6 details the environmental initiatives.

Finally, Section 7 describes the methodology and indicators (key and additional indicators) monitored under this NFPS and the *Shaping Music for Good* program.

# 2.1 *Shaping Music for Good*: a strategy aligned with Believe's values

The concept of social responsibility is embedded in Believe's history and its primary purpose. Since its creation in 2005, the Group has positioned itself with local artists and labels in an inclusive way: giving all the means to access streaming and social media platforms, and to monetize their creations. Whatever the stage of their career, its innovative technological platform allows them to access the power of the digital market.

## 2.1.1 *Shaping Music for Good*, a CSR strategy at the heart of Believe's business model

The early 2000s marked a major turning point in the history of the music industry with the arrival of the Internet, digital tools and social networks.

Very early on, Believe anticipated and prepared for the rapid evolution of digital uses (streaming, social networks, etc.), from music production to distribution and consumption. These new practices and tools have profoundly changed the role and expectations of the various players in the music industry, in particular with:

- the increased number of new digital tools to support musical creation, enabling artists to produce themselves;
- a shift in the distribution of market value towards the middle class of artists, whose promotion and development are favored by streaming services;
- new expectations of artists, wishing to better control their rights, rebalance value sharing in a more transparent way and be independent from the record companies and their partners.

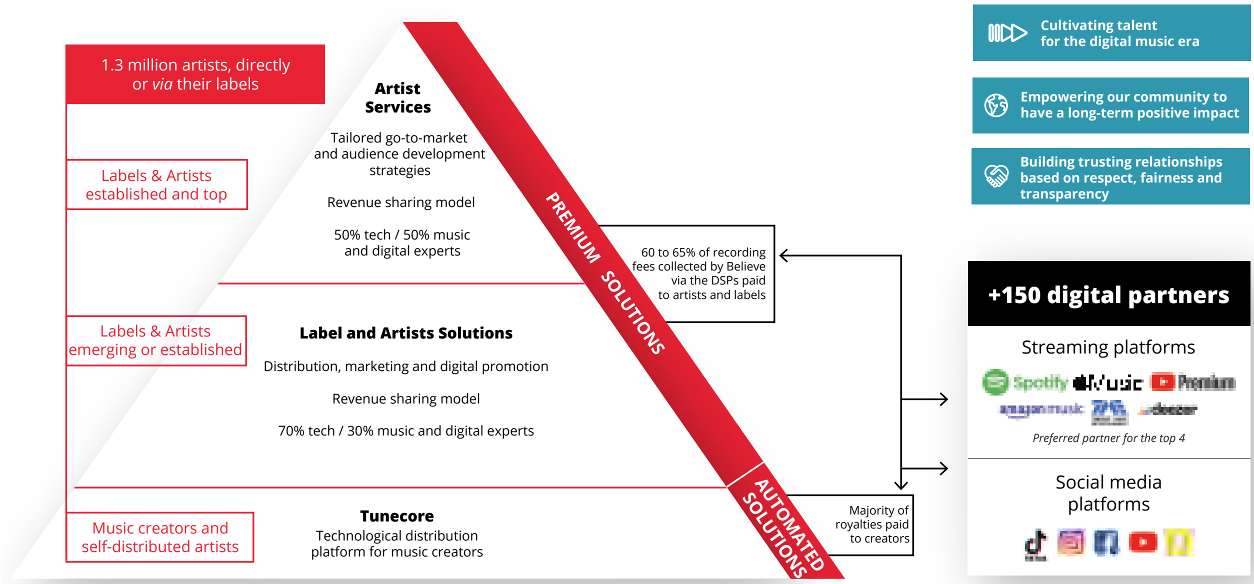
In this highly evolving context, traditional record companies no longer entirely meet the expectations of artists. Believe provides an alternative which enables artists and labels to drive their careers forward more independently, faster and with enhanced agility, while respecting their creativity and enhancing their digital promotion.

***Chapter 2 of this Universal registration document provides a complete and transparent description of Believe's business model and its contribution to the creation of value, in the short and medium term, for the benefit of all its stakeholders.***

*Believe's mission is to best serve local artists and labels at each stage of their development in the digital ecosystem, with* ***fairness, expertise, respect and transparency.***

*The 4 Shaping Music for Good pillars:*

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




| Resources |
|---|

**Human capital**

- +590 experts in the central platform
- 1,200 music and digital experts
- Training and monitoring
- Compliance practices

**Capital tech & innovation**

- Proprietary and scalable technological platforms (Backstage, TuneCore)
- Data collection, processing and analysis capacity
- Innovation in functionalities & services adapted to new digital practices
- Cybersecurity and data protection

**Operating capital**

- A central platform that develops all solutions and innovations (products, formalization and deployment strategies for offers, etc.)
- A local network deployed in 50 countries

**Financial capital**

- Solidary founding shareholder
- 303 million in net cash
- Equity
- Partnerships with digital service providers (DSP)
- Targeted acquisition policy to accelerate growth

| Creating shared value |
|---|

**Artists, labels & business partners**

- Training & expertise (Artist Resources, TuneCore Rewards and Master Class solutions)
- + 245 billion streams on the 9 main DSPs
- + 892 billion views on YouTube
- +1 billion in DMS (Digital Music Sales)
- Transparent and fair contracts and compensation
- Customer NPS

**Employees**

- 43% of women among employees
- 50% women on the Executive Committee
- 99/100 on the Professional Equality Index (France)
- 90.6% of employees trained
- 97% of career reviews completed
- 79% response rate to the internal Your Voice survey

**Local communities and the music industry**

- 8.9% of ambassadors
- More than 1,000 participants in our solidarity month Believe Tomorrow
- 708 Teq$CO_2$ (scopes 1 & 2)
- "Be the Change" study on women and minorities in the music industryate to the internal Your Voice survey

**Financial community**

- 763.1 million in revenue
- +32.7% organic growth
- 40% subscription to the share ownership plan by eligible employees
- Variable compensation for key executives aligned with CSR issues

On the basis of this historic commitment, in 2021, Believe formalized a Corporate Social Responsibility (CSR) strategy – ***Shaping Music for Good*** – which is at the heart of its business model and aligned with its values. True to its ambition of shaping the future of music, Believe has structured it's CSR program with the aim of having a positive impact: directly through its activities, with players in the digital music industry, and by reconciling financial and non-financial performance.

*Shaping Music for Good* illustrates the social, societal and environmental ambition that Believe has as a Group and for the digital music industry. This very committed and long-term CSR strategy is integrated at the highest level of the Company. It is based on four pillars described below.

These four pillars illustrate the commitments made by Believe to its employees, its artists and labels, and the communities in which the Group operates. They structure the Group's policies, action plans and initiatives in order to meet the expectations of stakeholders and Believe's social responsibility challenges.

***"At Believe, we have two hearts: our employees and our artists. Together, we are creating opportunities for mutual development and transforming the music industry in a positive way".***

Denis Ladegaillerie,
Chairman and Chief Executive Officer of Believe

### Believe's CSR ambition: Shaping Music for Good and its four pillars

believe. *Shaping Music for Good*

| Developing diverse and local talent | Cultivating talent for the digital music era | Building trusting relationships through respect, fairness and transparency | Empowering our community to have a long-term positive impact |
|---|---|---|---|
| Support artists and labels at every stage of their career through local teams around the world.<br><br>Focus on diversity, inclusion and gender equity, for artists and employees alike. | Help artists in their transition to the digital world.<br><br>Develop and train a new generation of experts in the digital music market. | Respect artists' creative independence and freedom of expression and protect their data and interests.<br><br>Promote Believe's values within the Group and throughout the music industry.<br><br>Share value creation with artists, labels and employees. | Making the most of technology to sustainably develop talent.<br><br>Deploy a network of ambassadors within Believe and by engaging employees with local communities.<br><br>Reduce the environmental impact of Believe's activities. |

## 2.1.2 Believe's values

Since its creation, Believe has made it its mission to support local artists and labels at every stage of their career in the digital world. It is in this context that Believe is deploying its CSR strategy, *Shaping Music for Good,* to meet the challenges and expectations of its stakeholders, and aligned with its values.

Generating trust for artists and labels, Believe's four values *(Driving Forces)* empower them while providing them the autonomy they need. For employees, they are also a source of efficiency, openness and proximity.

### Believe's values

| Respect | Expertise | Fairness | Transparency |
|---|---|---|---|
| Be respectful to all artists, all labels, and all employees at every stage of their career and in all countries where the Group operates. | Be an expert in developing the expertise of our teams, guaranteeing the effectiveness and excellence of the services we provide to artists & labels. | Be fair in our relations with artists and employees to offer equal opportunities and freedom of choice in terms of personal development. | Be transparent in our projects and contracts, by sharing the necessary information with artists, labels, employees and partners to enable everyone to make informed decisions. |

## 2.1.3 A structured CSR organization

Driven, from the creation of the Group, by the ambition to develop the music industry and engage it in collaborative, sustainable and responsible practices, Believe's CSR approach had a pivotal year in 2021 with the structuring of the *Shaping Music for Good* strategy. In 2022, Believe continued to roll out actions in line with the approach's priorities.

### 2.1.3.1 From the CSR strategy to steering *Shaping Music for Good*

In 2021, Believe structured its CSR strategy around the following actions:

- strengthening of the governance model, with the creation of a CSR Committee within the Board of Directors and the formalization of a CSR Department reporting directly to the Group Human Resources Department;
- extensive consultation with internal and external stakeholders to better understand their expectations;
- structuring of the *Shaping Music for Good* ambition to meet the Group's main focuses and priorities;
- raising employee awareness of CSR fundamentals and developing the network of internal ambassadors, as relays for *Shaping Music for Good*;
- creation and diffusion of the Diversity, Equity and Inclusion Charter;
- an initial measurement of the Group's carbon footprint assessment.

In 2022, on the proposal of the CSR Committee, the Board of Directors confirmed Believe's CSR priorities with regard to the expectations expressed by the various stakeholders and the Group's main CSR priorities, namely:

- **expertise,** with the investment in the recruitment of local teams and the development and training of employees (2022 Target: 77% of employees attended at least one training course during the year), in order to support the Group's growth and ensure a high level of employee expertise to serve artists and labels. A special effort was also made to roll out standardized human resources management processes throughout the Group;
- **gender equity and parity** within the Believe teams (2022 Target: 43% of women in the headcount), with the continuation of the efforts made in all human resources processes. Gender parity targets are included in the variable and long-term compensation plan for Executive Committee members;
- **diversity and inclusion** within the music industry, with support for local artists and labels, in particular women, and under-represented communities in the music industry in order to support them. The objective is also to promote the development of diversified musical production and to showcase local musical heritage;
- **employee engagement** with local communities, in particular through the network of internal ambassadors[1] (2022 Target: 8.5% of ambassadors among employees), the *Believe Tomorrow*[2] solidarity program and partnerships with civil society players;
- **environmental topics** with enhanced monitoring of the direct carbon impact of Believe's activities (scopes 1 & 2) and the implementation of the first action plans to reduce energy consumption.

### 2.1.3.2 CSR governance system

Driven by Believe's values, the CSR governance enables ownership of the challenges and the involvement of all to bring the *Shaping Music for Good* approach to life at all levels of the Company. Built on Believe's two essential components – Artists and Labels, and Employees – the pillars of *Shaping Music for Good* are rolled out throughout the Group. They support employee engagement and overall performance.

The attachment of the CSR Department to the Group's Human Resources Department illustrates Believe's desire to include CSR as a structuring element of management and motivation, involving employees directly. The CSR Department ensures the operational deployment of the approach, with the full attention of the Board of Directors.

Within the latter, the CSR Committee is chaired by the independent director, Kathleen O'Riordan. The presence of Denis Ladegaillerie on this Committee reflects the importance given to social, environmental and governance issues in the definition of the strategy. Chapter 4 *"Corporate governance"* presents the functioning of the Committee and the details of its work during the 2022 fiscal year.

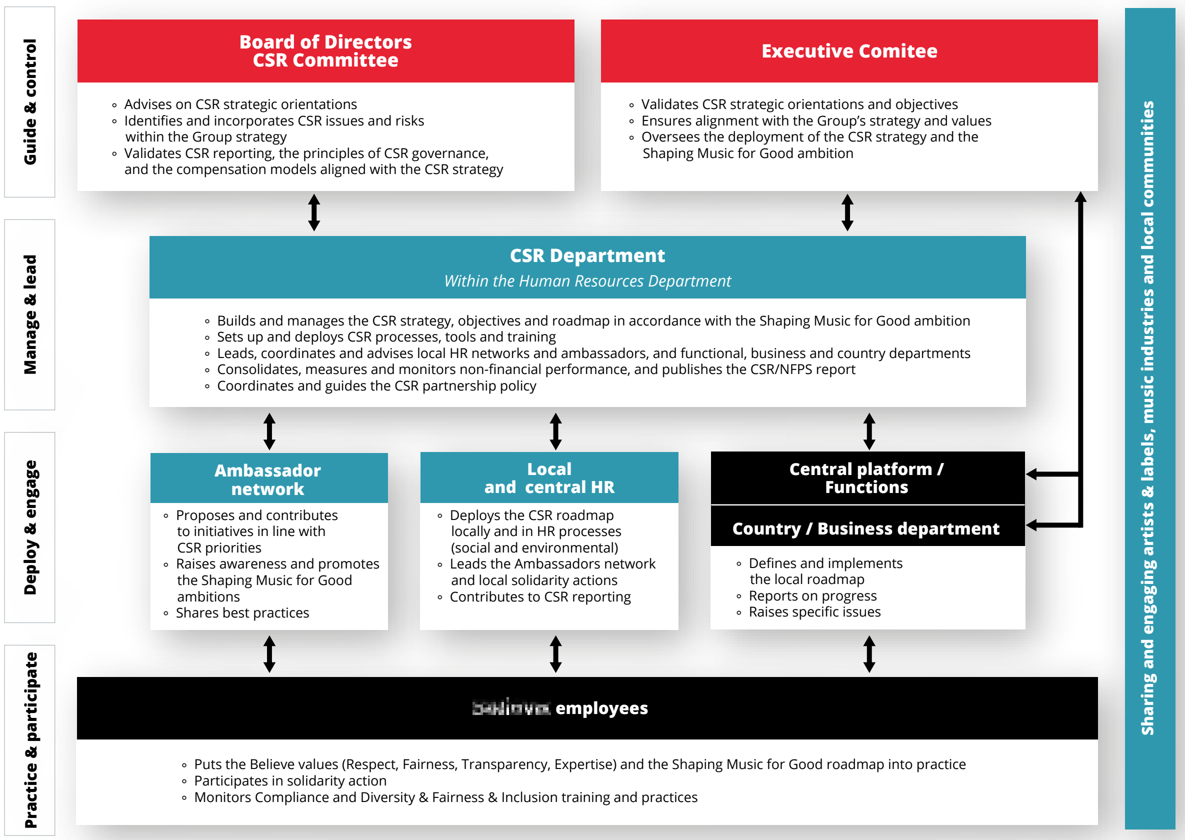
It should be noted that three CSR criteria (rate of women, ambassadors and training in the headcount) are included in the annual and long-term variable compensation of the members of the Executive Committee and managers of the Group's main subsidiaries.

*(1) See Section 2.1.3.3 "A global network of committed ambassadors", page 52.*

*(2) See Section 2.5.2.4 "Supporting employee engagement with local communities", page 84.*

## CSR governance for *Shaping Music for Good*

The diagram below details the role of each body in the steering, implementation and control of the *Shaping Music for Good* approach.




### 2.1.3.3 A global network of committed ambassadors

Believe ambassadors are volunteer employees who propose and contribute to initiatives that have a positive impact for teams and local communities, in line with the priorities of *Shaping Music for Good*. The system operates on a collaborative basis, in close coordination with Executive Management, with the support of the Human Resources and local management teams.

The ambassadors implement concrete actions in areas such as the promotion of gender equality, diversity, support for local communities and environmental protection. The goal is to create and lead a community to share best practices, disseminate and implement the CSR strategy locally in line with the *Shaping Music for Good* approach. Examples of the ambassador network's contributions can be found in Section 2.5.2.4 "*Supporting employee engagement with local communities*", page 84.

To this end, the ambassadors receive information on the CSR strategy, objectives and resources allocated. They meet regularly at local and regional level to share best practices and define and implement concrete actions on the ground. The ambassadors also contribute to the preparation of the NFPS by providing the data and testimonies necessary for its realization.

Created in 2019, at the initiative of employees and with the support of human resources, the ambassador network has gradually been organized and structured into different communities, addressing Believe's priority topics:

- ***Believe for People/Parity***: on the topics of gender equality, diversity and inclusion, well-being at work, mentoring and support for local communities;
- ***Believe for Planet***: on environmental issues.

The Group has set itself the target of increasing the number of employees involved in the ambassador network. In 2022, it had nearly 140 ambassadors in 27 countries, *i.e.* nearly 8.9% of employees, thus exceeding the initial target of 8.5% ambassadors for the Group's total headcount.

This indicator is one of the non-financial criteria included in the variable and long-term compensation of the Executive Committee.(1)

| Indicator | 2022 | 2021 |
|---|---|---|
| % of Believe ambassadors among employees | 8.9% | 8.4% |

*(1) See also Section 4.2.1 "Compensation policy", page 169.*

# 2.2 Analysis of the risks and opportunities related to Governance, Social and Environmental issues

This statement for the 2022 fiscal year is based on a risk analysis, pursuant to Order 2017-1180 of July 19, 2017, in order to reflect the expectations of Believe's main stakeholders regarding the assessment and management of CSR risks and opportunities. The methodology for identifying material risks is presented in Section 2.7 *"Methodological note and summary of indicators* of this chapter, on page 96.

## 2.2.1 Nurturing the *Shaping Music for Good* approach through dialogue with stakeholders

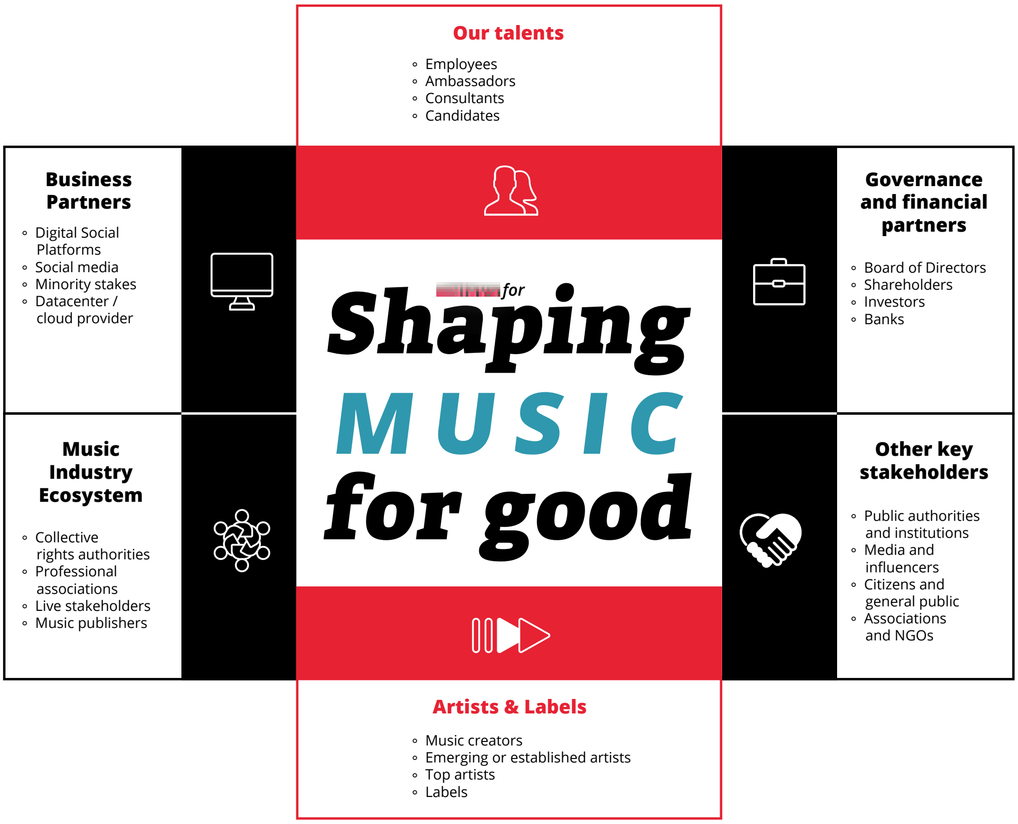
### 2.2.1.1 Believe's stakeholders

In line with its values and in accordance with the principle of dual materiality, Believe attaches the utmost importance to the voices of its stakeholders. The Company has identified six categories of stakeholders to ensure that their expectations are taken into account when identifying priority CSR issues:

- Believe's talents (employees, etc.);
- artists and labels;
- members of governance and financial partners;
- business partners and suppliers;
- the music industry ecosystem;
- other key stakeholders.

This mapping also involves ensuring regular dialogue between Believe and all players in its ecosystem. It will be gradually refined by analyzing reciprocal interests and powers.

#### Mapping of stakeholders



### 2.2.1.2 Consultation with stakeholders

As part of its approach to co-constructing its CSR strategy – *Shaping Music for Good* – throughout the second quarter of 2021, Believe consulted employees, artists and labels, as well as partner platforms.

This consultation made it possible to identify the priority material topics and to reinforce and challenge the strategic priorities of *Shaping Music for Good*. This dialogue also gave respondents the opportunity to express their expectations and opinions in all their diversity in terms of social responsibility, in an authentic and personal way.

**Results of the stakeholder survey on a panel of 320 people in 2021**
**(employees, artists and labels, platforms, etc.)**

*On a scale of 1 to 3, stakeholders rated the themes that should be a priority for Believe:*

**SOCIAL**
2.42/3
Equal opportunities, diversity and inclusion, fight against discrimination, talent development.

**ENVIRONMENT**
2.26/3
Reduction of the buildings carbon footprint, digital carbon impact, IT equipment management.

**SOLIDARITY**
1.33/3
Access to digital technology and monetization for artists, support for local communities.

#### Expression of Believe stakeholders' expectations and main actions implemented

The Group intends to permeate its relationships with its stakeholders with its values, and thus best meet their expectations, with concrete actions.

On the social aspect, stakeholders particularly approved three subjects:

- diversity and inclusion within teams;
- conscious measures to work towards reducing inequalities targeting minorities in the music and digital industries;
- the physical and mental health and well-being of employees and artists.

These issues are addressed via the Group's human resources policy(1) and projects carried out in support of local communities(2).

On the environmental aspect, the measurement and control of the carbon footprint are considered important, in particular through reductions in energy consumption(3). The environmental action plans were initiated in 2022 taking these issues into account.

Lastly, Believe's stakeholders expect the Group to maintain fair and transparent relations with all artists, labels, employees and partners(4), which is a priority at the heart of its business model.

*(1) See Section 2.4 "Employees at the heart of Believe's business model and Shaping Music for Good", page 65.*
*(2) See Section 2.5 "A committed player serving artists and labels and local communities", page 78.*
*(3) See Section 2.6 "Actions on the ground in favor of the environment", page 86.*
*(4) See Section 2.5 "A committed player serving artists and labels and local communities", page 78.*

### United Nations Sustainable Development Goals

Believe has identified the Sustainable Develpment Goals (SDG) defined by the United Nations to which the Group makes a significant contribution, in particular through its *Shaping Music for Good* program.

| SDGs | Believe's priorities and actions |
|---|---|
| **Good health and well-being** | Believe deploys a social protection floor for all its employees. The Group offers global and local activities that promote their well-being at work and their physical and mental health. |
| **Quality education** | Believe shares its musical and technological expertise with artists, labels and local communities through employee engagement (mentoring, etc.) and partnerships (masterclasses, etc.). Numerous solidarity activities are also organized on the theme of education through music. |
| **Gender equality & reduced inequalities** | The Group ensures the fairness and parity of all its HR and management processes. It trains teams in inclusive practices (including through training on cultural and gender prejudices), anti-discrimination and anti-harassment practices.<br>Believe is committed to the issues of diversity, equity and inclusion in the music and digital industry ("Be The Change" study, 50InTech partnership), and via the actions of the ambassadors *(Believe for People/Parity).* |
| **Decent work and economic growth** | Believe gives its employees, artists and labels the means to develop their careers, ensure their employability and monetize their musical talents. Believe provides them with its digital expertise, innovative technological solutions, as well as a transparent and fair value-sharing system. |
| **Climate action** | Believe measures and manages its direct impacts on the environment through concrete actions in its offices via the commitment of its ambassadors *(Believe for Planet)* and employees.<br>The Group is also beginning to analyze its scope 3, a still complex exercise that will make it possible to measure the impacts of data centers, the cloud and streaming practices. |

### 2.2.1.3 Ongoing dialogue with the financial community

Since its IPO in June 2021, Believe regularly communicates on its activities, strategy and outlook to individual and institutional shareholders and, more generally, the financial community (investors, agencies, rating agencies, etc.).

The Group follows the best practices of the profession. Believe's management and Investor Relations maintain a regular dialogue on environmental, social and governance (ESG) issues with the financial community. They take part in roadshows, and other individual meetings and thematic conferences, notably on socially responsible investment (SRI) topics.

In 2022, the Group's Investor Relations met with more than 250 institutions.

On the Group's website, in the Investors Section, the following information is available:

- regulated information, of which the effective and complete distribution is carried out electronically, including on the AMF (*Autorité des Marchés Financiers* - Financial Markets Authority) website, by a professional distributor on the list published by the AMF;
- financial press releases, quarterly results presentations in webcast and their transcription;
- the financial publications calendar;
- the share price;
- the share capital structure.

### 2.2.1.4 Recognized non-financial performance

The Group's non-financial performance was assessed by internationally recognized agencies on the basis of governance, social and environmental criteria. The Group obtained positive ratings only one year after its IPO in June 2021 and the implementation of the associated regulations and best market practices. These assessments demonstrate Believe's level of maturity and commitment to CSR and its integration into its business model and values.

| Rating agency | Believe's rating in 2022 | Description |
|---|---|---|
| **MSCI** | Believe was rated **AA** (on a scale from CCC to AAA) in 2022 and is among the 12% highest-rated companies in its industry (Media & Entertainment). | *MSCI (Morgan Stanley Capital International) provides in-depth research and analysis on ESG topics on more than 5,800 companies. Its rating system is regularly updated to assess the ESG performance of organizations with regard to regulatory, technical and sectoral changes.* |
| **Gaïa Reasearch by Ethifinance** | Believe obtained the **Bronze** level, with a score of 53/100 for the 2021 fiscal year, similar to the national and sectoral benchmarks carried out by the agency. | *Gaïa Research assesses the performance and management of ESG risks and opportunities of small and medium-sized companies listed on European markets. Its rating system is based on more than 140 ESG criteria linked to stakeholders updated annually.* |

## 2.2.2 Policies and actions to address ESG challenges: risk and opportunities matrix

The table below presents the results of the analysis, as well as the description of the main ESG risks and opportunities identified with regard to Believe's activities, its challenges and those of the music industry. This analysis was carried out on the basis of the framework provided by the *Shaping Music for Good* strategy, the priorities identified by stakeholders in the context of the music and technology sector, regulatory expectations and best practices in non-financial reporting, and the recommendations of the CSR Committee and the risks identified in Chapter 3 to which Believe is exposed.

This matrix of risks and opportunities is organized into three main themes that cover Believe's main ESG issues:

- social, talent development and ethical practices issues;
- societal issues, with artists and labels and local communities;
- environmental issues.

The ESG risk analysis covers Believe's activity and its value chain. It did not reveal any material risks related to relations with its suppliers and subcontractors[1].

This table presents the main policies and action plans implemented to reduce these risks and develop opportunities within the framework of the four main pillars of the *Shaping Music for Good* (SMFG) strategy. It also specifies the Sections of this Chapter 2 – NFPS and of the Universal registration document that deal in more detail with these subjects. Finally, it illustrates the United Nations SDGs to which the Group contributes.

The Group's main risk factors, as presented in Chapter 3 of the Universal registration document, were enhanced in 2022 by the work carried out on the matrix of ESG issues. Some ESG risks have been added or adjusted, depending on the Group risk prioritization process.

*(1) Type of suppliers and subcontractors: mainly related to purchases of real estate and related services, digital equipment and data centers.*

### BELIEVE'S ESG CHALLENGES, RISKS AND OPPORTUNITIES MATRIX

| CSR ISSUES AND CHALLENGES | RISKS | OPPORTUNITIES | POLICIES AND/OR ACTION PLAN | SMFG PILLARS AND SDGS | NFPS AND URD SECTION |
|---|---|---|---|---|---|
| **SOCIAL ISSUES AND CHALLENGES** | | | | | |
| **Having the skills necessary to maintain our leadership position in a rapidly changing industry and in a highly stressed labor market:**<br>● **Recruiting and retaining the right talent**<br>● **Having and developing technical and digital marketing skills** | Risk of not being an attractive employer and not retaining the talent needed for growth | Developing a strong employer brand and attracting high-level candidates | ● **Developing the visibility of the employer brand** on the Internet and social networks with a new Careers website<br>● **Deploying an effective recruitment policy and tools** (deployment of Smart Recruiter, recruitment training guide, referrals, etc.) | 8 Decent work and economic growth<br>10 Reduced inequalities | 2.4.3, page 67 |
| | | Developing effective working conditions, well-being and mental health and creating the conditions for constructive social dialogue in the daily lives of the teams | ● Performing regular **surveys** of all employees to measure the various dimensions of their commitment and satisfaction *(Your Voice)*<br>● **Supporting employees in the management of their work and their mental health** (stress management, mentoring, external psychological support, etc.)<br>● **Setting up local activities** to promote well-being and team spirit (sports and physical activities, catering, etc.)<br>● **Deploying a social protection floor to all employees** | 3 Good health and well-being<br>8 Decent work and economic growth<br>10 Reduced inequalities | 2.4.6, page 74 |
| | | Retaining and supporting employees in their career development | ● **Supporting their career development and assessing employee performance**<br>● **Supporting managers and leaders in their management role** (training and coaching)<br>● **Implement strategic talent development and succession plans** | 8 Decent work and economic growth | 2.4.4, page 69 |
| | Risk of not providing artists and labels with the most advanced technical and digital marketing | Continuously developing the highest level of skills, and training employees in the most recent practices, particularly in technology and digital marketing | ● **Deploying skills acquisition methods adapted to the practices of the digital sector,** with updated shared modules and a powerful online platform<br>● Implementing the **best practices and training in cybersecurity** | 8 Decent work and economic growth<br>10 Reduced inequalities | 2.4.4.1, page 69<br>2.4.4.2, page 69 |

| CSR ISSUES AND CHALLENGES | RISKS | OPPORTUNITIES | POLICIES AND/OR ACTION PLAN | SMFG PILLARS AND SDGS | NFPS AND URD SECTION |
|---|---|---|---|---|---|
| **SOCIAL ISSUES AND CHALLENGES** | | | | | |
| **Managing the Group's rapid growth and internationalization:**<br>• **Sharing Believe's culture and values: developing a company recognized as diverse, inclusive and fair**<br>• **Ensuring the local performance of the teams** | Risk of disengagement of employees and non-alignment with Believe's values and compliance practices | Creating an inclusive environment and making diversity a lever for employee attractiveness, motivation and performance | • **Promoting gender equity and parity** in all HR and management processes<br>• **Raising employee awareness of inclusive**, anti-bias, anti-discrimination and anti-harassment **best practices** | 5 GENDER EQUALITY<br>8 DECENT WORK AND ECONOMIC GROWTH<br>10 REDUCED INEQUALITIES | 2.4.5, page 71 |
| | | Engaging and motivating employees thanks to our CSR *Shaping Music for Good* ambition and by uniting them around strong values | • **Developing an ambassador network** *(Believe for Planet, Believe for People/Parity)*<br>• **Promotion of Believe's *Driving Forces*** (Respect, Expertise, Equity, Transparency)<br>• **Deploying policies and tools to apply ethics and compliance standards**<br>• **Setting up and publicizing the whistleblowing system** | 10 REDUCED INEQUALITIES<br>13 CLIMATE ACTION | 2.1.3.3, page 52<br>2.3.2, page 63<br>2.3.3, page 64 |
| | Risk of inconsistency and effectiveness of HR and talent management processes | Involving employees in the Company's growth<br>Recognizing talent through compensation<br>Implementing structured and robust HR processes and deploying them across all countries and subsidiaries | • Deploying a **fair and attractive compensation system** (job/talent/compensation framework)<br>• **Developing an attractive and fair employee shareholding program**<br>• **Define central policies applied locally and standardize human resources information systems** | 8 DECENT WORK AND ECONOMIC GROWTH | 2.4.1, page 65<br>2.4.7, page 76 |

| CSR ISSUES AND CHALLENGES | RISKS | OPPORTUNITIES | POLICIES AND/OR ACTION PLAN | SMFG PILLARS AND SDGS | NFPS AND URD SECTION |
|---|---|---|---|---|---|
| **SOCIETAL ISSUES AND CHALLENGES** | | | | | |
| **Engaging the music industry in favor of diversity, equity and inclusion:**<br>● **Being an inclusive partner for all diverse communities and all types of music genres** | Risk of exclusion for certain communities and music genres, and non-alignment with Believe's values | Promoting emerging artists, women and minorities in the music industry | ● **Understanding and measuring the challenges faced by women and minorities in the music industry** (*Be The Change* study)<br>● Building **partnerships with the music industry and technology for women and minorities** (Key Change, WIM, 50'inTech, etc.)<br>● **Supporting artists committed** in favor of minorities | 5 GENDER EQUALITY<br>8 DECENT WORK AND ECONOMIC GROWTH<br>10 REDUCED INEQUALITIES | 2.5.2.2, page 82 |
| | | Engaging employees and providing the opportunity and framework to participate in solidarity activities | ● **Developing solidarity-based activities and building music education programs** (Believe Tomorrow) | 4 QUALITY EDUCATION<br>17 PARTNERSHIPS FOR THE GOALS | 2.5.2, page 82 |
| **Attracting, revealing and supporting local and diverse artists and labels in the development of their music careers through digital technologies and services**<br>● **Providing easy access to digital music technologies**<br>● **Mastering new digital music practices for all types of artists and labels (beginners or experienced)** | Risk of digital divide, invisibility and lack of artist skills to make the most of new digital marketing technologies and practices | Training and supporting artists in the development of their careers and their digital presence by making the most of the latest technologies and digital marketing practices | ● **Developing easy-to-use digital platforms and service offerings adapted to the different needs of artists** and at each stage of their career (TuneCore offer)<br>● **Increasing the level of expertise of artists and labels,** and training them in digital and digital marketing practices (Artist Resources program on Backstage, TuneCore Rewards, MasterClasses, etc.)<br>● **Providing access to a broad portfolio of reliable digital service providers** to ensure a level of visibility with local communities (150 DSPs assessed according to rigorous criteria, partnerships with DSPs, etc.) | 8 DECENT WORK AND ECONOMIC GROWTH<br>10 REDUCED INEQUALITIES | 2.5.2, page 82 |
| | | Developing music education programs for disadvantaged communities and supporting future young musical talents as well as the local musical heritage | ● **Developing music education programs for disadvantaged communities and supporting future young musical talents** (BEAMS India, Songwriting camp, Casa Preta Hub, etc.) | 4 QUALITY EDUCATION<br>10 REDUCED INEQUALITIES | 2.5.1, page 78 |

| CSR ISSUES AND CHALLENGES | RISKS | OPPORTUNITIES | POLICIES AND/OR ACTION PLAN | SMFG PILLARS AND SDGS | NFPS AND URD SECTION |
|---|---|---|---|---|---|
| **SOCIAL ISSUES AND CHALLENGES** | | | | | |
| **Maintaining relationships of trust with artists and labels to promote their artistic creativity and financial independence:**<br>● **Being an advisory partner while ensuring the independence and creativity of artists and labels**<br>● **Helping artists protect their content and monetize their music** | Risk of limiting the freedom of expression and independence of artists and labels, and of not respecting private data | Respecting artists' fundamental rights and their artistic choices | ● **Protecting the creative independence of artists and labels** while ensuring compliance with local regulations (monitoring and moderation of content depending on the country, advice and educational role for artists in the event of potentially sensitive content, etc.) | | 2.5.1.5, page 81 |
| | | Sharing value fairly and transparently | ● Establishing a contractual and fair remuneration policy that respects the sharing of value with the artist according to the development of their career (new TuneCore rates, reduced exclusivity clause) | | 2.5.1.6, page 82 |
| | | Respecting the data privacy of artists and labels | ● **Implementing measures and teams in charge of processing and protecting data of artists and labels** (within Believe and in coordination with the DSPs) | | 2.5.1.5, page 81 |

| CSR ISSUES AND CHALLENGES | RISKS | OPPORTUNITIES | POLICIES AND/OR ACTION PLAN | SMFG PILLARS AND SDGS | NFPS AND URD SECTION |
|---|---|---|---|---|---|
| **ENVIRONMENTAL ISSUES AND CHALLENGES** | | | | | |
| **Promoting an eco-responsible digital music industry:**<br>● **Ultimately contributing to carbon neutrality for our direct activities**<br>● **Understanding and limiting the impact of the digital music industry on the environment and climate** | Climate and resource-related risks across the entire digital music and digital value chain (data center, streaming, equipment, etc.) | Reducing the direct environmental impact of our activities | ● Measuring and reducing energy consumption and GHG emissions from office buildings<br>● Measuring and reducing the use of electrical and electronic equipment by promoting recycling<br>● Encouraging low-carbon transport practices<br>● Training and engaging employees in eco-responsible practices | | 2.6.2, page 96<br>2.6.3, page 96 |
| | | Using our role as a leader in digital music to engage the various players to have a positive impact on the environment throughout the value chain | ● Assessing the indirect impact (scope 3) and identifying the key levers for Believe to limit the physical and transition risks related to climate change.<br>● Developing best practices in streaming, data centers and merchandising products and music events | | 2.6.1.1, page 86 |
| | | | ● Promoting artists who are committed to environmental protection<br>● Training and engaging employees in eco-responsible practices (*Believe Tomorrow/ Believe for Planet* Ambassadors) | | 2.6.3, page 96 |

# 2.3 An ethics and deontological system as close as possible to employees, artists and labels

Ethics is one of Believe's first requirements on a daily basis in its operations. It is anchored in the Group's history and values: Respect, Expertise, Fairness and Transparency.

Believe has put in place a set of tools and systems described below to promote and ensure the implementation of ethics and compliance principles in its activities. In the Group risk mapping, risks related to fraud, corruption and ethics are classified as medium risks.[1]

## 2.3.1 Organizing the governance of ethical issues

The Compliance Officer reports directly to the Legal Department. She is responsible for designing and implementing the Group's compliance program. This includes, among other things, ethics, anti-corruption and conflict of interest tools and rules.

The Compliance Officer participates in the Ethics Committee to ensure the strict application of procedures by the Group's employees and partners. The Ethics Committee is dedicated to handling reports of breaches of internal rules and codes.

The Compliance Officer occasionally participates in the Risk Committee to report on the progress of work related to the *Sapin II* Law and the GDPR. This Committee is presented in Chapter 3, Section 3.2.1 *"General organization of internal control"*, page 132.

This organization allows centralized governance, at Group level, of compliance and ethics issues, controls to be carried out and the management of alerts and risks.

## 2.3.2 Deploying policies and tools to apply ethics and compliance standards

The compliance program includes several tools, including the Code of Ethics and the Anti-Corruption Code (available in more than ten languages), as well as the conflict of interest procedure and control mechanisms. These Codes are made available on the Group's website (Compliance & Ethics | Believe), as well as on the Intranet site, which are both accessible to employees. They set out the recommended ethical behaviors, those that are prohibited, as well as the sanctions incurred for any reprehensible behavior committed by Believe's directors, shareholders or employees.[2]

Believe has set up a training and awareness program on ethics, compliance and respect for human rights to ensure the permanent application of these rules and procedures by employees. In particular, all newcomers follow an interactive training module on the subject, and workshops are organized for role-play. The program also provides for regular updates and training campaign reminders for current employees. A major online training campaign was launched in 2021 (67% of employees trained), and was completed in 2022 (44% of employees trained).

The Group also deploys a training course called *Be FAIR* on Diversity, Equity and Inclusion, which explains the principles of non-discrimination and anti-harassment to be respected at Believe.[3]

| Indicator | 2022 | 2021 |
|---|---|---|
| % of employees having completed the Code of ethics and/or anti-corruption and/or conflict of interest training | 44% | 67% |

(1) *See Chapter 3 "Risk factors and risk management", page 111.*

(2) *The content and guidelines of the Ethics and Anti-Corruption Codes are detailed in Chapter 3 "Risk factors and risk management", page 111.*

(3) *See Section 2.4.5 "Creating a diverse, inclusive and fair working environment", page 71.*

"***The extraordinary growth that Believe is experiencing is possible because these values are at the heart of our business. Our ethical standards, supported by strict regulations, must be imposed on us all, individually and collectively. Every day we have to make many decisions. Some of them can sometimes raise complex ethics issues that deserve special attention. It is in this context that the Believe Code of ethics was drawn up. It sets out the main standards of conduct applicable to our business and sets out the guidelines that we must follow within Believe when we are required to make decisions. It is the adherence by each one of us to Believe's values that contributes to its success".***

Xavier Dumont,
Chief Financial and Strategy Officer.

## 2.3.3 Setting up and publicizing the whistleblowing system

Since January 2021, the Group has rolled out a whistleblowing system available in five languages, 24/7 and managed by an independent organization. It should enable everyone to report online wrongdoing or inappropriate behavior that does not comply with Believe's Code of Ethics, whether proven or suspected.

Believe has also set up training modules for employees to inform and explain how this whistleblowing procedure works. This makes it possible to detect sensitive situations, in particular fraud, corruption, discrimination or harassment or non-respect of human rights. Employees are encouraged to express themselves confidentially, anonymously or not, depending on their wishes. This procedure enables them to report in good faith a serious breach of the law or of Believe's internal rules.

This system meets the requirements of the *Sapin II* Law and is open to all employees and stakeholders, including artists, labels, partners and digital service provider platforms, and suppliers. It is available on the Group's website: https://believe.integrityline.org/index.php. It is supported by a whistleblowing management protocol that has been rolled out within the Group. Depending on the type of incident and alert reported, the protocol provides for the opening of an investigation and their rigorous handling:

- alerts relating to labor law, harassment, discrimination, employee health and the working environment are transmitted to and analyzed by the Group's Human Resources Department. The latter then takes the necessary measures or appropriate sanctions if need be;
- other alerts, including fraud, corruption, conflict of interest and non-respect of human rights alerts, are sent to the Compliance Officer.

Believe is committed to considering all complaints and treating them with respect and confidentiality. The most serious alerts are examined by Believe's Ethics Committee, composed of the Compliance Officer, the Chief People Officer, the Legal Department and the Chairman and Chief Executive Officer of Believe.

In 2022, we did not receive any alerts through this specific system. Alerts of discrimination or inappropriate behavior towards employees were reported directly to local Human Resources departments. All these alerts were investigated and dealt with.

In line with the principles of the *Sapin II* Law, Believe has also set up a rigorous process for evaluating and selecting third parties, in particular its main digital service provider partners.[(1)]

Lastly, risks related to taxation and changes thereto are addressed through regular tax monitoring and processes to ensure compliance with current regulations[(2)].

*(1) See Section 2.5.1.2 "Developing unique and innovative partnerships with local digital service providers", page 79.*
*(2) See Section 3.2.1.1 "Definition and objectives of internal control", page 132.*

# 2.4 Employees at the heart of Believe's business model and *Shaping Music for Good*

As a fast-growing international Group, Believe must be able to attract, recruit and develop the right talent at the central and local levels to ensure the development of its activities and remain at the forefront of digital music technology and practices. Employees are one of the foundations of Believe's expertise. The ability to retain its teams, share the Group's values and its *Shaping Music for Good* ambition are also key to Believe's success. The risk related to human capital and its development is one of the Group's main risk factors.

## 2.4.1 A structured human resources organization to support the Group's growth

Believe has put in place structured and robust human resources management processes and tools capable of meeting the following challenges:

- recruiting and integrating a significant number of employees in more than 50 countries, in a context of pressure on available talent in certain segments, particularly in the technological, digital and music industry profiles;
- developing skills and offering career opportunities in a disruptive and rapidly changing industry;
- retaining and supporting employees and managers throughout their careers, in order to meet new expectations in terms of quality of life at work and "purpose". Developing best managerial practices, and thus ensuring a high level of commitment;
- integrating the resources of the acquired companies, by sharing and applying the same values and principles as within the Group.

### An organization in central and local teams

This organization enables the consistent and rapid deployment of policies and tools in all Group entities. It also provides local management in the countries.

Believe has structured the Human Resources Department into three central divisions. They serve the human resources networks in the regions and countries.

- *People success,* which implements talent acquisition and development policies and strategies.
- *Operations,* which deploys compensation & benefits policies and tools, as well as human resources information systems, procedures and dashboards.
- *CSR & engagement,* which steers the *Shaping Music for Good* approach, non-financial performance and the deployment of certain employee engagement activities.

### The role of the central teams

The main role of the central teams is to define the principles, policies and practices. They ensure consistency and equity in access to Group programs, tools and reporting.

The main role of the local human resources teams, with the support of the central teams, is to:

- implement these policies on the ground;
- adapt practices according to country specificities;
- operationally manage talent development and support managers in their role of effectively managing their teams.

The permanent dialogue between the central and local human resources teams allows the alignment of policies and practices while having a pragmatic and effective approach on the ground.

### Group policies and practices

They cover the following topics:

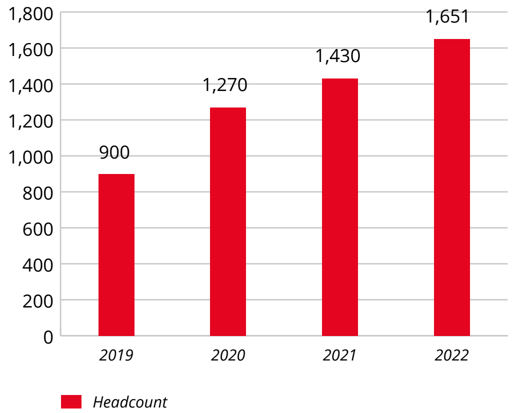
- attractiveness, recruitment and retention of teams;
- skills development and support for managers;
- the promotion of the principles of Diversity, Equity and Inclusion, and gender parity;
- well-being at work and health;
- the sharing of value and the search for fair and attractive compensation;
- social dialogue.

## 2.4.2 Believe employees in key figures

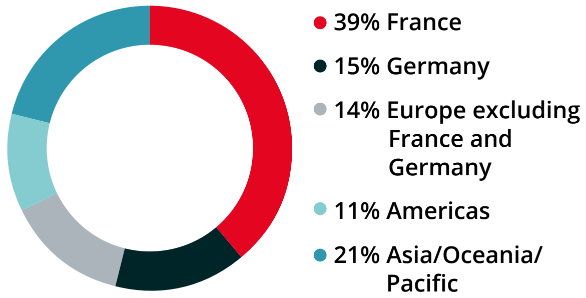
As at December 31, 2022, the Group had 1,651 employees in the companies included in its scope of consolidation, including 643 in France[1].

For the 2022 fiscal year, the Group's payroll amounted to €135.5 million compared to €104.8 million for the 2021 fiscal year, and €78.6 million for the 2020 fiscal year. The payroll is the sum of all gross salaries and the employer's social security contributions, as well as employee profit-sharing and other personnel costs, paid during each financial year.

### Headcount evolution

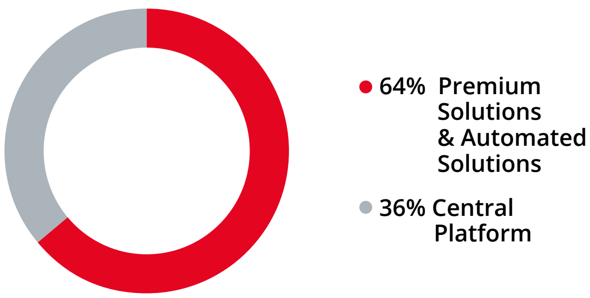



### Geographical breakdown of the 2022 headcount

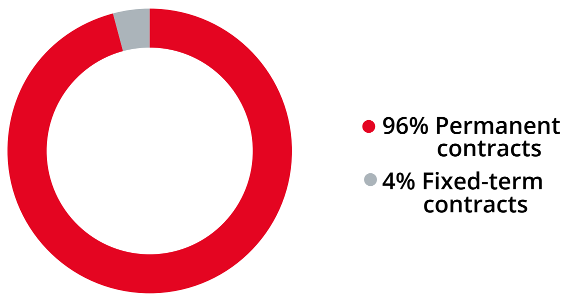



Since 2019, Believe's headcount has grown by 58.9%. In 2022, the headcount continued to grow with an increase of 13.4% compared to 2021 to further support the acceleration and structuring of Believe's growth. New hires represented 24.1% of the average headcount for the fiscal year ended December 31, 2022. Over the same period, the attrition rate was 16.1%, down significantly compared to 2021 (19.1%). This result is due to a better ability to retain talent in a labor market that remains highly stressed.

### Headcount breakdown by business segment in 2022

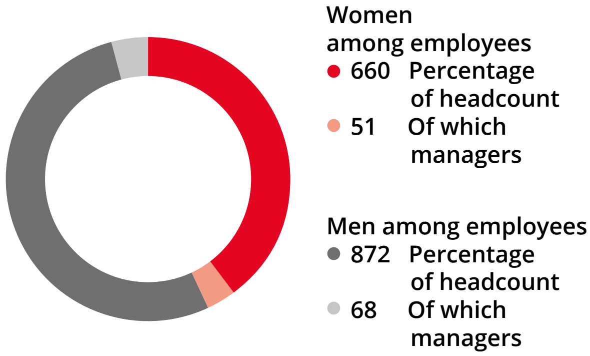



### Breakdown of fixed-term/permanent contracts in 2022

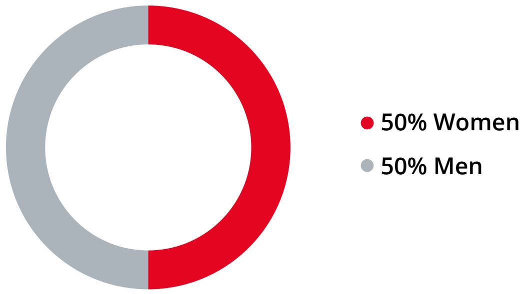



(1) *In this Chapter, the Group's headcount is presented at the end of the period, excluding interns and temporary workers. In addition, the Group relies on the services of external consultants in a number of countries where it operates. These consultants are not counted as employees.*

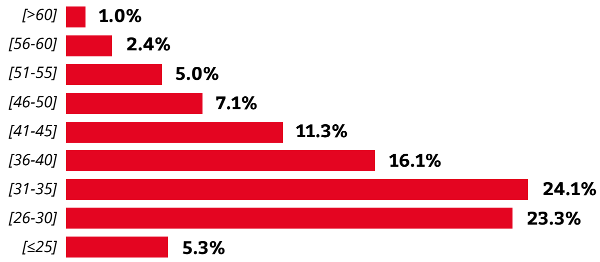
### Breakdown of women and men in 2022




### Breakdown of women and men in Executive Committee in 2022




### 2022 age pyramid




## 2.4.3 Attracting, recruiting and integrating employees

Believe's business model is essentially based on the expertise of its teams in highly competitive businesses. The ability to attract, recruit and integrate the right talent is an important issue in supporting the Group's growth. Every year and on all continents, Believe recruits large numbers of employees with diverse levels of skills and experience. These include experts in the music industry, IT engineering and development, digital and data management and analysis.

Procedures for each stage of recruitment are deployed in a uniform manner in all countries. The aim is to deal with competition and strengthen the Group's attractiveness, in particular among "Tech" profiles which are also sought after by companies with a stronger reputation[1]. The job market in the digital world is characterized by strong and global competition.

Believe's talent acquisition policy is also based on the Group's values. The *People success* team manages and coordinates the recruitment process in all countries. It ensures successful recruitment and guarantees a transparent, fair and uniform candidate life cycle. Dedicated teams are set up in countries where the number of hires is particularly high.

*(1) See also Section 3.1.3 "Risks related to the Company", page 125.*

### 2.4.3.1 Developing the visibility and attractiveness of the employer brand

For several years, Believe has been developing the visibility and attractiveness of its employer brand by promoting:

- a diverse and inclusive work environment;
- the Group's transparent relationships with its employees;
- the professional opportunities offered throughout the employee's career;
- fair compensation in line with market practices.

In 2022, the Group rolled out its employer brand, *Set the tone,* notably by developing a new website dedicated to recruitment and accessible from the Group's website (https://careers.believe.com/en/). Promoting the *Shaping Music for Good* approach also contributes to Believe's attractiveness and pride in belonging, particularly among young talent. The Group is also very attentive to presenting the values, working conditions and compensation to potential candidates in complete transparency and thus ensuring the success of recruitment.

Believe's employer brand strategy aims to:

- recruit committed talent in line with Believe's values;
- strengthen Believe's positioning with technology and music industry candidates, by promoting Believe's initiatives and opportunities, and by promoting the *Shaping Music for Good* program;
- engage employees in the recruitment process, in particular via co-optation and promoting the employer brand on social networks;
- increase the Group's visibility on the Internet and on specialized platforms such as Indeed, Welcome to the Jungle and Glassdoor. More specific actions are also carried out on the platforms used by talent and experts in the technology and music industry.

The Group is increasing its recruitment opportunities by welcoming interns, apprentices or candidates who have not yet graduated. To this end, it is strengthening its relations with schools and universities, and developing its visibility on the campuses of schools and universities, in accordance with its diversity policy. In addition, Believe is continuing its proactive policy of recruiting women[(1)].

### 2.4.3.2 Deploying an effective recruitment policy and tools

Believe has implemented and deployed procedures, tools and training for the various stages of recruitment in all countries.

**Preparing for recruitment:**

- training and supporting managers by providing recruitment guides and training, as well as the value proposition as an employer brand;
- defining the content of the position and the profile sought by sharing a set of objectives and skills by business line;
- calibrating positions with regard to market prices, using internal compensation grids and recognized external benchmarks such as that of Towers Watson;
- publishing attractive job offers, that are clear with regard to roles and responsibilities, and faithful to the reality of the position;
- generating and selecting a pool of candidates that meet the Group's needs.

**Interviewing and assessing candidates:**

- transparently explaining to the candidate the various stages of recruitment, as well as the benefits and challenges of joining Believe;
- preparing the interviews in order to effectively and fairly assess candidates;
- assessing the candidate in the most objective and unbiased way possible, in particular through the upstream training of managers and recruiters on the conscious and unconscious influence of each person's biases[(2)];
- testing and assessing the suitability of the candidate with Believe's "culture" and values, in particular through a profile test specific to Believe;
- identifying and explaining to the candidate career development and skills enhancement opportunities.

At each stage, Believe has also set up a monitoring of satisfaction with the recruitment process from the point of view of the candidate-hire and the manager-recruiter. It will be rolled out more widely at a later date.

### 2.4.3.3 Offering effective and rapid onboarding of new employees

The onboarding process is essential to ensure the new employees have a successful experience at Believe from the start and allows them to efficiently integrate within the organization.

The first onboarding step is offered online and starts before the employees arrive at Believe. This is followed by additional online as well as face-to-face onboarding steps.

This process facilitates the integration of new joiners and shares the fundamentals of Believe's culture and values from the outset.

*(1) See Section 2.4.5.1 "Promoting gender equity and parity", page 71.*

*(2) See Section 2.4.5.3 "Training employees in the principles of diversity, equity and inclusion (DCI) and anti-discrimination: the Be FAIR program", page 74.*

This onboarding phase includes:

- the management of administrative matters (contract, equipment, social benefits, organization, etc.);
- the presentation of the Group, its activities and its values;
- the first mandatory training sessions (Code of Ethics and conflicts of interest, *Be FAIR* on diversity, equity and inclusion, IT security, etc.).

These shared Group training modules are supplemented by "business line" training. Interviews at 30 days and 90 days, carried out with local HR, make it possible to measure the level of employee satisfaction and to complete the onboarding process if necessary (reinforce a subject, facilitate internal contacts, etc.).

In addition, the integration of teams from acquired companies is subject to specific management adapted to the company, the number of people involved and the commercial strategy, with a dual objective:

- share Believe's common values and deploy key processes (technology, operations, product, finance, compliance, human resources, etc.). On this occasion, the *b.shares* shareholding plan launched in 2022 was open to all acquired companies in eligible countries. 19% of employee subscribers were from these companies;
- maintain the necessary autonomy and agility that are the strength of the brand, while sharing expertise.

## 2.4.4 Retaining and supporting employees in their careers

In a constantly changing industry, it is essential for Believe to develop and train the next generation of digital music leaders and experts who will offer a high level of service to artists and labels. The Group's ability to meet the new expectations of employees, to retain and develop them is a major asset in supporting its growth and its innovation policy. It is also a lever to differentiate itself from other players in the "Tech" and digital music industry, that are Believe's competitors in the talent market.

### 2.4.4.1 Supporting career development and employee performance

In the technology and digital music industries, and more generally in fast-growing companies, employees have high expectations in terms of career development and mobility. Believe, therefore, deploys precise management of employee performance. Robust tools to support employees throughout their career Believe also offers them mobility and development opportunities in order to retain its talents.

Since 2020, Believe has implemented a career review process that is structured and common to the entire Group. This is a key stage in the employee's career management and development. Across all countries, each employee receives at least one career review per year, via a global digital platform. This review allows the employee and the manager to take stock of past activities and the achievement of the objectives set. Employees also identify their needs for individual support and training, and share their wishes for professional development. On this occasion, the manager may propose development or support plans, the results of which will be shared at the next career review.

| Indicator | 2022 | 2021 |
|---|---|---|
| % of employees who conducted at least one career review during the year | 97% | 95% |

Among the development actions, the practice of mentoring is popular. It was, therefore, continued in 2022. Launched in 2021, the *Believe for Parity* ambassador network continues to deploy it in France with the support of the human resources team. In two years, more than 60 mentors and mentees have enrolled in this program to support new hires, enable the discovery of digital music professions, or share business or management expertise. This practice facilitates the assumption of duties and the rapid increase in skills. It also facilitates professional mobility by expanding the employee's network.

### 2.4.4.2 Offering training and development programs adapted to employees and our business sector

Believe offers a wide range of training programs to all employees, so that they can remain or become experts on topics specific to their field. The aim of these training courses is to strengthen or acquire skills, in particular managerial and personal development skills, or on highly evolving or disruptive subjects (IT development, data analysis, digital marketing, etc.).

Each employee is encouraged to follow the training courses that best meet their needs and the changes in Believe's activities. The content offer, the methods of acquiring skills and their results are managed within the *Believe Academy* and *Business Campus* online platforms. Digitization enables each employee to follow their training path and to know the mandatory and recommended modules adapted to their profile.

Believe has partnered with recognized training platforms to offer a catalog adapted to the Company's business lines and selected for their quality. The development of short, educational and varied online modules offers great flexibility and facilitates self-learning. The content formats are multiple (tutorials, videos, webinars, personalized training, e-books and podcasts) on a wide range of topics. Some training courses can also provide certification, particularly for the "technology" professions. From 2023, content from the largest institutions and enabling the acquisition of high-level skills (MIT, Harvard Business School, ESSEC, HEC, Singapore University, AWS certification, etc.) will also be offered.

Online training programs, supplemented by face-to-face training more specific to a department or business, cover the following areas:

- people development;
- support for managers;
- business line expertise;
- the fundamentals of Believe.

The *People success* team manages the quality of training and verifies that the content and teaching methods are in line with market expectations and new practices. It conducts regular surveys to collect the satisfaction rate, and measures it with indicators such as the Net Promoter Score (NPS). The aim is to ensure the relevance and quality of the training provided.

All of these training courses and tools demonstrate Believe's intense investment in the development of its employees. This training policy is part of the career development plan for each employee, which is drawn up during career review sessions.

The Group indicator "% of employees who attended at least one training course during the year" is included in the variable and long-term compensation criteria for executives.[1]

| Indicator | 2022 | 2021 |
|---|---|---|
| % of employees who attended at least one training course during the year | 90.6% | 77% |

### 2.4.4.3 Supporting managers and preparing a talent pool

Believe is very committed to supporting its managers, who are often young or junior in their roles, and who assume their responsibilities in a fast-paced and fast-growing environment. The objective is to:

- prepare them for taking up their duties;
- support them in their day-to-day management role;
- and build a career plan with them.

The Executive Committee and managers are supported on a daily basis by the central and local Human Resources teams. Together, they monitor recruitment, carry out biannual interviews, salary reviews, the reviews of objectives and support measures for the development of their teams.

All managers and leaders benefit from two specific programs, *Managers@Believe* and *Leadership practices*. They include quarterly seminars, online modules, group work, practice sessions, podcasts, coaching and mentoring, etc., to reinforce managerial practices. These cover:

- conflict management;
- career and salary reviews;
- the definition of performance objectives;
- the culture of feedback;
- change management, etc.

To anticipate and support skills development, some of these training courses take place before the manager takes office. Believe measures the satisfaction rate of these training courses.

In 2022, Believe defined a strategic talent development planning process that will be gradually rolled out throughout the Group.

This structured process aims to:

- identify critical positions and key experts for the Group's activities today and tomorrow;
- support the individuals identified to retain and develop them;
- define succession plans in the event of departure or absence in order to ensure business continuity;
- prepare potential future leaders.

As part of this strategic talent development plan, Believe began to formalize a methodology for developing a succession plan in 2022. It will be applied in 2023 for the members of the Executive Committee and the main leaders. This work focused on the organization of a continuity plan in the event of an unexpected absence or departure among executive corporate officers and executives in each country and department. It consists of:

- anticipating the intentions of employees identified as key people;
- identifying future potential leaders for each key position;
- confirming their ambitions within the Group;
- and preparing them for their future responsibilities and duties.

(1) See Chapter 4 "Corporate governance", page 139.

## 2.4.5 Creating a diverse, inclusive and fair working environment

Operating in over 50 countries and with more than one million artists served directly or via their labels, diversity is part of the daily life of Believe's employees. The Group promotes and supports diversity in all its forms – gender, ethnicity, nationality, religious beliefs, sexual orientation, disability, age – as a source of creativity, innovation, and individual and collective development.

***"Being surrounded by people who think differently constantly challenges you and makes you grow. Diversity is critical to providing the best solutions to our artists and labels in a constantly changing environment. Fairness and inclusion are key drivers of the well-being and engagement of our employees. Believe's goal is to be an inclusive, responsible and example-setting player in order to be one of the top employers in the music industry".***

Denis Ladegaillerie,
Chairman and Chief Executive Officer
and Founder of Believe

The Group thus attaches particular importance to promoting Diversity, Equity and Inclusion (DEI), both among artists and labels and among employees. Believe is particularly committed to gender equity and also actively fights against sexism, racism and all forms of discrimination and harassment. Aligned with the Group's values, these DEI principles are deployed in all human resources processes and among managers. The *Believe for People/Parity* ambassadors also help to put these principles into practice[1].

### 2.4.5.1 Promoting gender equity and parity

Believe attaches particular importance to gender equity and parity, in particular through the recruitment and promotion of women within the Executive Committee, among managers and for all employees.

#### Building increasingly gender-balanced teams

Largely exceeding the provisions of French law under preparation, at end 2022, 50% of Executive Committee members are women. In addition, in 2022, 57% of the members of the Board were women[2]. Three independent women directors chaired the three Audit, Nomination & Compensation and CSR Committees.

In addition to the management bodies, the Group has set itself an ambitious target of gender parity with an indicator of the percentage of women among all employees as a non-financial criterion included in the variable and long-term compensation of executives. At end 2022, Believe had 43.1% women among all employees, exceeding its target. The proportion of women in the Group's headcount increased by three points compared to 2021. This significant improvement is the result of the commitment of the entire Executive Committee, a proactive policy to attract female talent and the creation of a more equitable and inclusive working environment.

The Group is working on its attractiveness, its recruitment processes and the retention of female employees. For example, gender terms in job offers are deleted and the list of selected candidates must contain female profiles. The results are convincing: in 2022, women accounted for 51% of hires, a very significant increase compared to the last two years (45%).

The Group is also focusing its efforts on the "tech-IT" population, where the number of women in the business lines is still limited.

In France, since 2021 Believe has partnered with 50inTech, a global organization fighting for gender equality in science, technology, engineering and mathematics (STEM), sectors where women are still underrepresented and do not receive sufficient support. The organization highlights on its website the robustness of Believe's inclusion and diversity system, in all its dimensions. In 2021, Believe obtained a score of 85/100 in 50inTech's Gender score, which is one of the best scores.

#### Implementing equity practices on a daily basis

In France, Believe also monitors the professional gender equality index according to the criteria provided by French legislation.

The continuous and remarkable improvement of this index in France between 2019 and 2023 demonstrates the Group's commitment to fairness (from 56 in 2019 to 99/100 for the 2021 and 2022 data). Believe obtained this score for the second consecutive year. It is due, in particular, to better monitoring of equity practices in all human resources processes: recruitment, compensation, development, promotion, return from maternity leave. The Group also applies this indicator in the main countries where it operates (UK, Germany, India, China and the United States) and monitors the progress made and the actions implemented since.

*(1) See Section 2.1.3.3 "A global network of committed ambassadors", page 52.*

*(2) See Chapter 4 "Corporate governance" , page 139.*

Other activities, at Group level or locally, support this gender equity and parity approach:

- the fight against sexism and sexual harassment, in particular through training and the *Be FAIR*[1] program, a reminder of the "zero tolerance" policy, as well as the implementation of the whistleblowing procedure[2];
- free and inspiring exchanges with the women members of the Executive Committee, as well as the mentoring program[3];
- the promotion of career paths and their expertise, with profiles published on the Careers website (https://careers.believe.com/en/), the Believe blog (https://www.believe.com/blog) and the Believe site.

| Indicator | 2022 | 2021 |
|---|---|---|
| % of women among employees | 43% (Target: 42%) | 41% |
| % of women among managers[1] | 37.6% | 34% |
| % of women in management teams[2] | 42.9% | 41.8% |
| % of women on the Executive Committee | 50% | 54% |
| % of women recruited | 51% | 45% |

*(1) The population of managers corresponds to internal categories from levels 5 to 12 (including management teams, for "Executive" and "Leaders" Career Paths).*

*(2) The population of management teams corresponds to internal categories from levels 9 to 12 (including "Executive" and "Leaders" Career Paths) and represents 7.3% of positions with the highest responsibilities (see Section 4.1.3.2 "Diversity and gender equality policy" on page 158).*

| Indicator | 2023-2022 | 2022-2021 | 2021-2020 | 2019-2018 | 2018-2017 |
|---|---|---|---|---|---|
| Gender equality index[3] | 99/100 | 99/100 | 97/100 | 90/100 | 56/100 |

*(3) The French gender equality index (Law of September 5, 2018) comprises five indicators including gender pay gaps, differences in individual salary increases, promotion differences, the percentage of women who benefited from a salary increase after their maternity leave and the representation of women among the ten top salaries.*

*(1) See Section 2.4.5.3 "Training employees in the principles of diversity, equity and inclusion (DEI) and anti-discrimination: the Be FAIR program", page 74.*

*(2) See Section 2.3.3 "Setting up and publicizing the whistleblowing system", page 64.*

*(3) See Section 2.4.6.3 "Implementing local activities promoting well-being and team spirit", page 75.*

### 2.4.5.2 Formalizing our commitment with the Diversity, Equity and Inclusion Charter

Believe has adopted a Diversity, Equity and Inclusion Charter for its employees. This charter was widely distributed to all employees throughout 2021 via a dedicated communication campaign and the "Be FAIR" training program.

**BELIEVE'S DIVERSITY & INCLUSION CHARTER IS BASED ON SIX MAJOR COMMITMENTS.**

| The principles of Believe's Diversity & Inclusion Charter | Believe's DEI practices and actions |
|---|---|
| Ensuring equal opportunity within the recruitment, development and promotion processes. | The recruitment process, career development and training systems have been designed to be objective, fair, and thus avoid any discrimination. |
| Ensure fair compensation for equal work, performance and skills. | Pay equity is guaranteed by a guide for the various positions and levels of responsibility with internal and external compensation guidelines. In addition, compensation is reviewed at least once a year. |
| Raising awareness of unconscious bias and discrimination and educating employees about legal implications to promote inclusive behavior in everyday life. | Dedicated diversity and inclusion workshops were rolled out in all countries in 2021 and 2022, supplemented by the *Be FAIR* online training course (mandatory in the onboarding program for newcomers since mid-2022). |
| Creating an environment where people can express themselves safely. | A whistleblowing protocol to manage discrimination complaints has been implemented in 50 countries. For Believe, it is essential that everyone feels safe, heard and, above all, accepted. |
| Encouraging employees to join ambassador communities in order to propose, promote and implement concrete initiatives in favor of Diversity, Equity and Inclusion. | 8.9% of employees around the world have formed local ambassador groups organized around diversity and inclusion topics and in favor of the planet. |
| Proposing, promoting and implementing concrete initiatives for diversity and inclusion in the workplace and in the music industry. | These actions have been rolled out for all employees, artists and partners regardless of their gender, ethnicity, religious beliefs, sexual orientation, disability, age and in all countries where Believe operates. |

Since 2021, Believe has set up an annual internal survey, *Your Voice*, with a significant module of questions on employees' experience in terms of Diversity, Equity and Inclusion and well-being at work.

The results obtained in December 2022 (with a response rate of 78%) are a good illustration of the Group's ability to create a diverse and inclusive environment.

- **97.6% of respondents said: "I feel comfortable being myself at work".**
- **95.1% of respondents consider that: "Believe facilitates the acceptance of people from different origins and backgrounds".**

### 2.4.5.3 Training employees in the principles of diversity, equity and inclusion, and anti-discrimination: the *Be FAIR* program

*Be FAIR* is a specific Believe program in favor of diversity, fairness and inclusion, deployed in all countries where the Group operates.

This program was designed internally to help employees develop more inclusive behaviors and inform them about applicable legislation. From 2021, training was also provided to recruitment teams and managers on these principles of Diversity, Equity and Inclusion and possible bias in recruitment. Available on Believe Academy, the *Be FAIR* program is one of the mandatory training modules in the onboarding process.

The main contents of the *Be FAIR* training modules are:

- the principles of Diversity, Equity and Inclusion at Believe and their implementation;
- conscious or unconscious cultural biases, learning to identify them and adapting your behavior to the situation;
- the fight against discrimination and harassment, and the means to report any inappropriate behavior.

Believe regularly reiterates its desire to fight against all forms of discrimination, sexism and harassment. The Group monitors all sensitive situations thanks to the whistleblowing protocol and local human resources teams. Believe also uses the results of the annual internal *Your Voice* survey to identify sensitive situations of discrimination, harassment or inappropriate behavior, in order to implement the necessary measures.

### 2.4.5.4 Employment and integration of people with disabilities

The Group strives to contribute to the integration and maintain the employability of people with disabilities.

However, it should be noted that the number of employees with disabilities remains limited, in particular due to the following challenges:

- a limited pool of candidates with the necessary skills for the digital music industry;
- specific regulations depending on the country, which do not allow the implementation of a global indicator;
- a reluctance of employees to report their disability. In 2022, only 0.33% of employees in France shared their disability with the HR department.

In France, a three-year disability plan was launched in 2020.

In November 2022, Believe made a strong commitment to the European Week for the Employment of People with Disabilities. The teams also took part in the *Duo Day,* initiative to welcome people with disabilities for a day so that they can discover Believe's business lines. Awareness-raising activities were also offered to employees in France: sign language courses, a conference on cognitive disorders and the role of music, a tasting of food products produced by specialized organizations, etc.

Whenever possible, the General Services Department also favors the use of companies in the protected worker sector. This is notably the case for the maintenance of green spaces on the terrace, and waste management in the offices.

## 2.4.6 Developing efficient working conditions, well-being and mental health

Believe intends to offer working conditions favorable to the well-being of its employees in all countries. The approach focuses, in particular, on the organization and working environment, personalized support for employees, work-life balance and a social protection floor. These elements are important for retaining employees and attracting candidates.

### 2.4.6.1 Ensuring a social protection floor for all employees

Believe aims to offer its employees safety and protection, so that they can work with confidence. The Group is committed to providing everyone with a good level of protection against health, disability and disability risks, in addition to legal obligations and taking into account the socio-economic environment of each country. For this, the Group operates with the assistance of an external firm, to implement the necessary measures in a harmonized manner adapted to the legal and socio-economic market context.

Depending on the country, the Group may also supplement certain employee benefit measures. For example, in France, 100% of employees benefit from additional legal risk coverage in 2022, in line with market practices. This practice has been gradually rolled out in other countries (Italy, Luxembourg, United States, Germany, Singapore, etc.). In addition, Believe had offered – even before the entry into force of the French regulations in July 2021 – one month of paid leave to all second parents, regardless of their gender, for the birth or adoption of a child.

### 2.4.6.2 Supporting employees in the management of their work and their mental health

Believe is attentive to the well-being and mental health of its employees, to risky situations and to their work-life balance.

During the Covid-19 health crisis in 2020, Believe partnered with the international care and quality of life at work operator Eutelmed to provide psychological support to employees. The Group has continued this partnership to prevent psychosocial risks and support employees in situations of stress or workload.

Through this collaboration, employees benefit from online conferences and workshops, documentation and advice on stress and psychosocial risk management. Employees can also self-assess their level of stress and anxiety through an online test. Psychological help is available free of charge 24/7. Finally, Believe finances consultations with a dedicated psychologist (3 to 5 hours per year) for employees who feel the need. These measures are covered financially by Believe and are managed by Eutelmed in order to guarantee total confidentiality to the employee.

On a daily basis, the local Human Resources teams provide local support and personalized monitoring of employees and managers. High-risk situations, such as periods of more intense work or the taking on of new functions, are supported by managers and human resources teams in a proactive manner in most situations.

Since 2016, Believe has set up a program dedicated to well-being in France with a Shiatsu expert. Employees can benefit from individualized 30-minute sessions, enabling them to apply best practices in stress management and prevention, and physical and mental recovery.

In all countries, Believe offers a flexible work organization, which promotes the commitment and performance of teams, in compliance with local regulations. Given the strong digital component of the Group's activities, teleworking is a tool popular with teams, who are used to working remotely. The work tools available to employees are designed for the organization of meetings and for collaborative online work.

In this spirit, the agreement on teleworking signed in December 2021 in France was renewed with the possibility of two days of remote working per week. Depending on the personal situation, Believe can offer an even more flexible work organization.

In 2022, the absenteeism rate was 3%. This rate reflects the relevance of the actions implemented to promote the well-being and mental health of employees. In addition, tertiary sector activities are less prone to absences related to workplace accidents.

| Indicator | 2022 | 2021 |
|---|---|---|
| Absenteeism rate[(1)] | 3% | 2.04% |

*(1) Absence due to an accident or occupational illness, any other illness, or a family event during the period.*

### 2.4.6.3 Implementing local activities promoting well-being and team spirit

Numerous initiatives are implemented locally to create an inclusive, collaborative working environment conducive to well-being. These actions also contribute to developing a team spirit, a sense of belonging to the Group and employee satisfaction.

The local human resources, CSR and communication teams organize these initiatives, in coordination with the ambassadors network, which is a source of proposals.

For example, they initiated the "Pause" program at Believe's head office in France. Employees can take part in social events (afterworks, artist showcases), discussions and conferences on Believe's various business lines, atypical workshops (maintenance of plants on the terrace, nutrition courses, creation of bouquets of flowers, etc.). The company canteen was also involved. It now offers more varied (including vegetarian), balanced and seasonal meals.

On the proposal of the *Believe for People/Parity* ambassador network, a breastfeeding room and gender-neutral toilets have been set up, as well as menstrual protection provided free of charge.

Believe also promotes sports and solidarity practices, both locally and globally.

In France, for example, a gym has been available since 2022 and the Social and Economic Committee (SEC) offers subscriptions to gyms and online training platforms at negotiated prices.

Globally, Believe rolled out the SquadEasy app in 2022, promoting walking, running and cycling as part of a solidarity and environmental challenge organized for all Believe employees. Over one month, 440 employees divided into 56 teams in 32 countries covered nearly 63,000 km on foot or by bicycle. They also took quizzes on best environmental practices. The sharing of photos and comments fostered a strong team spirit. The fun, sporting and solidarity dimension of the challenge was acclaimed, and 92% of participants want to repeat the experience. At the end of this operation, the Group undertook to participate in the financing of environmental and solidarity projects at the global level and in the countries of the first five winning teams.

Lastly, the activities as part of the solidarity month of *Believe Tomorrow* and the ambassadors program help to create moments of conviviality, team spirit and pride in belonging to the Group[(1)].

## 2.4.7 Deploying a fair compensation system and sharing value creation with employees

Believe pays particular attention to the overall coordination of its compensation policy, based on internal equity, performance and attractiveness. To this end, the Group relies on structured and robust processes deployed in all countries.

### 2.4.7.1 Applying a fair, consistent and attractive compensation policy

Since 2020, the Group has used an internal business line framework to structure compensation in a consistent manner according to the position, level of responsibility and skills. The guidelines establish a minimum, median and maximum level of compensation for each job level based on Believe's and local market practices.

When a position is created, the process includes an assessment to determine its level of contribution.

Believe's compensation policy is, therefore, based on the level of skills and contribution expected for a position. No discrimination of any kind is applied.

Compensation is reviewed annually to recognize the performance and contribution of each person while ensuring that compensation is competitive with the market. Each year, the Group participates in compensation surveys relevant to its sector of activity. These benchmark data are used to update the internal compensation grids. Where appropriate, "catch-up" increases are applied, in particular to ensure equal compensation for men and women.

The level of employee satisfaction on compensation is monitored during career reviews (dedicated question) and through the internal *Your Voice* survey.

### 2.4.7.2 Setting up a first attractive and fair employee shareholding plan

Believe wants to involve its employees in the Group's development and value creation. In 2022, the Group set up its first global employee shareholding plan, called ***b.shares***. Deployed in its six main countries (France, Germany, United States, India, UK, China), it covers 80% of the Group's employees.

Believe offered a very advantageous scheme. This plan was built according to its equity principles, in order to offer as many employees as possible the possibility of subscribing to it, for all income levels:

- a maximum investment to ensure the consistency of personal investment amounts and thus guarantee equity between employees;
- a matching incentive and threshold to promote access to all eligible employees;
- a 20% share price discount applied to the entire investment.

The results were very satisfactory, with a subscription rate of 40% of eligible employees, including nearly 60% for France. These results demonstrate the commitment and involvement of employees as employee investors in the Group's future development.

From this first edition, the *b.shares* offering has made it possible to achieve a Group-wide employee shareholding rate of 31%. At end November 2022, employees held directly or through the company mutual fund (FCPE) *Believe shares,* 0.35% of the Company's share capital, *i.e.* a total of 334,999 shares[(2)].

The company savings plan was extended to the Group and internationally as part of the *b.shares* shareholding plan.

(1) *See Section 2.5.2.4 "Supporting employee engagement with local communities", page 84.*

(2) *See Section 7.3 "Shareholding", page 317.*

### 2.4.7.3 Sharing value creation with employees: the commitment of the Chairman and Chief Executive Officer

In line with the Group's values, Denis Ladegaillerie, Chairman and Chief Executive Officer and founder of Believe, wished to implement a mechanism for sharing the capital gains on the sale of his Believe shares with employees in addition to employee shareholding.

This mechanism, provided for by the Pacte Law of May 22, 2019 on company growth and transformation, offers Believe, under the leadership of Denis Ladegaillerie, the opportunity to strengthen the long-term commitment of its employees and recognize everyone's contribution to the Company's success. It offers the possibility of sharing part of the value created collectively.

The sharing of capital gains takes the form of a contract between Denis Ladegaillerie and Believe SA and is the subject of a related-party agreement published on December 7, 2022[1].

This agreement allows Denis Ladegaillerie, in the event of a future sale of his Believe shares, over a long-term horizon beyond three years, to share up to 10% of the capital gains realized with the employees with over 2 years of presence.

This system supports the deployment of employee shareholding within the Group: the amounts paid will be invested in the Group Company Savings plan and directed as a priority to the Company Mutual Fund *(Believe Shares)* invested in Believe shares.

## 2.4.8 Ensuring continuous dialogue with the teams and measuring the level of commitment and satisfaction

High-quality social dialogue is an essential component of Believe's model. It illustrates the Group's desire to involve employees in its development and fully reflects its values of respect, expertise, fairness and transparency. In each country, the proximity and accessibility of managers and human resources teams enable employees to express any concerns. The annual internal *Your Voice* survey also makes it possible to collect expectations, feed into discussions and adjust the Group's actions (see below).

In addition, Believe has put in place a strategy, tools and internal communication means, in order to share and make accessible the necessary information for all employees, in particular via global webcasts. During these events, the Chairman and Chief Executive Officer and members of the Executive Committee present the Group's strategy and performance to all employees. They also communicate via regular newsletters and an online information platform called *Believe Insider.*

In France, Believe SA has a Social and Economic Committee (SEC) since 2019, which replaces the Unique Staff Representative Body (*délégation unique du personnel* – DUP). Regular and transparent dialogue allows for very constructive discussions on all subjects affecting the life of the Group and its employees.

Since the creation of the SEC, two collective agreements have been signed in France, on employee profit-sharing and teleworking.

A staff representative body is also in place in Luxembourg.

The Group gives all employees the opportunity to give their opinion and their feelings during **the annual internal *Your Voice* survey**. This social barometer is carried out on a voluntary, anonymous and confidential basis. The detailed questionnaire measures the various dimensions of employee engagement and satisfaction worldwide. Set up in 2021, these surveys are an important steering and management tool for measuring progress and implementing action plans specific to the various departments and countries.

Renewed in December 2022, the *Your Voice* questionnaire covers the following topics in particular:

- employee satisfaction and development, working conditions;
- relationship with their manager, putting the Group's values into practice;
- employees' understanding of the strategy and a sense of contributing to the Group's success;
- career development and skills development opportunities;
- Diversity, Equity and Inclusion, experience of discrimination or inappropriate behavior;
- recognition of work carried out, satisfaction with compensation;
- knowledge and implementation of the *Shaping Music for Good* ambition;
- Believe's level of recommendation as an employer.

*(1) See Section 4.1.4.6 "Related-party agreements and valuation procedure for current agreements" on page 159.*

The response rate in December 2022 increased significantly, which makes it possible to obtain relevant and representative results. The results are then shared with managers and all employees. Action plans will be defined and implemented in 2023 within each entity and country in cooperation with the teams.

| Indicator | 2022 | 2021 |
|---|---|---|
| Internal *Your voice* survey response rate | 78% | 60% in March 2021<br>63% in December 2021 |

# 2.5 A committed player serving artists and labels, and local communities

Aligned with its *Shaping Music for Good* ambition, Believe's mission is to best serve local artists and labels at all stages of their development in the digital ecosystem with fairness, expertise, respect and transparency.They assessed their talent, their market potential and their way of interacting with local communities.

The Group is driven by strong convictions about the future of the music industry and its role in serving artists and labels. In more than 50 countries, Believe offers local teams who are experts in their field. They share its vision of a more diverse and inclusive music industry and contribute to the life of local communities.

Its policies and action plans aim to:

- consider each artist as different and unique;
- serve as a priority local and independent artists and labels;
- put all the opportunities of digital development at the service of artists;
- build relationships of trust by sharing our values;
- build unique partnerships with digital service providers for artists and labels.

## 2.5.1 Nurturing relationships of trust and supporting creativity with our artists and labels, and our stakeholders

Thanks to its local teams and its digital solutions, Believe now supports more than one million artists around the world directly or via their labels, with an offering adapted to the needs of each artist and label, according to their stage of development. The Group offers them a wide range of services based on cutting-edge technologies, local experts and unique partnerships with digital service providers.

The objective is to:

- enable each artist to learn and master all the specificities of the digital music market;
- create new opportunities for the emergence of local artists and all music genres.

### 2.5.1.1 Promoting diverse and local music through access to the digital market

Music reflects the changes in societies and contributes to the richness and cultural heritage of the world. It enables artists from different communities and representing diverse music styles to make their voices heard and contribute to a diverse and inclusive world. With this conviction, Believe is committed to promoting access to the digital music market for all types of local artists, especially female artists and under-represented styles, and to helping them develop their talents.

Believe's commitment to a responsible, diverse and inclusive music industry is reflected in:

- an effective, targeted dissemination policy which enables artists and labels to step up their exposure and monetize their creation, whatever the stage of their career development;
- a fair compensation policy that respects the sharing of value with the artist according to the levels of career development and services used by the artists and labels[1];
- local teams, that are experts in their area, serving artists located directly in the main cities and regions for music production;

(1) *See Section 2.5.1.6 "Distributing value fairly and transparently with artists and labels" on page 82, as well as Section 1.2.4.2 "Believe provides digital go-to-market solutions for all music artists, from music creators to top artists" on page 21.*

- a local recruitment program for artists and training initiatives for artists and labels to support them in their development.

The Group invests in markets where the penetration rate of streaming is still low. Through digitization, Believe makes new music catalogs available on platforms, which would otherwise risk disappearing in the long term. It thus promotes the preservation and transmission of the local musical heritage.

***"When we expand into a new market in Asia, for example, we set up a local team, recruiting local experts in the music industry. Through this proximity, these experts understand the culture, local specificities and trends, and ensure a better approach with artists and labels."***

Sylvain Delange, Chief Executive Officer Asia-Pacific.

***"In Africa, many artists did not have the means to distribute their music on the Internet. Today, thanks to social networks, such as TikTok, the musical works of these artists can go viral overnight. Believe offers them a support solution, in order to give them all the keys to understanding the various digital diffusion platforms. Thus, many artists from the African continent have been supported by Believe".***

Andreea Gleeson, Chief Executive Officer of TuneCore

### Examples of local initiatives serving musical heritage

- In 2022, TuneCore funded a grant in India to support the career of an up-and-coming Indian artist. This artist was selected by a jury made up of 8 local music industry experts. They assessed their talent, their market potential and their way of interacting with local communities. The event showcased the 160 Indian artists who took part in the competition.
- In 2021 and 2022, Believe's Indian subsidiary partnered with the Snehadhara Foundation and the Vasu Dixit musical Collective to develop the PaDa project, a 5 part music docu-series to support India's folk music traditions.
- Believe has co-created the BEAMS (Believe for Educational Advancement through Music Scholarship) program in India to support young talents from disadvantaged backgrounds. Since the launch of the program two years ago, more than 4,000 young people in 25 institutions have received financial support and benefited from certifying training and advice to launch their careers in music.
- In Thailand, The Youth Music Incubator program aims to educate young people about digital music industry. The program was initally launched during Believe Tomorrow 2021 and an album of 8 songs was released. The same initiative was carried forward during Believe Tomorrow 2022, during which the 6 beneficiaries of the program performed live.

## 2.5.1.2 Developing unique partnerships with local digital service providers

Believe strengthens its relationships with major local and global music, social media and entertainment platforms every day. The ability to develop partnership relationships with these platforms is key to ensuring the distribution, promotion and visibility of local artists. Today, Believe has over 150 partners from global and local platforms, and is present in 50 countries. These platforms cover a fairly broad spectrum, from the largest industry-players to small start-ups.

The quality and reliability of the partnerships established with the platforms are at the heart of the Group's development model. They are a guarantee of innovation, responsible risk management and protection of artists.

Believe has implemented a rigorous process to assess and select digital service providers based on three main criteria:

- interest for the artist: potential audience, potential revenue and competitive advantage;
- the reliability of the platform: financial robustness, seniority, potential for development, profile of managers, corruption risks, illicit activities or financial irregularities;
- digital security: digital quality relating to content security processes and protection against fraudulent content (streaming). The contracts include content protection clauses against fraudulent distribution and server attacks, as well as clauses on technical quality standards in line with Believe's requirements.

The Group assesses the level and progress made by the main platforms with regard to these three criteria, through quarterly and/or half-yearly reviews. A dashboard summarizes these assessments.

Believe is also developing highly innovative partnerships with the most recognized platforms, such as Spotify, Apple Music, YouTube, TikTok, etc. The Group thus enables its artists and labels to benefit from its capacity for partnership and innovation to increase their visibility, audience and monetization.

## 2.5.1.3 Being at the cutting-edge of technology and innovations for artists and labels

Digital technology and practices on social networks and platforms are constantly evolving. As a result, Believe is particularly attentive to the latest innovations and technical and regulatory developments in the market. This ongoing monitoring work enables it to:

- anticipate opportunities and threats;
- and adapt its range of services and technological solutions.

Innovation and the deployment of the most current and relevant technologies are carried out in partnership with leading platforms. They contribute to the sustainability of Believe's activities, as well as those of artists and labels.

The Group's ability to maintain an attractive and differentiating technological offer for artists and labels is one of the Group's main risk factors(1).

In 2022, Believe continued to develop its offerings thanks to the partnerships set up in 2021 with globally recognized platforms – such as Spotify, Apple Music TikTok and YouTube. They allow artists to better exploit digital marketing capabilities in order to be more visible. This increases their ability to monetize their music, including for emerging creators and artists(2).

Some examples of innovations:

- Believe has invested in a data platform and digital marketing solutions specifically for the titles included in Discovery Mode. This allows independent artists to broaden their audience and find their next fans by optimizing the discovery of their titles, particularly on Spotify;
- the Believe teams have developed an algorithm to predict the virality of a piece of music on the TikTok platform. Believe uses this data to inform artists and labels of existing and emerging opportunities, and to implement optimal digital strategies to develop their audience;
- as part of the launch of the YouTube Shorts platform in 2021, Believe invested and developed functionalities to offer new monetization opportunities to artists. This allows artists to share short videos made with a mobile phone with their communities. In 2022, this partnership was strengthened as part of the Creator Music initiative, which makes it easier to monetize the music of creators, and to position Believe as one of YouTube's leading partners.

### 2.5.1.4 Training artists and labels in digital technology and career management

Believe has always put the development of artists at the center of its missions through personalized support and training. This is what makes the Group so unique: it offers training, information and support programs that enable artists to learn, understand and reinforce their autonomy to use their digital environment and their talents to their best advantage.

In 2010, Believe developed Backstage, a global distribution software for artists and labels available as part of Premium Solutions.

Via the Backstage platform, Believe provides artists and labels with functionalities, content and services to help them manage their digital careers:

- statistics and analysis of the performance of online songs and revenues generated by listening. For example, Backstage is the only platform for artists to track the performance of their songs on TikTok;
- tools for promoting their content on social platforms and networks (visuals for social networks, notifications, direct alerts to fans, etc.). Artists and labels can manage communication campaigns on social networks directly from the Promotion Section of Backstage;
- unique educational content and training programs aimed at increasing artists' expertise in digital marketing and making them increasingly autonomous and independent. New certifying training courses and content have been added to the *Backstage Certification Program* in 2022 such as: *Growing audience on streaming platforms*, or *Produce stylish creative assets to promote your releases on all social media platforms*.

Believe offers two main training programs for artists, labels, and music creators:

- *Artist Resources* is a training program for artists and labels as part of Premium Solutions. Launched in 2021 and enriched in 2022, it includes more than 250 articles written by Believe experts. These articles, in the form of tutorials, provide an understanding of the use of social networks and video platforms, streaming, optimization of sales processes, etc. The training provided may be validated by certifications. 36% of artists with a Backstage account use *Artist Resources*, and more than a third of them obtained one of the two certifications available (Social Networks and Streaming Platforms) since the launch of the offer;
- *TuneCore Rewards* is a training program for music creators. Launched in 2021, it covers a wide range of themes, such as social media, release planning and music promotion on the Internet. Structured into several levels, it offers, *inter alia*, educational videos produced by experts in the sector allowing artists to get familiar with best industry practices. At the end of each level of training, artists receive bonuses and discounts, before obtaining a VIP status, allowing them to become increasingly expert and independent.

(1) *See Section 3.1.2 "Risks related to the Group's business", page 116.*

(2) *See Section 1.2.4.3 "Believe provides artists and labels with the tools and expertise they need to grow", page 23.*

***"Believe's tools and training help artists to better manage their development and their fans. Whether on advertising optimization platforms or social networks, the approach is to constantly develop the profile of artists to enable them to set up a complete digital presence. At the local level, promotion mainly takes place through social networks. Then, the work to promote artists on advertising optimization platforms ensures the migration of subscribers to musical streaming platforms".***

Céline Hitti, Head of Editorial Partnerships and marketing for the MENA region.

## 2.5.1.5 Respecting the creative independence and data privacy of artists

Believe is committed every day to defending the fundamental rights of its artists and labels. The Group encourages and protects the creative independence and freedom of expression of its artists. It ensures that their data is respected and protected.

### Respecting creative independence and freedom of expression

Believe is convinced that artists must own their art and remain free to make their artistic choices, in total independence. The Group also ensures the delicate balance between freedom of expression and compliance with applicable laws.

In the event of controversy over content produced and/or distributed by Believe, the Group investigates and ensures that local laws and platform guidelines have been complied with. If the content has violated a law, it is immediately removed from the platforms in the relevant territory(ies); this withdrawal may be the result of the platforms themselves or Believe.

If the infringement of the law is not obvious, or if the content is sensitive without violating an applicable law, discussions with the artist may be necessary. They make it possible to clarify the artist's intentions, explain the legal texts and adjust the communication concerning this sensitive content.

The Group's primary approach is not to remove or modify the texts or music, but to educate and engage in dialogues with artists and the general public.

***"We place a special focus on compliance with the regulations of the various sales platforms. We explain to our artists the importance of following the rules, and the risks and consequences for their careers. We maintain dialogue with our artists to empower them."***

Claire Weill, Chief Legal Officer Deputy

### Respecting the data privacy of artists and labels, and employees

Respecting the data privacy of artists and labels is a crucial issue for Believe.[1] The Group has implemented measures to protect the data privacy of artists, labels and music creators, as well as that of employees.

The main data protection measures deployed at Believe are as follows:

- a privacy policy and a policy on the management of cookies are available in 15 languages and are updated on a regular basis;
- a team within the Technology Department ensures the protection of personal data processed by Believe. The Group has organized a network of data protection officers;
- the Group has set up a register of personal data processing. It makes it possible to identify when a data protection impact assessment (PIA or Privacy Impact Assessment) is necessary. This register is based on a solution published by a specialized third party;
- This PIA impact assessment tool ensures that data is processed in accordance with the General Data Protection Regulation (GDPR) and respectful of privacy. Particular attention is paid to the processing of sensitive data (origin, nationality, religion, biometric data, etc.) and in the case of high risk for the rights and freedoms of the persons concerned. This tool is included in the data processing register. It makes it possible to complete a questionnaire for sensitive data and proposes remediation recommendations if necessary;
- an intranet module dedicated to compliance and including a "personal data protection" Section with press articles, procedures and templates, is made available to employees;
- the onboarding program includes compliance, cybersecurity and data protection training modules. These modules are reviewed throughout the employee's career.

Believe also works closely with some of the most important global platforms to protect artists data. With them, the Group develops solutions that offer artists the option of sharing their information or not. Believe has established due diligence procedures and quarterly reviews to assess platforms on a set of criteria, including data security[2].

*(1) See Section 1.3.2.5 "Personal data regulation" on page 32 and Section 3.1.2 "Risks related to the Group's business", page 116.*
*(2) See Section 2.5.1.2 "Developing unique and innovative partnerships with local digital platforms", page 79.*

#### 2.5.1.6 Distributing value fairly and transparently with artists and labels

Since its creation, Believe has aimed to build and develop relationships of trust with artists and labels. This calls for a fair distribution of value with artists and labels under simple and clear contracts.[1]

These values of fairness and transparency form the basis of the remuneration system for artists proposed by the Group as part of its Premium Solutions. The contracts that Believe signs with its artists and labels are consistent with market standards or superior to these practices. The Group offers more favorable clauses, such as the absence of rebates, much shorter periods of exclusivity for new albums at the end of the contract, or non-exclusivity on featuring[2].

Almost all artists can thus access information concerning their remuneration, their content as well as all data relating to their relationship with Believe, via the interfaces offered by the Group. These simple and educational interfaces are a differentiating element of Believe. Artists can consult their data and analyze it independently.

With TuneCore, Believe provides music creators with solutions tailored to the level of their career development. They choose the level of service they wish, with transparent pricing.

## 2.5.2 Leading change in the music industry and developing a culture of engagement with local communities

Believe is committed to using its technology and expertise to serve a diverse, inclusive and responsible music industry. This ambition has been integrated into its business model since its creation and in line with its *Shaping Music for Good* ambition. The Group engages the various players in this industry, artists and labels and its employees, on themes that are close to its heart, such as diversity, equity and inclusion, the promotion of women, education through music and respect for the environment.

### 2.5.2.1 Sharing its expertise with the artistic community and the music industry

Believe is very active in the music community. The Group participates in or creates events and conferences to share its know-how and its commitment to a more diverse and inclusive music industry.

Some initiatives and events illustrate the "educational" role of Believe with artists and labels:

- Since 2019, the Group has organized Believe Days. These "educational" days are dedicated to a digital theme. Believe invites artists, labels, competitors and digital platforms. They were initially held in Asia and are now expanding in Eastern Europe and Latin America. These days are an opportunity to help artists better master digital technology;
- In 2021 and 2022, Believe took part in the *Music Matters Academy* event in Singapore. Various Group experts took part in training sessions, particularly on the subject of diversity (*Diversity matters*). This online academy recorded more than 750 registrations. The videos of these sessions, made available online free of charge, totaled more than 20,000 views during the first week of their publication;
- at *Midem Digital 2021* (international music industry event), Denis Ladegaillerie, Chairman and Chief Executive Officer and Founder of Believe, shared his vision for an innovative, fair and inclusive music industry. He also commented on the role and contribution of artists and labels to the new economy of creativity.

### 2.5.2.2 Spotlighting and promoting women and under-represented communities in the music industry

As part of its commitment to Diversity, Equity and Inclusion and gender parity, Believe pays particular attention to the promotion of women and under-represented communities, as artists and more broadly within the music industry.

Believe supports globally recognized initiatives – such as Be the Change, Keychange, Women in Music and more local actions to support and train women artists in their musical careers.

(1) *See Section 1.2 "Overview of the Group's activities" on page 11 and Section 2.3 "An ethics and deontological system as close as possible to employees, artists and labels", page 63.*

(2) *Featuring consists of singing a song in duet with another singer. This practice revives the general public's interest in the title.*

### Believe supports major international initiatives in favor of Diversity, Equity and Inclusion

- ***Be the Change* study:** Since 2020, Believe and its subsidiary TuneCore have partnered with recognized partners to conduct the global Be the Change study. This annual survey helps to understand the discrimination and obstacles faced by women and under-represented communities in the music industry. Believe strives to engage the various players in the industry to implement the action levers identified to attract and promote women artists. The challenge is to manage to generate access to composition and music production. To that end, Believe widely disseminates the findings of the study.
- **Keychange:** Since 2021, Believe has also been a signatory of the Keychange initiative, a global organization working for equity in the music industry and talent development. Andreea Gleeson, Chief Executive Officer of TuneCore, is an ambassador for Keychange and actively contributes to its development in the United States.
- **Women in Music:** Believe, through its subsidiary TuneCore, is a partner of Women in Music. This organization supports women artists through numerous initiatives and events organized in the United States and around the world. Believe and TuneCore employees are members of this organization.

### *Be the change* survey: women and minorities making music

The study carried out in 2021 conducted on the independent artist sector by Believe/TuneCore and MIDiA Research highlighted the challenges and experiences of 486 women creators worldwide. The results of this 2nd edition illustrate the immense room for improvement:

- 61% of the women in this panel were subject to harassment or inappropriate behavior, and 45% felt pressure to give up their music careers;
- 68% doubt their own capabilities, are victims of the “impostor syndrome” and lack confidence;
- 35% have experienced criticism or abuse on social networks;
- on the other hand, 40% of the women questioned noted an improvement in the presence of women at events or conferences.

The entire Be The Change*: Women Making Music 2022* study is available on the MIDiA website: https://www.believe.com/sites/believe/files/2022-05/Be-The-Change-x-2022-Women-in-Music.pdf.

For the third Be the Change study in 2023, Believe and TuneCore have partnered with Luminate[1] to understand gender inequality and the experiences of women and under-represented communities in the music industry. The survey was completed at the end of 2022 in 13 languages (English, French, Spanish, Dutch, Turkish, Indonesian, Portuguese, Japanese, German, Swahili, Mandarin, Korean and Thai).

The results were published in March 2023 and are available here.

Some figures illustrating some of the challenges facing the music industry:

- 53% of music industry professionals in this panel say that men are better paid than people in other genres;
- 66% of respondents said they would like to see more women and people from under-represented communities in positions of responsibility in the industry;
- 70% of artists from under-represented communities in this panel say they are subject to harassment on social media.

### Believe’s local teams are also committed to female or minority artists

Some examples in 2022:

- Believe and TuneCore Italy organized a music composition and song-writing camp in an exceptional site near Florence, in partnership with Spotify and Equaly[2]. The “Believe ME” experience enabled nine Italian female artists to be surrounded by experts to better exploit their talent as songwriters;
- Believe and TuneCore supported Keychange Europe for the organization of master classes, training sessions and workshops on the topic of gender equality, as part of the *Reeperbahn* music festival in Germany;
- in France, Believe and TuneCore renewed their partnership with “Rappeuses en Liberté”, a support and training program for the 10 finalists and 3 winners. Believe experts give personalized advice to increase the digital visibility of these artists and their positioning on social networks. TuneCore also offers a one-year subscription for the distribution of their music;

*(1) Luminate is an organization recognized worldwide for its commitment to under-represented communities. It works to strengthen their information, rights and powers over the factors that affect their lives.*

*(2) Equaly is a community of Italian music professionals who share the ambition to develop a fair and inclusive industry.*

- to celebrate International Women's Day in March 2022, Believe showcased female employees and artists on its Instagram site. These new content and videos garnered a significant level of engagement (up to 13,000 impressions per video).

### Andreea Gleeson, Chief Executive Officer of TuneCore, actively contributes to the development and emergence of female creators

Thanks to the continued commitment of Andreea Gleeson, Chief Executive Officer of TuneCore, and her teams, the number of women artists at TuneCore has increased significantly since 2020 to reach 42% in 2021. On average, women artists represent only 12% worldwide. The use of TuneCore enables women artists, especially young women, to produce and distribute their music without being confronted with a discriminatory or disrespectful environment, such as recording studios or concerts.

In 2022, Andreea Gleeson received the International Woman of the Year award as part of the *Women In Music Awards 2022.*

"***Women do not want to be treated differently. They want to have access to the same resources and opportunities as their male counterparts. In the music industry, it is an ongoing fight to give confidence to women artists, give them access to resources and make them visible and respected throughout their careers***".

Andreea Gleeson, Chief Executive Officer of TuneCore

## 2.5.2.3 Promoting music as a vehicle for committed messages and responsible practices

Music is both a reflection of its time and a powerful tool for conveying committed messages reaching a very large audience. This is why the Group intends to take advantage of its role in the music and digital industry to amplify the social and environmental commitment of its artists and labels.

In France, Believe supports committed artists and labels, sharing the same desire to promote diversity and fight against discrimination:

- in 2022 Believe committed itself alongside the French artist Jeanne Added to the fight against all forms of discrimination, by including a bilateral clause on ethical behavior in its contract. This clause, which engages both the artist and Believe, is unprecedented in the music industry in France. It formalizes the joint fight of Jeanne Added and Believe against all forms of discrimination;
- Believe also actively supports the singer Yseult in her fight against racism and body shaming. Believe's teams support and advise her on her image, promotion and marketing strategy;
- since 2021, Believe and its naïve label have supported the *Listen & Donate* initiative carried by the hip hop artist Pone, founder of the group Fonky Family, to raise funds for the Trakadom association. Suffering from Charcot's disease, Pone mixed the music for the closing ceremony of the Olympic Games in 2020 using eye-tracking software. With Believe, this artist fights against prejudice related to disability.

## 2.5.2.4 Supporting employee engagement with local communities

As part of the deployment of *Shaping Music for Good,* Believe asks its employees to propose and lead initiatives in two areas:

- make a positive impact on local communities;
- and promote the Group's values, both internally and with the music industry.

Since 2021, Believe has set up the *Believe Tomorrow* program. This brings together employees around civic and solidarity activities that are close to their heart and in line with the priorities of *Shaping Music for Good*. On a voluntary basis, employees can contribute and participate in activities organized by the Human Resources and CSR teams and the ambassador network[1]. The aim is to raise employee awareness on Believe's CSR commitments and encourage their implementation through concrete actions, notably serving local communities.

Following the first edition of Believe Tomorrow Day launched in 2021, the Group decided to extend the program to one month in 2022 with local activities and a global solidarity challenge. In 2022, nearly 1,200 participants in 32 countries contributed to the success of Believe Tomorrow, in cooperation with external stakeholders, charities, local partners, and through the SquadEasy app.

Nearly 60 local activities took place supporting the three major dimensions of *Shaping Music for Good*:

- Diversity, Equity and Inclusion;
- education through music;
- respect for the environment.

A global solidarity challenge, carried out via the SquadEasy app brought together 56 teams, *i.e.* 440 participants, committed to walking, running and cycling in order to reach the target of 50,000 km in one month. Believe committed to financing solidarity and environmental projects at Group and local level for the five winning teams.

Beyond the civic and solidarity commitment that *Believe Tomorrow* represents, this month of sharing also creates a strong sense of pride in the teams, cohesion and a sense of belonging to the Group, thus contributing to employee commitment and loyalty.

*(1) See Section 2.1.3.3 "A global network of committed ambassadors", page 52.*

## Examples of initiatives in 2022

These examples illustrate the strong commitment of the Group and its employees to the *Shaping Music for Good* ambition. The *Believe for People/Parity* and *Believe for Planet* ambassadors as well as the participants in *Believe Tomorrow* contributed to initiatives in favor of local communities in many countries where the Group operates.

## Promoting diversity, inclusion and education through music

- In Brazil, the Afro lab, an intensive three-day seminar for black artists from disadvantaged neighborhoods was organized in collaboration with the Casa Preta association in Sao Paolo and Bahia. Believe and TuneCore experts trained and advised 60 artists on their music projects. The Group has also undertaken to distribute them and provide them with the Believe and TuneCore platforms and tools.
- In the United States, TuneCore gives the Notes for Notes association free access to the master classes available on the platform. TuneCore employees also shared their expertise with disadvantaged young artists supported by this association, which provides them with musical instruments and recording studios.
- In Canada, on the proposal of the ambassadors, Believe funds a scholarship as part of the *Accelerate Scholarship* program at MusiCounts, a charity dedicated to music education. The beneficiary receives a scholarship and mentorship to support their musical career. During *Believe Tomorrow,* Believe experts also supported seven high school students selected by MusiCounts on the topics of digital music distribution.
- In India, Luxembourg and Turkey, 26 employees took part in the recording of an educational audio book for visually impaired students from disadvantaged backgrounds, in collaboration with the WE4YOU association, based in India.
- In Germany, Believe is involved in the Hanseatic Help project to provide assistance to people in need and to refugees.
- In France, a week was dedicated to disability issues at work. Events and activities highlighted the employees concerned and partnerships with associations (ESAT). Employees organized a visit to the *Cité de la Musique* with a group of disadvantaged young people. A mentoring program has been set up for young people from disadvantaged neighborhoods.

## In favor of the environment

- In France, a *Tech Talk* on the digital footprint was organized with a digital sobriety expert. Employees also took part in climate and digital fresco workshops. They reflected on very practical solutions to be implemented within the Group to reduce the environmental impact.
- In Mexico, the ambassadors organized a garbage collection and tree plantation at a historic site in Mexico City, contributing to the restoration and protection of the site’s biodiversity.
- In China, employees' cardboard waste was collected and reused by Chinese sculptor ZHANG Xiangxi. His work will raise awareness of recycling among the general public.
- In several countries around the world, Believe has organized beach clean-up days (in Australia, Taiwan and China) and natural site clean-up days (in Germany, China).

# 2.6 Actions on the ground in favor of the environment

Believe is aware of the role it must play in the fight against climate change and the protection of the environment.

As a player in the digital and music sectors, Believe's impacts on the planet take on several dimensions. In line with its *Shaping Music for Good* ambition, the Group intends to play its role as a responsible company by gradually approaching them using two complementary approaches:

- measuring the direct and indirect impact of activities, defining and managing a long-term environmental policy;
- using the influential power of music, in particular through artists and labels, to change the behavior of employees and various players in the industry.

## 2.6.1 Formalizing the environmental approach

Believe's environmental approach is managed by the CSR Department and reviewed by the Board of Directors' CSR Committee. It defines the policies and action plans to be rolled out within the Group.

The approach is based on Group indicators, which are structured and enhanced each year. The measurement scope is also broadened in order to match the financial scope as closely as possible. It gradually takes into account the more recently acquired entities.

Environmental reporting aims to:

- report to management and stakeholders on Believe's environmental performance;
- manage the policies and action plans implemented and define objectives.

The CSR teams work closely with the human resources and general services teams to monitor buildings. The IT, merchandising and distribution teams contribute to the other dimensions. The *Believe for Planet* ambassadors are also called upon and involved to make progress in the commitment to the environment.

### 2.6.1.1 Measuring to better understand Believe's carbon and environmental impact

In 2021, the Group carried out an initial carbon footprint assessement based on 2020 data of its direct (scopes 1 and 2) and indirect (scope 3) activities. This assessment was carried out by EcoAct (Atos Group) according to the GHG Protocol international carbon accounting methodology. It assesses the sources of greenhouse gas emissions in the various scopes. This first stage made it possible to better understand the various carbon impacts and levers available to Believe in the short and long term, both directly and indirectly.

#### FIRST MAPPING OF THE CARBON IMPACT OF BELIEVE'S ACTIVITIES ACROSS THE THREE SCOPES (SCOPE 1, 2 AND 3)

| | |
|---|---|
| **Scopes 1 and 2** | • Offices and buildings: energy used for electricity, heating and air conditioning, and the operation of IT equipment, as well as refrigerants. Buildings are the main source of greenhouse gas emissions for Believe's direct activities.<br>• Company vehicles, in limited numbers. Believe does not have a vehicle fleet, and has 51 company vehicles. |
| **Scope 3** | • Transport: employee commuting, business trips for employees and artists, transport of merchandising products or equipment for events.<br>• Waste from the use of cardboard, paper, packaging, etc., in offices or for activities with artists (events, promotional campaigns).<br>• IT equipment (computers, screens, printers, etc.).<br>• Data centers and cloud services. They host the technological platforms of Backstage and TuneCore, and the data of Believe and the artists and labels used for Premium Solutions & Automated Solutions.<br>• Streaming: the distribution of audio and video files on digital platforms and the use by the end-user of music. |

The annual reporting set up in 2021 and enhanced in 2022 extended the scope on which the Group's scopes 1 and 2 GHG emissions are assessed, notably with the inclusion of legal entities based in Turkey (DMC and NetD), in Japan (TuneCore Japan), and in France (6&7 and Jo&Co). New indicators and data collection procedures were also added in 2022.

This environmental reporting will make it possible to carry out a more detailed analysis of emission factors and to define an action plan and reduction targets for scopes 1 and 2.

Within the indirect scope (scope 3), the activities of data centers and streaming significantly represent the largest share of the indirect carbon impact of Believe's activities. Nevertheless, the quantification and analysis of scope 3 still need to be refined. The collection of data in this scope is very complex, particularly for streaming. In addition, Believe has no direct leverage on these emission sources. In 2023, Believe will continue to analyze this indirect scope, in particular for emissions related to data centers, IT equipment and transport.

GHG emissions on scopes 1 and 2 decreased by nearly 19% between 2021 and 2022. This improvement is due to the use of renewable energy not recorded in 2021 for the head office located in France, Believe's main site. In addition, the more precise reporting made it possible to better record the actual consumption of energy and refrigerants, which in some cases had to be overestimated in 2021.

| Indicator | 2022 | 2021 |
|---|---|---|
| Emissions in tons of $CO_2$ equivalent for scope 1 | 306.18 | 448.95 |
| Emissions in tons of $CO_2$ equivalent for scope 2 | 401.86 | 422.12 |
| Emissions in tons of $CO_2$ equivalent for scopes 1 and 2 | 708.04 | 871.07 |
| Emissions in tons of $CO_2$ equivalent for scope 3 – Transport | 235.50 | - |

All the environmental indicators monitored by Believe are available in Section 2.7 *"Methodological note and summary of indicators"*, page 96.

### 2.6.1.2 Applying the principles of the "green taxonomy" to measure its contribution to the European Union's climate objectives

In 2021, Believe carried out a first assessment of the eligibility of its activities for the climate objectives according to the criteria defined by the European green taxonomy standard. This aims to identify and promote economic activities that contribute significantly to adaptation and the fight against climate change.

In 2022, the Group reviewed this eligibility assessment in terms of revenue, investments and operating expenses. The analysis was completed to reflect the alignment of activities with the climate objectives of this framework.

In addition to the production of taxonomy indicators, the Group's commitment to the fight against climate change and the preservation of resources is reflected in the implementation of actions to reduce the carbon impact of its direct activities.

Drawing on its environmental, social and societal commitments, Believe fully supports the European Commission in its work to guide the investments of public and private players in projects contributing to the transition towards a sustainable and low-carbon economy. This is notably the case in the context of the implementation of the *Shaping Music for Good* strategy and the *Believe for Planet* ambassador program. Targeted actions are gradually being rolled out to achieve the Group's sustainable development and environmental objectives (see Section 2.6 "*Actions on the ground in favor of the environment*" on page 86).

The Group also applies the principles of the "green taxonomy" to measure its contribution to the environmental objectives of the European Union. Indeed, the Taxonomy requires companies to publish the shares of their revenues, capital expenditure and operating expenses that contribute substantially to one of the following six environmental objectives: climate change mitigation, adaptation to climate change, protection and sustainable use of water and marine resources, transition to a circular economy, pollution prevention and control, and protection and restoration of biodiversity and ecosystems. To date, the technical assessment criteria address the substantial contribution for the first two objectives only.

## Methodology for the technical assessment of activities

A detailed analysis of all of Believe's activities within the various consolidated entities was carried out jointly by the Finance and CSR Departments, as well as with the operational teams. The identification of eligible activities and the qualification of their level of alignment with the Taxonomy were carried out in accordance with the instructions and criteria of the Taxonomy Regulation[1], its delegated acts[2] [3] and additional information[4] [5] provided by the European Commission. In accordance with these regulations, Believe has published key performance indicators (KPIs) since 2021 highlighting the share of its net revenue, capital expenditure (CapEx) and operating expenses (OpEx) associated with the activities described in the Taxonomy framework: the portion "eligible" for the Taxonomy. From fiscal year 2022, Believe publishes KPIs indicating the share of its net revenue, its CapEx and OpEx resulting from products and/or services considered sustainable within the meaning of the Taxonomy: the portion "aligned" with the Taxonomy.

The calculation of these ratios involves the analysis of the eligibility of the underlying activities as well as the compliance by these activities with the technical assessment criteria used to qualify their alignment with the Taxonomy.

***Status of eligibility.***

For fiscal year 2022, activities can be assessed solely with regard to the objectives of climate change mitigation and adaptation to climate change.

A large portion of Believe's distribution and artist promotion activities, representing more than 90% of the Group's consolidated revenue, could be considered as covered by economic activity 13.3. "Production of motion pictures, videos and television programs; sound recording and music publishing" of the Delegated Act of Objective 2 – "Adaptation to Climate Change". However, as for fiscal year 2021, and pending clarification on the criteria applicable to its sector of activity, Believe has decided, as part of a "prudent" approach, not to consider its main activity as being eligible for the Taxonomy for fiscal year 2022. As a result, the share of revenue eligible for the Taxonomy remains zero.

Nevertheless, an analysis of the eligibility (and then alignment) was carried out on capital expenditure (CapEx) and focused on the identification of "individual measures" – *i.e.* those that are linked the purchase of the output of economic activities aligned with the Taxonomy and individual measures enabling targeted activities to become low-carbon. For Believe, these include acquisitions or long-term leases of buildings, vehicles and IT equipment associated with servers that could offer energy efficiency and greenhouse gas emissions reduction potential.

*(1) https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32020R0852&from=EN*
*(2) https://eur-lex.europa.eu/resource.html ?uri=cellar:d84ec73c-c773-11eb-a925-01aa75ed71a1.0003.02/DOC_2&format=PDF*
*(3) https://eur-lex.europa.eu/resource.html ?uri=cellar:d84ec73c-c773-11eb-a925-01aa75ed71a1.0003.02/DOC_3&format=PDF*
*(4) https://ec.europa.eu/finance/docs/law/221219-draft-commission-notice-disclosures-delegated-act-article-8.pdf*
*(5) https://ec.europa.eu/finance/docs/law/221219-draft-commission-notice-eu-taxonomy-climate.pdf*

**TABLE 1: BREAKDOWN OF BELIEVE'S ELIGIBLE ACTIVITIES**

| Taxonomy activity (according to the Climate Delegated Act: "climate change mitigation" objective) | | Types of Believe CapEx valued |
|---|---|---|
| 6.5 | Transport by motorcycles, passenger cars and light commercial vehicles | Purchase or long-term leasing of vehicles for staff travel |
| 7.7 | Acquisition and ownership of buildings | Long-term leasing of buildings |
| 8.1 | Data processing, hosting and related activities | Purchase or lease of equipment associated with data management |

The methodology used to identify the aligned investments – among the eligible activities – is presented below.

### *Assessment of the substantial contribution and the DNSH of eligible activities*

#### 6.5 Transport by motorcycles, passenger cars and light commercial vehicles

Believe leases a fleet of service vehicles on a long-term basis. The granularity of the information available in the Group's management system does not make it possible to identify whether these activities strictly comply with the criteria in terms of substantial contribution to climate change mitigation.

#### 7.7 Acquisition and ownership of buildings

**Method of analysis**

Allocation to the numerator: the Finance Department collected information to determine the Taxonomy activity of each real estate CapEx and then conclude on its alignment or not with the criteria of substantial contribution to the objective of climate change mitigation and the Do No Significant Harm (DNSH) criteria, in other words, does not cause significant harm to any of the other specific environmental objectives. As such, the office buildings in France, Germany, Luxembourg and outside of Europe are classified under activity 7.7 due to the right-of-use assets under IFRS 16, which was subject to a change during the year. For all other items, a search for proof of alignment with the criteria of substantial contribution or the non-enforceability of a DNSH criterion was carried out. If a proof lacks consistency or does not exist, the item is deemed not aligned.

Calculation of the denominator: the total sum of investments in 2022 is obtained from the table of changes in non-current assets. This work was audited as part of the preparation of the Universal registration document (URD).

**Substantial contribution to climate change mitigation**

As these are exclusively buildings for which the building permit application was filed before December 31, 2020, the assessment consisted of confirming the energy performance diagnosis (DPE) A or not of the buildings, or the comparison of the primary energy demand with the thresholds of the 15% most energy-efficient buildings published by the Green Building Observatory (OID). The assessment of substantial contribution was made on the basis of the buildings' energy consumption data.

Following the assessment of substantial contribution, five buildings, representing an amount of €1.16 million of CapEx in 2022, meet the criteria of substantial contribution to climate change mitigation.

**DNSH: Adaptation to climate change**

As the scope of Believe's eligible activities is focused on the real estate activities in Section 7 of the climate change mitigation appendix, the Group is required to comply with the generic DSNH related to climate change adaptation. Among the buildings meeting the substantial contribution criteria, two buildings meet the DNSH Adaptation criterion.

#### 8.1 Data processing, hosting and related activities

Believe has invested in the long-term leasing of a set of equipment related to the management and mass processing of data as part of its artist promotion and production activities.

The information available did enable compliance with the substantial contribution criteria to be established.

### *Assessment of minimum guarantees*

Believe followed the recommendations of the European Platform on Sustainable Finance report dated October 2022 concerning the study of minimum guarantees (Final report on Minimum Safeguards)(1). The Group conducted an in-depth analysis of its practices with regard to the four themes described in the report (human rights, corruption, taxation and competition law), as well as an analysis of controversies with regard to the criteria for non-alignment described in the report. The results of these analyses show that Believe complies with the minimum guarantee requirements for this first alignment exercise.

*(1) https://finance.ec.europa.eu/system/files/2022-10/221011-sustainable-finance-platform-finance-report-minimum-safeguards_en.pdf.*

**TABLE 2: DOCUMENTS AND PROCEDURES ASSOCIATED WITH MINIMUM GUARANTEES**

| Criteria | Detailed criteria | Believe policies and procedures |
|---|---|---|
| **Due Diligence on Human Rights** | The company has put in place an adequate human rights due diligence process, as outlined in the United Nations Guiding Principles and the OECD Guidelines for Multinational Enterprises. | A Code of Ethics<br>Alert mechanism to combat all forms of discrimination<br>Diversity and Inclusion Policy |
| **Anti-corruption procedures** | The company has implemented anti-corruption processes. | Policy on conflicts of interest<br>Anti-corruption policy<br>Procedures for compliance with the Sapin II law |
| **Tax governance** | Tax governance and compliance are considered important elements of supervision, and adequate tax risk management strategies and processes are in place. | Existence of a tax policy |
| **Fair competition procedures** | The company educates its employees on the importance of complying with all applicable competition laws and regulations. | Group Code of Ethics |

These policies and procedures, supplemented by the Group tax policy, are in line with the requirements of the European Platform on Sustainable Finance report relating to the implementation of procedures specific to the four themes of minimum guarantees.

## Qualification of indicators and presentation of results

### *Definition of indicators*

The KPIs (revenue, CapEx and OpEx) have been calculated in strict compliance with the regulatory definitions of the delegated act of Article 8 of the Taxonomy[1].

### *Calculation and results of Believe indicators*

#### Revenue KPI result

As Believe's business lines are focused on artistic production activities, no eligible revenue has been identified for the climate change mitigation and adaptation to climate change objectives, as the Group's activities do not meet the activity criteria for these objectives.

Believe's consolidated revenue amounted to €760.81 million in 2022, constituting the Taxonomy denominator for this indicator. The revenue KPI is 0%.

#### CapEx KPI result

The Group analyzed its acquisitions of property, plant and equipment and intangible assets (IAS 16 and 38), right-of-use assets (IFRS 16) and business combinations (IFRS 3) constituting the Taxonomy CapEx denominator. This amounted to €42.81 million for 2022.

The eligibility and alignment of the Group's activities were only analyzed for the climate change mitigation objective. The risk of double-counting between objectives is therefore non-existent.

The CapEx eligibility ratio stands at 14.11%, with €6.04 million of eligible investments out of a total of €42.81 million in 2022. Right-of-use assets represent all eligible investments.

The CapEx KPIs (alignment) in 2022 amounted to 0.62% of total investments, *i.e.* €0.265 million of CapEx aligned with the Taxonomy.

#### OpEx KPI result

In 2022 – as in 2021 – this Taxonomy OpEx denominator, which stands at €1.37 million, represented 0.2% (less than 5%) of total consolidated OpEx (amounting to €725.8 million). On the basis of the analysis of OpEx, the amount analyzed is considered not material with regard to the Group's materiality thresholds. On the basis of this observation, combined with the fact that the Group's activities are not eligible to date, Believe has applied the exemption provided and not calculated the Taxonomy OpEx indicator in more detail

*(1) https://www.amf-france.org/fr/actualites-publications/dossiers-themérales/taxinomie.*

| *(In € million)* | | | | Substantial contribution | | | | | | DNSH | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Economic activities (1) | Code(s) (2) | Total revenue (3) | % of revenue (4) | Climate change mitigation (5) | Adaptation to climate change (6) | Water and marine resources (7) | Circular economy (8) | Pollution (9) | Biodiversity and ecosystems (10) | Climate change mitigation (11) | Adaptation to climate change (12) | Water and marine resources (13) | Circular economy (14) | Pollution (15) | Biodiversity and ecosystems (16) | Minimum guarantees (17) | Proportion of revenue aligned in year N (18) | Proportion of revenue aligned in year N-1 (19) | Category (enabling activity) (20) | Category (transitory activity) (21) |
| **A. ACTIVITIES ELIGIBLE FOR THE TAXONOMY** | | | | | | | | | | | | | | | | | | | | |
| **A.1. Environmentally sustainable activities (aligned with the Taxonomy)** | | | | | | | | | | | | | | | | | | | | |
| **Revenue from environmentally sustainable activities (aligned) (A.1.)** | | 0,00 | 0,0% | | | | | | | | | | | | | | **0,0%** | | | |
| **A.2. Activities eligible for the taxonomy but not environmentally sustainable (not aligned)** | | | | | | | | | | | | | | | | | | | | |
| **Revenue from activities eligible for the Taxonomy but not environmentally sustainable (not aligned) (A.2.)** | | 0,00 | 0,0% | | | | | | | | | | | | | | | | | |
| **TOTAL (A.1. + A.2.)** | | | | | | | | | | | | | | | | | | | | |
| **B. ACTIVITIES NOT ELIGIBLE FOR THE TAXONOMY** | | | | | | | | | | | | | | | | | | | | |
| **Revenue from activities not eligible for the Taxonomy (B.)** | | 0,00 | 0,0% | | | | | | | | | | | | | | | | | |
| **TOTAL (A. + B.)** | | **760.81** | **100.0%** | | | | | | | | | | | | | | | | | |

| *(In € million)* | | | | Substantial contribution | | | | | | DNSH | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Economic activities (1) | Code (2) | Total capital expenditure (3) | % of capital expenditure (4) | Climate change mitigation (5) | Adaptation to climate change (6) | Water and marine resources (7) | Circular economy (8) | Pollution (9) | Biodiversity and ecosystems (10) | Climate change mitigation (11) | Adaptation to climate change (12) | Water and marine resources (13) | Circular economy (14) | Pollution (15) | Biodiversity and ecosystems (16) | Minimum guarantees (17) | Proportion of capital expenditure aligned in year N (18) | Proportion of capital expenditure aligned in year N-1 (19) | Category (enabling activity) (20) | Category (transitory activity) (21) |
| **A. ACTIVITIES ELIGIBLE FOR THE TAXONOMY** | | | | | | | | | | | | | | | | | | | | |
| **A.1. Environmentally sustainable activities (aligned with the Taxonomy)** | | | | | | | | | | | | | | | | | | | | |
| 7.7. Acquisition and ownership of buildings | 7.7 | | | | | | | | | | | | | | | | | | | |
| **Capital expenditure for environmentally sustainable activities (aligned) (A.1.)** | | **0,26** | **0,6%** | **Yes** | - | - | - | - | - | *NA* | *Yes* | *NA* | *NA* | *NA* | *NA* | Yes | **0,6%** | | | |
| **A.2. Activities eligible for the taxonomy but not environmentally sustainable (not aligned)** | | | | | | | | | | | | | | | | | | | | |
| 6.5. Transport by motorcycles, passenger cars and light commercial vehicles | 6,5 | 0,25 | 0,6% | | | | | | | | | | | | | | | | | |
| 7.7. Acquisition and ownership of buildings | 7.7 | 2,59 | 6,0% | | | | | | | | | | | | | | | | | |
| 8.1. Data processing, hosting and related activities | 8.1 | 3,20 | 7,5% | | | | | | | | | | | | | | | | | |
| **Capital expenditure for activities eligible for the Taxonomy but not environmentally sustainable (not aligned) (A.2.)** | | **6,04** | **14,1%** | | | | | | | | | | | | | | | | | |
| **TOTAL (A.1. + A.2.)** | | | | | | | | | | | | | | | | | | | | |
| **B. ACTIVITIES NOT ELIGIBLE FOR THE TAXONOMY** | | | | | | | | | | | | | | | | | | | | |
| **Capital expenditure for activities not eligible for the Taxonomy (B.)** | | **36,77** | **85,9%** | | | | | | | | | | | | | | | | | |
| **TOTAL (A. + B.)** | | **42,81** | **100,0%** | | | | | | | | | | | | | | | | | |

| *(In € million)* | | | | Substantial contribution | | | | | | DNSH | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Economic activities (1) | Code(s) (2) | Total operating expenses (3) | % of operating expenses (4) | Climate change mitigation (5) | Adaptation to climate change (6) | Water and marine resources (7) | Circular economy (8) | Pollution (9) | Biodiversity and ecosystems (10) | Climate change mitigation (11) | Adaptation to climate change (12) | Water and marine resources (13) | Circular economy (14) | Pollution (15) | Biodiversity and ecosystems (16) | Minimum guarantees (17) | Proportion of operating expenses aligned in year N (18) | Proportion of operating expenses aligned in year N-1 (19) | Category (enabling activity) (20) | Category (transitory activity) (21) |
| **A. ACTIVITIES ELIGIBLE FOR THE TAXONOMY** | | | | | | | | | | | | | | | | | | | | |
| **A.1. Environmentally sustainable activities (aligned with the Taxonomy)** | | | | | | | | | | | | | | | | | | | | |
| **Operating expenses for environmentally sustainable activities (aligned) (A.1.)** | | 0,00 | 0,0% | | | | | | | | | | | | | | **0,0%** | | | |
| **A.2. Activities eligible for the taxonomy but not environmentally sustainable (not aligned)** | | | | | | | | | | | | | | | | | | | | |
| **Operating expenses for activities eligible for the Taxonomy but not environmentally sustainable (not aligned) (A.2.)** | | 0,00 | 0,0% | | | | | | | | | | | | | | | | | |
| **TOTAL (A.1. + A.2.)** | | | | | | | | | | | | | | | | | | | | |
| **B. ACTIVITIES NOT ELIGIBLE FOR THE TAXONOMY** | | | | | | | | | | | | | | | | | | | | |
| **Operating expenses for activities not eligible for the Taxonomy (B.)** | | 725,80 | 100,0% | | | | | | | | | | | | | | | | | |
| **TOTAL (A. + B.)** | | **725,80** | **100,0%** | | | | | | | | | | | | | | | | | |

### *Change compared to the previous fiscal year*

#### Change in eligibility results

In 2021, this eligibility ratio was 9.06% for Group consolidated CapEx, compared to 14.11% in 2022. The main changes compared to 2021 are partly due to a slight increase in the proportion of IFRS 16 right-of-use assets compared to total investment flows.

#### Methodological changes

No methodological changes were made between the two fiscal years.

## Outlook

### *Improved Taxonomy KPIs*

As indicated in the Ssecection "*Status of eligibility*", Believe's artistic production and distribution activities are not considered eligible for the Taxonomy. Consequently, no change in Believe's revenue KPI is expected in the coming fiscal years. A possible revision of the delegated acts in the medium term, or clarification from the relevant authorities, could enable this sector to assess and communicate its performance in terms of the fight against climate change under the terms of the Taxonomy. The adoption of the delegated acts relating to the other objectives of the European Green Taxonomy, or those relating to a possible social taxonomy, could be better applied to Believe's activities. Similarly, the OpEx KPI should remain non-material with regard to the Group's business model. With regard to the CapEx KPI, better integration of energy performance criteria in future investments as well as improvement of the processes for collecting technical information should make it possible to improve the potential level of this indicator.

### 2.6.1.3 Prioritizing action on Believe's direct carbon and environmental impact

As part of its *Shaping Music for Good* ambition and with regard to the analysis of its carbon impact, Believe prioritizes actions for which the Group and its employees have a direct leverage on reducing their environmental impact. Several projects were launched in 2022 and will be more widely deployed in 2023.

The main initiatives for 2022 and 2023 concern offices energy consumption, transport and resources:

- reducing energy consumption and spreading environmentally-friendly gestures;
- the study for the use of renewable energies;
- business travel management.;
- the reasonable use of disposable products and the recycling or recovery of waste.

### 2.6.1.4 Reducing energy consumption and the carbon impact of offices

#### Reducing the energy used in offices

A first action plan in favor of energy savings and the reduction of GHG emissions is being rolled out in the main countries where the Group operates.

The CSR Department has distributed an action guide to promote energy efficiency in offices to all subsidiaries. The aim is to help General Services identify possible actions locally to reduce energy consumption, by involving building owners and managers, as well as employees.

This guide proposes a very pragmatic approach with:

- measures that are quick and easy to implement;
- and more complex and long-term initiatives.

For each action, the General Services and Human Resources teams can identify the necessary investments and the potential impact in terms of energy savings and GHG emissions reduction.

The aim is to encourage local teams to:

- determine target temperatures for heating and cooling, and limit their use to office hours;
- disseminate best practices and environmentally-friendly gestures to employees such as opening windows and turning off electrical appliances;
- review the adaptation and maintenance of systems with building managers;
- adapt the temperature control in the server rooms, in compliance with the conditions necessary for the proper functioning of the equipment.

Examine the level of environmental certifications (BREEAM, LEED, HQE, etc.) of the premises in coordination with the lessor.

These measures aim to limit energy consumption in offices, while teams are gradually moving away from remote working following the health crisis. This, coupled with the extension of the reporting scope, explains the increase in energy consumption between 2021 and 2022.

| Indicator | 2022 | 2021 |
|---|---|---|
| Energy consumption in kWh per $m^2$ for offices | 118.7 | 96.8 |

#### Encouraging the use of renewable energies

Believe has begun its transition on a few buildings by increasing the share of its electricity consumption from renewable sources, via purchasing green electricity contracts from suppliers and using certificates of guarantee of origin. At the end of 2022, four sites worldwide, in France, Germany (in Donzdorf and Hamburg) and the United Kingdom, were using 100% renewable electricity. These sites represent 80% of the Group's electricity consumption. The ability to deploy the "renewable energy" policy depends on several factors independent from Believe: technical equipment of the building, the will of the owner and lessor and the country's energy mix.

| Indicator | 2022 | 2021 |
|---|---|---|
| % of renewable energy in total electricity consumption | 80.3% | - |

#### Outlook

Environmental indicators will be increasingly detailed as part of the CSR reporting and the technical sobriety guide. Believe will then have more robust data to identify and manage the most relevant actions to be implemented in the premises.

On this basis, the Group wants to set short- and medium-term targets for reducing energy consumption and greenhouse gas emissions for its main sites.

### 2.6.1.5 Adapting the transport policy and promoting low-carbon travel

Believe also wants to promote best practices to reduce greenhouse gas emissions in its scope 3, when the Group can use levers. In the short term, this concerns, in particular, transport emissions related to business travel and home-work commuting.

As part of the 2022 environmental reporting, Believe asked travel agencies and local teams to start measuring the carbon impact of business travel. Data collection was quite uneven across countries. In 2023, the Group will strengthen this reporting to identify the main sources of emissions by country and type of transport. In the long term, the challenges are to:

- set targets for reducing emissions from business transport;
- formalize and roll out a low-carbon transport policy. It will aim to limit the number of trips and reduce the use of airplanes which is a high-carbon mode of transport.

The teleworking policy and the use of efficient communication tools already make it possible to organize meetings and work remotely. This reduces business travel and commuting.

Local human resources teams are also implementing initiatives to limit or optimize employee trips. They thus reduce the carbon impact of daily transport.

Some examples of low-carbon mobility actions for employees, deployed according to the site situation and the country's regulations:

- internal survey to identify employees interested in low-carbon mobility and the actions to be implemented (public transport and/or bicycle package, bicycle parking, solicitation of public authorities to install a bicycle station, etc.);
- shared bicycle system (Germany);
- hybrid and electric company vehicles (Turkey, France, etc.);
- payment of part of the public transport subscription (France, Japan, etc.);
- participation in the purchase of bicycles (France, etc.);
- global sporting challenge SquadEasy, which largely motivated employees to replace the use of the car by soft mobility.

### 2.6.1.6 Controlling the need for resources and reducing waste

In addition to climate actions, Believe is also developing initiatives to promote the circular economy and the preservation of resources, mainly in three areas:

- for IT equipment: measuring the recycling rate of waste electrical and electronic equipment in France;
- in offices: limiting the use of single-use products and developing selective sorting and recycling practices;
- for merchandising products for artists: offering eco-designed and recyclable products.

| Indicator | 2022 | 2021 |
|---|---|---|
| Recycling rate of electrical and electronic equipment in France (WEEE) | 100% | 95% |
| % of sites that have implemented eco-responsible practices (selective sorting, recycling, reuse, etc.) | 70% | - |

With regard to waste of electrical and electronic equipment (WEEE), data collection, monitoring of equipment, as well as the implementation of recycling and reuse practices, are complex to deploy in all countries. In 2023, the Group will initiate discussions with the teams concerned to further develop the WEEE reporting and define eco-responsible practices, identify reliable partners and ensure the recycling of this waste locally if possible.

At the same time, some committed artists wish to offer their listeners and fans eco-designed CDs, vinyls, or accessories (packaging, mugs, t-shirts, tote bags, etc.). Believe then identifies specialized suppliers and defines specifications as part of its merchandising activities on behalf of its customers.

In Germany, for example, Believe's subsidiaries propose to artists who so wish to work with manufacturers of vinyls produced from recycled records.

In the offices, the local human resources teams, with the support of the *Believe for Planet* ambassador network raise employee awareness in order to apply eco-responsible practices and gestures on a daily basis: on-site recycling of waste products, clothing drives, etc. [1].

*(1) Numerous examples in Section 2.5.2.4 "Supporting employee engagement with local communities", page 84.*

## 2.6.2 Supporting the engagement of employees and the music and digital industry to the environment

Within the *Shaping Music for Good* framework, Believe wants to raise awareness and involve its employees and the various players in the music industry in climate and environmental issues through global and local initiatives. These actions also help to strengthen the pride of belonging to the Group and the level of employee engagement, with employees being very committed to these issues.

### 2.6.2.1 Promoting employee awareness of the environment

Actions implemented by the local CSR and human resources teams and by the *Believe for Planet* ambassadors aim to raise awareness and train employees. The challenge is to promote eco-responsible practices and actions on a daily basis, as a employee and as a citizen.

Some examples of activities and initiatives that promote eco-responsible practices and awareness of environmental issues:

- replacement of disposable cups with reusable cups and water bottles;
- waste sorting;
- workshops as part of the *Believe Tomorrow* month of solidarity: climate fresco, digital fresco, conference on "Green IT", manufacture of cleaning products and natural cosmetics, cleaning of beaches and public places, tree planting, etc.;
- soft mobility: SquadEasy challenge to replace the car by walking or cycling with quizzes on the environment;
- financial aid for public transport and bicycle purchases[1];
- measuring the personal carbon impact with the *Good Planet Carbon* calculator;
- coordination of the *Believe for Planet*[2] ambassador network.

## 2.6.3 Participating in the music industry's mobilization around the climate emergency

Drawing on its leadership in its sector, Believe is convinced of the importance of taking action in concert with all players in the music industry. This is why it joined the *Music Declares Emergency* (MDE) group in 2021. Born in England in 2019, this movement aims to unite the music industry around climate emergency and help reduce its environmental impact. It relies on the ability of music through its cultural influence to change the public opinion and rally support for its cause.

Since 2022, Believe has been contributing skills to the initiative of the Mangroove Music label, in cooperation with the Albert II of Monaco Foundation. The Mangrove Music label is the first music label with a positive social and environmental impact. It finances projects in the field with the support of committed artists.

Believe provides advice and distributes the *One Song One Forest* title created by one of Believe's artists, Youssoupha, with the singer Oumou Sangare (https://www.mangroovemusic.org/). This project will raise funds to restore and protect mangroves in West Africa.

*(1) See Section 2.6.1.5 "Adapting the transport policy and promoting low-carbon travel", page 95.*

*(2) See Section 2.1.3.3 "A global network of committed ambassadors", page 52.*

# 2.7 Methodological note and summary of indicators

Believe has built its Non-Financial Performance Statement (NFPS) with the aim of ensuring uncompromising standards in terms of non-financial reporting through the strict application of regulatory obligations and the convergence with existing standards. This method makes it possible to anticipate future European regulatory requirements. It meets the obligations set out in Articles R. 225-105-2 *et seq.* and L. 225-102-1 of the French Commercial Code, by presenting information on the way in which Believe takes into account the social and environmental consequences of its activity. A detailed cross-reference table is presented in Section 8.5.3 *"Management Report", page 339.*

In line with regulatory guidelines, the reporting of Believe's non-financial indicators is based on an internal framework specific to its activities, and on the Global Reporting Initiative (GRI) for its areas of application, its performance indicator recommendations and its "GRI GA" guidelines. This is a voluntary framework recognized worldwide.

## 2.7.1 Non-financial risk analysis methodology

The methodology for identifying material risks is based on several stages:

- identification of a scope of CSR risks based on the specificities of the music and technology/digital sector;
- a comparison of these specific CSR risks with Believe's "classic" risks as identified by the French Financial Markets Authority (*Autorité des marchés financiers* – AMF), identified in particular in Chapter 3 of this Universal registration document;
- an analysis of these CSR risks cross-referencing regulatory expectations, a sector watch, the Global Reporting Initiative framework and the *Shaping Music for Good* strategy;
- a comparison of these CSR risks with the results of the stakeholder survey conducted in July 2021 (see Section 2.2.1.2 *"Consultation with stakeholders"* on page 54).

The table summarizing the pillars of the CSR strategy, non-financial risks, policies, indicators and actions is presented in Section 2.2.2 *"Policies and actions to address ESG challenges: matrix of risks and opportunities", page 63.*

## 2.7.2 Scope of the risks covered

This statement for the 2022 fiscal year is based on a risk analysis, in accordance with regulatory obligations, and reflects the expectations of the main stakeholders regarding the assessment and management of CSR risks and opportunities. The description of this analysis is detailed in Section 2 of this Chapter 2, page 48.

In the context of the risk mapping task, the following topics were not considered relevant or material with regard to the Group's activities.

Due to its activity, the Believe group is not directly affected by issues related to:

- the fight against food waste;
- the fight against food insecurity;
- respect for animal welfare;
- respect for responsible, fair and sustainable food;
- the prevention, reduction or remediation of emissions into the air, water and soil that seriously affect the environment;
- land use;
- the protection of biodiversity.

## 2.7.3 Reporting period and frequency

The data collected covers the period from 01/01/2022 to 12/31/2022, corresponding to Believe's fiscal year. Unless otherwise stated, societal, social and environmental indicators refer to consolidated data as of December 31, 2022.

## 2.7.4 Reporting scope

The scope of non-financial reporting is based on the financial scope of consolidation. Social data represents 100% of the Group's total workforce, with the exception of the following indicators:

- number and percentage of ambassadors among employees;
- percentage of employees who completed at least one training course during the period;
- percentage of employees who have completed at least one training module on ethics, the fight against corruption or conflicts of interest;
- percentage of employees who validated at least one career review during the period.

These data exclude the 6&7, Jo&Co, DMC, NetD and TuneCore Japan subsidiaries. This is due to the fact that these entities have not yet adopted all the HR data management tools and still use different processes for the collection of indicators. They represent 6% of the Group's total workforce, and €22.26 million in revenue, *i.e.* 2.3% of the Group's revenue.

Environmental data excludes the Taipei, Chennai, Hyberabad, Mohali, Syracuse, Montreal and Toronto sites, which are co-working spaces and correspond to 3.2% of the Group's workforce. The reporting of WEEE collected and recycled, is limited to France, which represents 39% of employees and €129 million in revenue, *i.e.* 16.9% of the Group's revenue.

A very limited number of indicators was therefore assessed on scopes that were significantly different from the 2021 scope of CSR reporting:

Note:

- headcount is calculated in terms of number of employees (natural persons present at the end of the period) and not in "full-time equivalent";
- estimation methods have been applied for the energy consumption of sites in Germany, the United States (Atlanta, Brooklyn, Culver City, Nashville), India (Mumbai) and Russia. Energy consumption for these sites was estimated using the data available for 2022 and the 2021 data for periods for which 2022 data was unavailable.

## 2.7.5 Non-financial indicators

### 2.7.5.1 Consolidation and internal control

The protocol of CSR reporting for Believe Group's subsidiaries was implemented in 2021 when the CSR approach was formalized by the *Shaping Music for Good* strategy. It was updated in 2022 to better meet the expectations of the Group's stakeholders.

This protocol enables the application of unified definitions, data collection, validation and consolidation rules within the Group's entities. To this end, it defines in detail the methodology for calculating and collecting indicators and qualitative information concerning CSR, as well as the scope concerned by the reporting.

Environmental data are reported and consolidated using a data collection system, the Tennaxia Reporting tool. Automatic consistency checks are performed by the tool during data entry.

Social data are reported and consolidated at the local and central levels using the Human Resources information system tools and Excel.

Other data is collected directly from local and central contributors.

For each indicator, an initial check is carried out by each subsidiary. These indicators are then aggregated and monitored by the Group's head office. A second validation is carried out at the time of consolidation. Lastly, an analytical review and general control ensure the overall consistency of environmental and social data.

### 2.7.5.2 External control

Believe's Independent Third-party Body for 2022 is KPMG, which performs the audit mission as defined by Articles L. 225-102-1 and R. 225-105-2 of the French Commercial Code, consisting of the audit of the compliance and sincerity of the NFPS.

### 2.7.5.3 Definition of non-financial indicators

In order to better manage its CSR strategy and performance, Believe has identified key non-financial performance indicators. They make it possible to monitor the implementation of the four pillars of *Shaping Music for Good* and policies and actions to address the Group's non-financial risks.

These indicators are rolled out across the 2022 CSR scope of reporting, which is almost identical to the Group's financial scope of consolidation[1].

Three of them are included in the variable and long-term compensation of the members of the Executive Committee (% of women among employees, % of ambassadors among employees and % of employees having attended at least one training course during the period) and 13 are considered "priority" because they provide information on key topics for Believe: gender equality, talent attraction and retention, training, reduction of greenhouse gas emissions related to buildings and management of IT equipment.

Certain definitions and methodologies for calculating indicators have evolved during the period (01/01/2022 – 12/31/2022) in order to allow a more accurate and robust measurement.

As part of its active external growth policy, Believe is also committed to gradually integrating new subsidiaries and activities into non-financial reporting.

| Performance indicator | 2022 | 2021 | Definition | Scope |
|---|---|---|---|---|
| **Headcount** | | | | |
| Total workforce | 1,651 | 1,430 | Number of Group employees on permanent contracts, fixed-term contracts, work-study and apprenticeship contracts at the end of the reporting period. | 2022 CSR scope of reporting.<br>2022 Financial scope. |
| % of employees working for the Central Platform among all employees | 36% | 34.3% | Number of employees working for the Central Platform at the end of the period/total headcount. | 2022 CSR scope of reporting.<br>2022 Financial scope. |
| % of employees working for Premium Solutions and Automated Solutions among all employees | 64% | 65.7% | Number of employees working for Premium Solutions and Automated Solutions at the end of the period/total headcount. | 2022 CSR scope of reporting.<br>2022 Financial scope. |
| % of employees in France among all employees | 39% | 39.1% | Number of employees in France at the end of the period/total headcount. | 2022 CSR scope of reporting.<br>2022 Financial scope. |
| % of employees in Germany among all employees | 15% | 17.2% | Number of employees in Germany at the end of the period/total headcount. | 2022 CSR scope of reporting.<br>2022 Financial scope. |
| % of employees in Europe, Russia and the Middle East (excluding France and Germany) among all employees | 14% | 15.4% | Number of employees in Europe, Russia and the Middle East (excluding France and Germany) at the end of the period/total headcount. | 2022 CSR scope of reporting.<br>2022 Financial scope. |
| % of employees in North and South America among all employees | 11% | 10.9% | Number of employees in North and South America at the end of the period/total headcount. | 2022 CSR scope of reporting.<br>2022 Financial scope. |

*(1) The 2022 CSR reporting does not take into account the subsidiaries acquired in the last quarter of 2022, unlike the Group's financial scope of consolidation. These subsidiaries have no significant and material impact on the 2022 CSR reporting.*

| Performance indicator | 2022 | 2021 | Definition | Scope |
|---|---|---|---|---|
| % of employees in Asia, Oceania, Africa among all employees | 21% | 17.4% | Number of employees in Asia, Oceania, Africa at the end of the period/total headcount. | 2022 CSR scope of reporting.<br>2022 Financial scope. |
| % of permanent contracts | 95.6% | 91.5% | % of employees on permanent contracts among the Group's employees on permanent and fixed-term contracts. | 2022 CSR scope of reporting.<br>2022 Financial scope. |
| % of fixed-term contracts | 4.4% | 8.5% | % of employees on fixed-term contracts among the Group's employees on permanent and fixed-term contracts. | 2022 CSR scope of reporting.<br>2022 Financial scope. |
| % men | 56.9% | 60% | 2022 CSR scope of reporting.<br>2022 Financial scope.% male employees among all Group employees. | 2022 CSR scope of reporting.<br>2022 Financial scope. |
| % women<br>CSR objective included in the variable and long-term compensation of the members of the Executive Committee | 43.1% | 40% | % female employees among all Group employees. | 2022 CSR scope of reporting.<br>2022 Financial scope. |
| % employees among management teams | 7.2% | 8.4% | Number of employees among management teams at the end of the period/Total headcount.<br>The population of management teams corresponds to internal categories from levels 9 to 12 ("Executive" and "Leaders" Career Paths). It represents 7.3% of the most senior positions. | 2022 CSR scope of reporting (excluding TuneCore Japan, 6&7, JoandCo, DMC & NetD). |
| % women in management teams | 42.9% | 41.8% | Number of female employees in management teams at the end of the period/Number of employees in management teams.<br>The population of management teams corresponds to internal categories from levels 9 to 12 ("Executive" and "Leaders" Career Paths). It represents 7.3% of the most senior positions. | 2022 CSR scope of reporting (excluding TuneCore Japan, 6&7, JoandCo, DMC & NetD). |
| % men in management teams | 57.1% | 58.2% | Number of male employees among management teams at the end of the period/Number of employees in management teams.<br>The population of management teams corresponds to internal categories from levels 9 to 12 ("Executive" and "Leaders" Career Paths). It represents 7.3% of the most senior positions. | 2022 CSR scope of reporting (excluding TuneCore Japan, 6&7, JoandCo, DMC & NetD). |

| Performance indicator | 2022 | 2021 | Definition | Scope |
|---|---|---|---|---|
| % of employees at "Manager" level among all employees | 23.2% | 20.6% | Number of "Manager" level employees at the end of the period/Total headcount.<br>The population of managers corresponds to internal categories from levels 5 to 12 (including management teams, for "Executive" and "Leaders" Career Paths). | 2022 CSR scope of reporting (excluding TuneCore Japan, 6&7, JoandCo, DMC & NetD). |
| % of women among "Manager" level employees | 37.6% | 34% | Number of female "Manager" level employees at the end of the period/"Manager" level employees<br>The population of managers corresponds to internal categories from levels 5 to 12 (including management teams, for "Executive" and "Leaders" Career Paths). | 2022 CSR scope of reporting (excluding TuneCore Japan, 6&7, JoandCo, DMC & NetD). |
| % of men among "Manager" level employees | 62.4% | 66% | Number of male employees at "Manager" level at the end of the period/"Manager" level employees.<br>The population of managers corresponds to internal categories from levels 5 to 12 (including management teams, for "Executive" and "Leaders" Career Paths). | 2022 CSR scope of reporting (excluding TuneCore Japan, 6&7, JoandCo, DMC & NetD). |
| **Parity** | | | | |
| Gender equality index (France) | 99/100<br>Pay gap: 39/40<br>Pay increase gap: 20/20<br>Promotion gap: 15/15<br>Maternity leave: 10/10<br>10 highest paid employees: 10/10 | 99/100<br>Pay gap: 39/40<br>Pay increase gap: 20/20<br>Promotion gap: 15/15<br>Maternity leave: 10/10<br>10 highest paid employees: 10/10 | Methodology recommended by the French government based on four indicators: equal opportunities, fair compensation, prevention and protection, and commitment. | Believe SA (France) |
| **Executive Committee** | | | | |
| % of women on the Executive Committee | 50% | 54% | Number of female employees that are members of the Executive Committee at the end of the period/number of Executive Committee members. | 2022 CSR scope of reporting.<br>2022 Financial scope. |
| % of male on the Executive Committee | 50% | 46% | Number of male employees that are member of the Executive Committee at the end of the period/number of Executive Committee members. | 2022 CSR scope of reporting.<br>2022 Financial scope. |

| Performance indicator | 2022 | 2021 | Definition | Scope |
|---|---|---|---|---|
| **Hires and departures** | | | | |
| Number of employees hired during the period | 257 | 251 | Total number of employees hired during the period regardless of their type of contract: permanent, fixed-term, work-study, apprenticeship.<br>A candidate becomes an employee and is considered hired after signing his employment contract and having actually joined the Company. | 2022 CSR scope of reporting.<br>2022 Financial scope. |
| % of women among employees hired during the period | 16.1% | 19% | Total number of female employees hired during the period regardless of their type of contract/Number of employees hired during the period. | 2022 CSR scope of reporting.<br>2022 Financial scope. |
| % of men among employees hired during the period | 56.3% | 37.8% | Total number of male employees hired during the period regardless of their type of contract/Number of employees hired during the period. | 2022 CSR scope of reporting.<br>2022 Financial scope. |
| Number of layoffs and job losses | 257 | 251 | This includes departures due to layoffs, end of probationary period at the initiative of the employer. | 2022 CSR scope of reporting.<br>2022 Financial scope. |
| Attrition rate | 16.1% | 19% | Total number of departures over the last 12 months/Average headcount. | 2022 CSR scope of reporting.<br>2022 Financial scope. |
| Turnover rate | 26% | 28% | The turnover rate measures the rate at which employees leave the company and are replaced.<br>It is calculated by taking into account the total headcount at the beginning of the period (01/01/2022).<br>((Number of voluntary departures during the period + number of layoffs and job losses over the period)/2)/total headcount at 01/01/2022. | 2022 CSR scope of reporting.<br>2022 Financial scope. |

| Performance indicator | 2022 | 2021 | Definition | Scope |
|---|---|---|---|---|
| **Absenteeism** | | | | |
| Absenteeism rate | 3% | 2.06% | Absence due to an accident or occupational illness, any other illness, or a family event during the period. | 2022 CSR scope of reporting.<br>2022 Financial scope. |
| **Training** | | | | |
| % of employees having followed at least one training module on ethics, anti-corruption and conflicts of interest | 44% | 67% | Number of employees who started at least one of the online training modules on ethics, anti-corruption and conflicts of interest during the period/total headcount.<br>Employees still under contract at the end of the period are taken into account. | 2022 CSR scope of reporting.<br>2022 Financial scope. |
| % of employees who completed at least one training course during the period<br>CSR target included in the variable and long-term compensation of the members of the Executive Committee | 90.6% | 77% | Number of employees who completed at least one online training module during the period/ Total headcount.<br>Employees still under contract at the end of the period are taken into account. | 2022 CSR scope of reporting.<br>2022 Financial scope. |
| **Ambassadors** | | | | |
| | | | | |
| % of ambassadors<br>CSR target included in the variable and long-term compensation of the members of the Executive Committee | 8.9% | 8.4% | Total number of ambassadors among all employees/Total headcount. | 2022 scope of CSR reporting (excluding TuneCore Japan, 6&7, Jo&Co, DMC & NetD). |
| **Career reviews** | | | | |
| % of employees who validated at least one career review during the period | 97% | 95% | Number of employees who validated at least one career review during the period/Total headcount.<br>A career review is considered “validated” when a report has been drafted and signed by the employee and their assessor (their manager or one of their managers). | 2022 scope of CSR reporting (excluding TuneCore Japan, 6&7, Jo&Co, DMC & NetD). |

## Environmental indicators

| Performance indicator | 2022 | 2021 | Definition | Scope |
|---|---|---|---|---|
| **Site description** | | | | |
| Total surface area of sites in $m^2$ | 24,351.6 | 25,875.2 | Total surface area of sites where Group employees work (excluding co-working spaces). | 2022 CSR scope of reporting.<br>2022 Financial scope. |
| Number of company vehicles | 51 | - | Number of vehicles allocated to employees as part of their duties, regardless of their type of contract (permanent, fixed-term, work-study, apprenticeship) during or before the period. | 2022 CSR scope of reporting.<br>2022 Financial scope. |
| **Energy consumption** | | | | |
| Total electricity consumption in kWh<br>Scope 1 | 1,586,136.95 | 1,642,170.85 | Sum of electricity consumption at all sites where Group employees operate (excluding co-working spaces) during the period. | 2022 CSR scope of reporting.<br>2022 Financial scope. |
| Total electricity consumption/$m^2$<br>Scope 1 | 65.13 | 63.46 | | 2022 scope of CSR reporting.<br>2022 Financial scope. |
| % of renewable energy in total electricity consumption<br>Scope 1 | 80% | - | | 2022 scope of CSR reporting.<br>2022 Financial scope. |
| Total consumption of other energy sources in kWh<br>Scope 2 | 1,304,373.05 | 863,379.15 | Urban heating, domestic fuel oil and natural gas consumption in kWh are taken into account (excluding co-working spaces) during the period. | 2022 CSR scope of reporting.<br>2022 Financial scope. |
| Total consumption of other energy sources/$m^2$ | 53.56 | 33.36 | Sum of electricity consumption at all sites where Group employees operate (excluding co-working spaces) during the period/total surface area of the sites where the Group's employees work (excluding co-working spaces). | 2022 CSR scope of reporting.<br>2022 Financial scope. |
| Total energy consumption in kWh<br>Scopes 1 and 2 | 2,890,510 | 2,505,550 | | 2022 CSR scope of reporting.<br>2022 Financial scope. |
| Total energy consumption in kWh/$m^2$<br>Scopes 1 and 2 | 0.12 | 96.80 | | 2022 CSR scope of reporting.<br>2022 Financial scope. |

| Performance indicator | 2022 | 2021 | Definition | Scope |
|---|---|---|---|---|
| **GHG emissions** | | | | |
| GHG emissions – scope 1 | 306.18 | 448.95 | GHG emitted by the Group's activities under scope 1 (offices and buildings) (in $TeqCO_2$). | 2022 CSR scope of reporting. 2022 Financial scope. |
| GHG emissions – scope 2 | 401.86 | 422.12 | GHG emitted by the Group's activities under scope 2 (indirect emissions related to energy consumption and company vehicles) (in $TeqCO_2$). | 2022 CSR scope of reporting. 2022 Financial scope. |
| GHG emissions – scopes 1 and 2 | 708.04 | 871.07 | GHGs emitted by the Group's activities under scopes 1 & 2. | 2022 scope of CSR reporting. 2022 Financial scope. |
| GHG emissions – scope 3 – Transport | 235.50 | - | GHG emitted by the Group's activities as part of employee business travel (in $TeqCO_2$). | 2022 scope of CSR reporting. 2022 Financial scope. |
| **Waste Electrical and Electronic Equipment (WEEE)** | | | | |
| % of WEEE recycled (France) | 100% | 95% | Quantity of WEEE recycled by the sites in kilograms/Quantity of WEEE produced by the sites in kilograms. | France. |

# 2.8 Report by one of the Statutory Auditor, appointed as independent third party, on the consolidated non-financial statement

For the year ended 31 December 2022

*This is a free English translation of the Statutory Auditor's report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.*

To the Annual General Meeting,

In our capacity as Statutory Auditor of your company (hereinafter the "entity") appointed as independent third party, and accredited by the French Accreditation Committee (COFRAC) under number 3-1884[1], we have undertaken a limited assurance engagement on the historical financial information (observed or extrapolated) in the consolidated non-financial statement, prepared in accordance with the entity's procedures (hereinafter the "Guidelines"), for the year ended… (hereinafter, the "Information" and the "Statement" respectively), presented in the Group's management report pursuant to the legal and regulatory provisions of Articles L. 225102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (*Code de commerce*).

## Conclusion

Based on the procedures we have performed, as described under the "Nature and scope of procedures" and the evidence we have obtained, nothing has come to our attention that cause us to believe that the consolidated non-financial statement is not prepared in accordance with the applicable regulatory provisions and that the Information, taken as a whole, is not presented fairly in accordance with the Guidelines, in all material respects.

## Preparation of the non-financial performance Statement

The absence of a commonly used generally accepted reporting framework or a significant body of established practices on which to draw to evaluate and measure the Information allows for different, but acceptable, measurement techniques that can affect comparability between entities and over time.

Consequently, the Information needs to be read and understood together with the Guidelines, summarized in the Statement and available on the Entity's website or on request from its headquarters.

## Inherent limitations in preparing the Information

As stated in the Statement, the Information may be subject to uncertainty inherent to the state of scientific and economic knowledge and the quality of external data used. Some information is sensitive to the choice of methodology and the assumptions or estimates used for its preparation and presented in the Statement.

## Responsibility of the entity

Management of the Entity is responsible for:

- selecting or establishing suitable criteria for preparing the Information;
- preparing a Statement pursuant to legal and regulatory provisions, including a presentation of the business model, a description of the main non-financial risks, a presentation of the policies implemented considering those risks and the outcomes of said policies, including key performance indicators, and the information set out in Article 8 of Regulation (EU) 2020/852 (Green Taxonomy);
- preparing the Statement by applying the Entity's "Guidelines" as referred above; and
- designing, implementing and maintaining internal control over information relevant to the preparation of the Information that is free from material misstatement, whether due to fraud or error.

The Statement has been prepared by the Board of Directors.

*(1) Accreditation Cofrac Inspection, number 3-1884, scope available at www.cofrac.fr*

## Responsibility of the Statutory Auditor, appointed as independent third party/ independent third party

Based on our work, our responsibility is to provide a report expressing a limited assurance conclusion on:

- the compliance of the Statement with the requirements of Article R. 225-105 of the French Commercial Code;
- the fairness of the information provided pursuant to part 3 of Sections I and II of Article R. 225-105 of the French Commercial Code, i.e., the outcomes of policies, including key performance indicators, and measures relating to the main risks, hereinafter the "Information".

As we are engaged to form an independent conclusion on the Information as prepared by management, we are not permitted to be involved in the preparation of the Information as doing so may compromise our independence.

It is not our responsibility to report on:

- the entity's compliance with other applicable legal and regulatory provisions (particularly with regard to the information set-out in Article 8 of Regulation (EU) 2020/852 (Green taxonomy) and provisions against corruption and tax evasion);
- the fairness of information set-out in Article 8 of Regulation (EU) 2020/852 (GreenTaxonomy);
- the compliance of products and services with the applicable regulations.

### Applicable regulatory provisions and professional guidance

We performed the work described below in accordance with Articles A. 225-1 et seq. of the French Commercial Code, the professional guidance issued by the French Institute of Statutory Auditors (Compagnie Nationale des Commissaires aux Comptes) applicable to such engagement, in particular the professional guidance issued by the Compagnie Nationale des Commissaires aux Comptes, "Intervention du commissaire aux comptes - Intervention de l'OTI - Déclaration de performance extra-financière", acting as the verification program, and with the International Standard on Assurance Engagements 3000 (revised)[1].

### Our independence and quality control

Our independence is defined by the provisions of Article L. 822-11 of the French Commercial Code and the French Code of Ethics for Statutory Auditors (Code de déontologie) of our profession. In addition, we have implemented a system of quality control including documented policies and procedures aimed at ensuring compliance with applicable legal and regulatory requirements, ethical requirements and the professional guidance issued by the French Institute of Statutory Auditors (Compagnie Nationale des Commissaires aux Comptes) relating to this engagement.

### Means and resources

Our work engaged the skills of five people between November 2022 and March 2023 and took a total of three weeks.

We were assisted in our work by our specialists in sustainable development and corporate social responsibility. We conducted about a dozen interviews with the people responsible for preparing the Statement.

### Nature and scope of procedures

We are required to plan and perform our work to address the areas where we have identified that a material misstatement of the Information is likely to arise.

The procedures we performed were based on our professional judgment. In carrying out our limited assurance engagement on the Information:

- we obtained an understanding of all the consolidated entities' activities, and the description of the principal risks associated;
- we assessed the suitability of the criteria of the Guidelines with respect to their relevance, completeness, reliability, neutrality and understandability, taking into account, where appropriate, best practices within the sector;
- we verified that the Statement includes each category of social and environmental information set out in article L. 225-102-1 III as well as information regarding compliance with human rights and anti-corruption and tax avoidance legislation;

*(1) ISAE 3000 (Revised) - Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*

- we verified that the Statement provides the information required under article R. 225-105 II of the French Commercial Code, where relevant with respect to the main risks, and includes, where applicable, an explanation for the absence of the information required under article L. 225-102-1 III, paragraph 2 of the French Commercial Code;
- we verified that the Statement presents the business model and a description of principal risks associated with all the consolidated entities' activities, including where relevant and proportionate, the risks associated with their business relationships, their products or services, as well as their policies, measures and the outcomes thereof, including key performance indicators associated to the principal risks;
- we referred to documentary sources and conducted interviews to:
  - assess the process used to identify and confirm the main risks as well as the consistency of the outcomes, including the key performance indicators used, with respect to the main risks and the policies presented,
  - corroborate the qualitative information (measures and outcomes) that we considered to be the most important presented in Appendix. Concerning certain risks(1), our work was carried out on the consolidating entity, for the other risks, our work was carried out on the consolidating entity and on a selection of entities(2);
- we verified that the Statement covers the scope of consolidation, i.e. all the consolidated entities in accordance with article L. 233-16 of the French Commercial Code within the limitations set out in the Statement;
- we obtained an understanding of internal control and risk management procedures the Entity has implemented and assessed the data collection process aimed at ensuring the completeness and fairness of the Information;
  - for the key performance indicators and other quantitative outcomes that we considered to be the most important presented in Appendix, we implemented,
  - analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data;
- tests of details, using sampling techniques, in order to verify the proper application of definitions and procedures and reconcile the data with supporting documents. This work was carried out on a selection of contributing entities[4] and covers between 22% and 100% of the consolidated data relating to the key performance indicators and outcomes selected for these tests;
- we assessed the overall consistency of the Statement based on our knowledge of all the consolidated entities.

The procedures performed in a limited assurance review are less in extent than for a reasonable assurance opinion in accordance with the professional guidance of the French Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*); a higher level of assurance would have required us to carry out more extensive procedures.

Paris-La Défense, on 15 March 2023

KPMG S.A.

| Jean-Pierre Valensi | Anne Garans |
|---|---|
| *Partner* | *ESG Expert* |

*(1) Risk of lack of consistency and efficiency in HR and talent management processes; Risk of exclusion of certain communities and musical genres, and of non-alignment with Believe's values; Risk of digital divide, invisibility and lack of skills of artists to make the best use of new technologies and digital marketing practices; Risk of limiting the freedom of expression and independence of artists and labels, and of not respecting private data; Risks in terms of respect for human rights and the fight against corruption and tax evasion*

*(2) Believe S.A.*

## Appendix

| Qualitative information (actions and results) considered most important |
|---|
| Employee well-being assessment systems |
| Talent attraction and retention schemes |
| Programmes for training and career development of artists |
| Actions to raise employee awareness of environmental protection |
| Initiatives to support women artists and under-represented communities in the music industry |
| Personal data protection measures in place |
| Human rights measures in place |
| Business conduct and anti-corruption procedures in place |

| Key performance indicators and other quantitative results considered most important |
|---|
| Total number of employees at the end of the year |
| Share of women among managers |
| Percentage of employees who attended at least one training course during the year |
| Percentage of employees who have followed the training Code of ethics and/or anti-corruption and/or conflict of interest |
| Absenteeism rate |
| Turnover rate |
| Percentage of employees who have had at least one career development interview during the year |
| Percentage of Believe ambassadors among employees |
| Share of participation in the 2022 employee share ownership programme |
| Energy consumption per m2 for offices (kWh/m2) |
| Greenhouse gas emissions (scope 1 and 2) in tonnes of CO2 equivalent |
| WEEE recycling rate |

Yanns – Artist – France

# 3. Risk factors and risk management

# 3.1 Main risk factors

*Before making their investment decision, investors are encouraged to carefully consider the risks described in this Section as well as all other information contained in this Universal registration document.*

*Pursuant to the application of Regulation (EU) 2017/1129 known as "Prospectus Directive III", which came into effect on July 21, 2019, the main risks considered as specific to the Believe Group and/or its securities and for which the materialization may have a significant net impact on the Group, its business, financial position, results or prospects, at the date of this Universal registration document, are described below. The materialization of one or more of these risks could result in a decrease in the Company's share price and investors could lose all or part of their investment. The Group may be exposed to other risks that could have a negative impact in the future, of which the Group is not aware at the date of this Universal registration document or that it considers immaterial in this respect.*

The Group regularly reviews the risk factors that may have a negative impact on its business or results. This review is presented to the Company's Risk Committee and the Audit Committee of the Board of Directors. In addition, the Risk Committee monitors the robustness of the Internal Control Over Financial Reporting System (ICFR) and the adequacy of mitigating actions in place with regard to the risks to which the Group may be exposed. It reports its main findings and recommendations to the Audit Committee. The risk identification and management policy is described in Section 3.2.2 *"Components of internal control"*, on page 133.

The following table classifies the main specific risks to which the Group is exposed into five categories:

- risks related to the Group's industry;
- risks related to the Group's business;
- risks related to the Company;
- financial risks;
- legal risks.

Within each category, the most important risk factors are presented first.

| RISK CATEGORY | MAIN RISK FACTORS | IMPACT/LIKELIHOOD |
|---|---|---|
| **Risks related to the Group's industry** | Risks related to the Group's competitive environment | ○ ○ ● |
| | Risks related to changes in the underlying audio and video streaming market | ○ ● ○ |
| | Risks related to economic conditions and the evolution of the recorded music market | ● ○ ○ |
| **Risks related to the Group's business** | Risks related to the Group's IT systems (cyberattack, infrastructure reliability and personal data protection) *(*)* | ○ ○ ● |
| | Risks related to managing the rapid growth of the Group and acquisitions | ○ ○ ● |
| | Risks related to relationships with artists and labels *(*)* | ○ ● ○ |
| | Risks related to relationships with streaming and social media platforms | ○ ● ○ |
| | Risks related to the Group's international development | ○ ● ○ |
| | Risks related to fraud, corruption and ethics *(*)* | ○ ● ○ |
| **Risks related to the Company** | Risks related to human capital and its development (management team including the Chairman and Chief Executive Officer and recruitment and retention of experienced employees) *(*)* | ○ ● ○ |
| **Financial risks** | Liquidity and counterparty risks | ○ ● ○ |
| | Risks related to foreign exchange rates | ○ ● ○ |
| **Legal risks** | Risks related to intellectual property rights | ○ ○ ● |
| | Risks related to regulations and their evolution | ○ ○ ● |
| | Risks related to applicable taxation regimes and their changes | ○ ○ ● |

* *Risks detailed in Chapter 2 "Social and environmental responsibility".*

● *Low* ● *Medium* ● *High*

*As part of its regular review of risk factors, the Group has clearly identified the risk from climate change and ressources scarcity. At this stage, the Group considers that this risk is not likely to have a significant negative impact on its business or results.*

## 3.1.1 Risks related to the Group's industry

### Risks related to the Group's competitive environment

#### RISK DESCRIPTION

The Group operates in a highly competitive industry. Relations with producers (artists or labels) are largely based on exclusive and relatively long-term agreements.

The Group faces increased competition from the music industry Majors in the digital music and services to artists market. Although the majors' offer has historically been focused on international artists, they are also seeking to address the needs of artists that are targeted by the Group, *i.e.* artists with a local presence. To that end, the majors rely on significant financial and commercial resources and offer digital solutions similar to that of the Group. For example, they have developed digital distribution offerings through subsidiaries, such as Ingrooves, Virgin Music Label & Artist Services and MTO for Universal Music Group; The Orchard and AWAL for Sony Music Entertainment; and ADA for Warner Music Group.

The Group faces increasing competition from local players. These companies can use their presence on the ground and in-depth knowledge of the local music industry to establish special relationships with artists and labels. Competition from local players may divert artists and labels from the services offered by the Group.

The Group may also face an increase in the phenomenon of disintermediation, restricted in scale until now (with the notable exception of China). Disintermediation would involve digital service providers contracting with artists and labels directly, without resorting to the technological solutions offered by the Group. Disintermediation would thus affect the sustainability and growth of the Group's catalog.

#### RISK CONTROL AND MITIGATION MEASURES

In order to stand out from its competitors, the Group relies on its range of leading-edge products and solutions with a high technological content deployed in all the countries where it operates and on its local teams. In order to identify and attract high-potential artists, the Group relies on its high-performance digital data analysis tools and the expertise of its local teams. The Group provides artists and their labels with dedicated digital marketing solutions that enable them to maximize their audience.

The Group relies on its unique positioning, focused on the needs of local labels and artists, a field in which it has developed strong expertise. This positioning enables it to stand out from the majors, which are historically focused on top artists with international careers.

With regard to competition from local players, the Group relies on its locally established and respected Talent scouts. The Group relies on its technological expertise in digital music to offer the solutions best suited to the needs of local markets. The Group also seeks to sign contracts with global or local digital service providers. The aim is to offer artists and labels the most appropriate coverage for them and thus strengthen the competitiveness of its offering.

The disintermediation phenomenon has so far remained limited in scale. Indeed, the commercial model of digital service providers does not seem to be moving towards direct contracting with artists. There is no service provider with a sufficiently large majority share of the streaming monetization market that could lead artists and labels to engage in long term and exclusive distribution partnerships.

#### POTENTIAL IMPACTS ON THE GROUP

As a result of increased competitive pressure, the profitability of the contracts entered into by the Group with producers could be affected. Competitive pressure could also lead to the risk of not renewing the contract and termination of existing relationships. In addition, the commercial policies of the Group's competitors are difficult to predict. They could affect the Group's ability to quickly adapt its offering and contractual terms.

To remain competitive and safeguard its catalog, the Group might have to reduce its margin percentage on the amounts paid by streaming platforms.

Increasing competitive pressure and disintermediation could therefore have a significant adverse effect on the Group's results and prospects.

## Risks related to changes in the underlying audio and video streaming market

### RISK DESCRIPTION

A significant portion of the Group's revenue comes from payments made by digital service providers[1] in return for the Group providing audio or video content. This content is distributed mainly by streaming on the platforms. For the fiscal year ended December 31, 2022, revenue from the sales of digital audio or video content accounted for 92.3% of the Group's consolidated revenue.

The audio streaming market in particular has experienced significant growth in recent years. The audio streaming market has ballooned from $0.6 billion in 2012 to $17.5 billion in 2022 *(source: IFPI, Global Music Report 2023)* (see Section 1.3 *"Markets and competitive position"* on page 24).

However, this growth may not continue in the future, or may slow down in the regions where the Group operates or wishes to expand. Indeed, consumers could favor formats other than streaming. Consumers could turn to formats that do not yet exist and could be more succesful and attract a broader audience.

The subscription streaming market may experience limited growth in terms of number of users in certain potentially significant markets. As part of its growth strategy, the Group is targeting markets where the subscription streaming format is not yet widely adopted. For example, the Group strengthened its presence in India with the acquisition of several local players (see Section 1.1 *"Company history"* on page 10 and Section 1.5 *"Strategy and medium- and long-term objectives"* on page 38). India is a market where the subscription streaming penetration rate is still low.

In more mature markets, where the subscription streaming penetration rate is already high, the growth potential may be limited.

In some countries, particularly emerging markets, digital service providers may find it difficult to monetize audio and video content. An inadequate base of premium[2] users or advertisers to finance free plays, would create difficulties with monetization. Lastly, in these same markets, the Group may not be able to establish relationships with a sufficient number of reliable local platforms. Such a situation would affect the Group's ability to offer local artists and labels a satisfactory level of distribution, thus affecting its growth in these markets.

streaming and social media platforms are evolving in a rapidly changing and highly competitive market. Some digital service providers do not belong to large groups that can provide them with financial support. These platforms, including the largest in the sector, have posted significant operating losses in the past and continue to do so. They burn through significant amounts of cash on investments in technology, which are constantly increasing. Investments in technology are primarily aimed at acquiring subscribers and hosting content.

### RISK CONTROL AND MITIGATION MEASURES

In order to limit the negative impact of unfavorable trends in the streaming market on its activities, the Group is careful to maintain diversified geographical exposure. It operates in both mature and growth markets. The mature markets enable the Group to benefit from a wide distribution of its catalog. The slowdown in growth in mature markets, where the adoption of streaming by users is already high and growing at a slower pace, is offset by growth markets. These offer the Group growth prospects due to a high potential for adoption of this format by more users.

The Group is also seeking to develop the marketing of content on social media offering new ways to use music, such as TikTok or META.

### POTENTIAL IMPACTS ON THE GROUP

The Group could encounter difficulties in distributing its catalog if it was not able to:

- anticipate changes in consumption habits for audio and video content or formats of such content;
- to adapt its range of services and technological solutions to market changes.

Such a situation would have a significant adverse effect on the Group's business, results, financial position and prospects.

(1) *streaming and social media platforms pay the Group in exchange for the Group's delivery of audio or video content distributed through streaming on these platforms. The Group then pays a portion of these amounts to the artists or labels licensing their content. In this Universal registration document, these amounts (whether they are paid by the streaming and social media platforms to the Group or paid by the Group to artists and labels) are referred as "amounts".*

(2) *The category of premium users of digital service providers generally includes users who have purchased a monthly subscription that gives them access to an interface without visual or audio advertisements.*

The Group could be forced to renegotiate its agreements with the platforms on less favorable terms if the latter:

- were unable to adapt to potential changes in the audio and video streaming market;
- had to make significant investments to adapt to possible changes in the audio and video streaming market;
- were to encounter difficulties in profitably operating their business model.

The platforms could be forced to review the amounts paid to the Group, the exclusivity conditions, the duration of the commitments, or even terminate the agreements. These circumstances could have an adverse effect on the Group's business, financial position, reputation, results and prospects.

## Risks related to economic conditions and the evolution of the recorded music market

### RISK DESCRIPTION

The Group's business and results depend partly on local and global economic conditions, which have been especially volatile in the last few years.

A deterioration in economic conditions generally has a negative impact on discretionary consumer spending. This could therefore affect the purchase of subscriptions to music digital service providers. An unfavorable economy affects the advertising spend of advertisers, leading to a decline in the revenues of video content digital service providers in particular.

The tightening of monetary conditions by central banks as well as the current inflationary environment have a downward impact on the purchasing power of households. The Group operates in several countries that face different inflation rates. This could have a lasting negative impact on discretionary consumer spending and the advertising spend. Video streaming and social media platforms could be impacted.

### RISK CONTROL AND MITIGATION MEASURES

The Group is benefiting from the structural growth of the digital recorded music market in which it is positioned. This growth reflects the Group's appeal to the new generation of digital artists seeking marketing solutions and a wide range of expertise.

The Group's international development strategy enables it to dilute its risk because its presence is not concentrated in a single country or geographical area. It also allows the Group to offset any impacts of inflation between countries and geographical areas of development.

### POTENTIAL IMPACT ON THE GROUP

Digital service providers earn revenue mainly from subscriptions, for paid offers, and advertising fees, for free offers. The amounts paid to the Group by the providers are based on these revenues. A decrease (or less growth) in the number of paying users or advertising fees would lead to a decrease in the amounts paid by the digital service providers to the Group.

This could create difficulties for the providers and lead them to renegotiate their agreements on less favorable terms for the Group. Negotiations could call into question the conditions relating to the percentage amounts paid to the Group, exclusivity or duration of commitments. Digital service providers may be led to terminate their agreements with the Group. Such events would affect the Group's business activities.

## 3.1.2 Risks related to the Group's business

### Risks related to the Group's IT systems

RISK DESCRIPTION

The development and delivery of a digital platform based on leading technologies are at the heart of the Group's business model. Through this model, Believe seeks to offer artists solutions focused on their needs. If the Group is unable to develop and maintain secure, reliable IT systems that respond to the latest technological changes, it could affect the development of its activities.

#### *Risks related to cyberattacks*

As a digital company, the Group holds a large volume of sensitive data such as artistic content, personal data and bank details. This sensitive data could be stolen or falsified by malicious third parties who might break into the Group's IT systems. Third-party intrusions into the Group's IT systems could affect its proper functioning, in particular by making its applications inaccessible or causing service interruptions.

The Group may not have sufficient technological resources to anticipate and continue to prevent cyberattacks or intrusions by third parties. The techniques used are evolving rapidly and may not be identified before they are applied to the Group.

#### *Risks related to infrastructure reliability and the obsolescence of the Group's technological offering*

The Group's technological offering enables it to support the growth of its activities and meet the changing needs of artists and platforms. The platforms also conduct their businesses in a constantly changing digital environment. The Group is thus exposed to the risk of obsolescence of its IT systems and the applications and tools made available to artists and labels.

The Group outsources certain elements of its IT systems and certain activities. Its objective is to optimize the management of its resources and improve the efficiency and security of its IT infrastructure. It therefore relies on the quality of the work and expertise of its service providers in this area. Despite the care taken in selecting service providers, the Group is exposed to the risk they may fail to fulfill their obligations.

Some interfaces between the Group's IT applications are processed manually or are not highly automated. This architecture entails a risk of data loss and processing errors. The Group may therefore have to bear significant costs in order to restore its services or make the necessary upgrades.

The Group's activities require significant investments in technological tools to process high volumes of content and data. The Group must be able to implement and operate sophisticated data analysis tools. These tools enable the Group to:

- identify musical trends and high-potential artists and optimize their audience;
- deepen its knowledge of the musical landscape in order to better meet the needs of artists and labels;
- better meet the changing requirements of digital service providers;
- precisely define its international expansion strategy.

The Group must be able to operate and develop digital marketing tools to assist artists and labels in their promotion strategies. For example, TikTok, launched in 2016, is increasingly used by artists and labels for digital marketing. The Group is thus exposed to the risk of obsolescence of the applications and tools made available to artists and labels in the event of the emergence of new promotion opportunities in the digital ecosystem.

#### *Risks related to the protection of personal data*

The Group collects, stores and processes a large volume of personal data. This data relates in particular to the Group's employees, service providers and artists or their representatives as well as artists fan base. The processing of personal data is subject to complex and evolving regulations. The Group, in respect of its activities within the European Economic Area ("EEA"), is thus subject to the "GDPR" (General Data Protection Regulation) applicable as of May 25th, 2018. This European regulation concerns the protection of natural persons with regard to the processing of personal data and the free movement of data. In the event of a breach of its provisions, the GDPR provides for significant fines of up to €20 million or 4% of worldwide revenue, €30.4 million based on 2022 revenue. The higher of the two amounts is used.

Regarding international data transfers, the Group relies on details published on June 4th, 2021 by the European Commission and subsequent to the Schrems 2 decision of the Court of Justice of the European Union on July 16th, 2020.

The Group is also subject to similar laws and regulations in other countries outside the European Union as mentioned in Section 1.3.2.5 "*Personal data regulation*", page 32.

Non-compliance would expose the Group to fines or the obligation to modify its activities and suspend certain processing of personal data.

## RISK CONTROL AND MITIGATION MEASURES

The Group has established several actions aimed at strengthening the security and reliability of its infrastructure and hardware. These actions are managed by a dedicated department, the IT Security Department. The Group has implemented a global security policy and is working to apply best practices and standards for IT security. The Group has implemented an authorization and rights management policy to secure access to its data. Cyber risk awareness actions are carried out by the IT Security Department via targeted training and through tests for "phishing[1]" attacks targeting the Company. The IT Security Department carries out regular vulnerability scans and penetration tests on the Group's applications (exposed and linked to the Internet). Workstations and servers are equipped with latest generation anti-fraud technology. These tools can detect malware in real time and anticipate threats and intrusion attempts. Any identified failures are subject to updates and/or remediation plans, thereby ensuring a continuous improvement cycle for the information system. The Group has taken out insurance covering the risk of cyberattacks.

In terms of personal data protection, the Group's GDPR policy ensures in its relationship with service providers - performing data transfers outside the EU - that they sign Standard Contractual Clauses in accordance with the European Commission's June 4, 2021 model. Additional measures are in place to protect personal data such as a confidentiality, a privacy policy (including anonymization and encryption procedures) and the existence of a personal data processing register. It is not excluded that some treatments may not have been reported to the company in an exhaustive manner, or that some old treatments may not have been brought up to standard. However, a risk mitigation mechanism exists through the systematic inclusion of Standard Contractual Clauses enacted by the EU for all new partnerships, contract renewals, and pro-active modification of identified existing agreements.

The Group has set up a Product Marketing team, whose mission is to build a product offering covering the key points of the promotion cycle. This offer, designed around the Backstage software package, among others, aims to support producers in developing their audience and promoting their music.

The Group invests heavily in these areas with the aim of developing proprietary technologies that enable it to offer its partners innovative functionalities.

The Group is constantly studying market trends and the expectations of artists and labels in order to improve this marketing product offering.

## POTENTIAL IMPACTS ON THE GROUP

### *Risks related to cyberattacks*

A breach of the Group's IT security protocols or cyberattacks could lead to the theft of sensitive data: Group strategy, financial position, commercial operations, personal data of artists and labels and Group employees.

The Group could be exposed to:

- the risk of administrative, criminal or financial sanctions;
- a loss of confidence in the security of its IT systems by producers and digital service providers.

Third-party intrusions into the Group's IT systems could also impair its proper functioning. A third-party intrusion could block access to the Group's applications or cause service interruptions. Artists and labels would then be unable to access technological platforms such as Backstage or Tunecore. The latter are essential for the Group to provide its Premium Solutions or Automated Solutions. These events could have an adverse effect on the Group's business, financial position, reputation, results and prospects. Like all companies, the Group manages cyberattack attempts, but has not been confronted with any major incident that has led to the interruption of its activities or to personal data leaks or changes.

*(1) Fraudulent technique intended to deceive the Net surfer into communicating personal data (login, password, etc.) and/or banking data.*

***Risks related to infrastructure reliability and the obsolescence of the Group's technological offering***

A lack of reliability in the IT infrastructure or applications on which the Group depends could cause a service interruption. Such a situation could affect the continuation of the Group's activities, its financial position and damage its reputation.

## Risks related to managing the Group's rapid growth and external growth strategy

### RISK DESCRIPTION

The Group has experienced strong growth in its activities in recent years. Consolidated revenue increased from €349.5 million for the fiscal year ended December 31, 2019 to €760.8 million for the fiscal year ended December 31, 2022. The CAGR over the period was 24.50%.

The management of the Group's operations, which it conducts on an international scale, is becoming more complex, due to the continuous increase in the volumes of content made available to the platforms. The Group generated 83.1% of its consolidated revenue outside of France during the fiscal year ended December 31, 2022. This trend is expected to persist in the future with the continuation of the Group's expansion strategy.

The growth, both organic and external, of the Group's business requires, among other things, the constant adaptation of operational processes and reporting and internal control procedures. In a context of growth, the Group may not be able to process all the data, particularly financial data or data from sales reports provided by digital service providers. Such a situation could lead to decisions being made based on incomplete and/or erroneous information.

In this context, the Group undertook on a recruitment process intended to strengthen its organization and support its development. However, there is a risk to the Group's ability to mobilize sufficient human and operational resources and to prioritize actions to achieve its operational objectives. Group employees may not be able to:

- absorb the additional workload caused by the growth environment;
- manage growing complexity;
- deliver their projects on time and to the expected quality.

In order to maintain its growth and innovation capacity, the Group has made substantial investments, with no assurance that it will receive a satisfactory return on these investments.

The Group's success in recent years has been and will continue to be based on an operating model based on a Central Platform (see Section 5.1.2.5 *"The Group's cost structure"*, page 191, and Section 5.1.3 *"Main income statement items"*, page 193). The Group recorded a significant increase in its Central Platform costs over the period 2020-2022. These costs amounted to €73 million in 2022, or 9.6% of its revenue, a decrease of 78 basis points compared to 2021. The Group could encounter difficulties in implementing this operating model if:

- the tools and processes developed by the Central Platform did not meet the relevant needs, in particular local needs;
- the development costs of the Central Platform were too high and the tools developed proved too inflexible and hard to scale (which might have been avoided with a local design and execution model);
- the teams, particularly local teams, were insufficiently trained to use these tools and implement these processes.

In recent years, the Group has made a significant number of targeted acquisitions that have contributed significantly to the growth of its business (see in particular Sections 1.5.3. *"Accelerate revenue growth through a targeted external growth strategy"*, page 40, and 5.1.2.4 *"External growth transactions"*, page 190). In particular, the Group acquired:

- minority stakes in the labels Viva Music and Artists Group in the Philippines and Play Two in France and majority stakes in the labels Jo & Co in France and Think Music in India in 2021;
- a majority stake in the DMC label in Turkey in 2020;
- several companies in India in 2019;
- nuclear Blast and Groove Attack in Germany in 2018.

The Group intends to continue its development by making potentially significant targeted acquisitions, particularly in strategic countries and new services. The objective is for the Group to expand its geographical footprint and enrich its offering.

In pursuing this external growth strategy, the Group may encounter the following difficulties:

- the integration of new companies could lead to substantial costs, delays or other financial and operational difficulties;
- the assumptions made in the business plans of acquired companies may prove incorrect, particularly in terms of synergies and performance;
- the departure of a portion of the personnel of the acquired company; the violation of non-competition clauses, if any, binding them to the Group; or the emergence of disputes with them;
- acquisitions in a country that is not the Group's home country could involve increased risks;
- the acquisition of new companies could generate unforeseen legal constraints, such as the emergence of liabilities larger than those assessed during the acquisition's due diligence phase;
- goodwill recorded could be impaired due to the occurrence of adverse future events. As at December 31, 2022, goodwill recorded by the Group was €107.7 million, of which €5.6 million originated[1] from acquisitions made during the fiscal year ended December 31, 2022);
- in the context of equity investments, the emergence of disagreements with co-shareholders. Such disagreements could affect the decision-making process and the conduct of business, or even give rise to legal disputes with the co-shareholders.

### RISK CONTROL AND MITIGATION MEASURES

Several measures have been implemented by the Group to ensure that its resources and processes can keep up with the strong growth of its activities. Monthly steering committees, and monthly (flash) and quarterly (in-depth) business reviews have been set up. These measures are designed to review the achievement of objectives assigned to ongoing projects and prioritize action plans.

In order to guarantee a sufficient level of skills, several measures have been put in place such as:

- a long-term recruitment plan targeting high value-added profiles;
- training for new employees and for all employees throughout their careers in order to guarantee a high level of expertise;
- training of sales teams to make efficient use of the operational tools made available to them by the Group.

The Group ensures that its procedures and controls allow exhaustive processing of the data it receives in line with the growth of its activities. In this respect, the Group ensures that the size of the finance team is in line with its growth challenges. The Group uses leading accounting and consolidation softwares (including Oracle Hyperion Financial Management). The Group has strengthened its account closing processes, with the implementation of a rigorous closing schedule and rigorous governance and methodology.

The Group follows an external growth policy with strict criteria regarding the strategic relevance and value of potential targets. It also ensures that in-depth legal and financial due diligence processes are carried out on targets, with the support of external advisors.

These processes can identify risks upstream (to the target and its environment) and define appropriate action plans to remedy them. These processes also include compliance checks (KYC), making it possible to ensure that the values of future partners match those of the Group.

In the event of an integration, the Group defines a governance structure that safeguards its interests and applies the Group's main procedures to the newly integrated entity.

### POTENTIAL IMPACT ON THE GROUP

If the Group were unable to respond appropriately to these growth challenges it could have an adverse effect on its business. Its financial position, results, development and outlook would also be impacted.

If the Group's development strategy is not as successful as expected, its competitive position, profitability and growth could be affected. If the Group's development strategy were to be implemented more slowly than expected, its growth would be impacted.

Such situations would have an adverse effect on the Group's business, financial position, results, growth or prospects.

*(1) Interim goodwill.*

## Risks related to relationships with artists and labels

RISK DESCRIPTION

The growth of the Group's catalog and activities depends in particular on its ability to discover, attract and retain artists and labels. The Group strives to offer them first-rate technological and human solutions adapted to their needs and competitive remuneration structures. Identifying and signing high-potential artists or tier one labels enables the Group to strengthen its brand image.

If the Group does not have access to external databases on artists and the tools to analyze them, the Group may not be able to develop its catalog. The sales teams' access to external and internal databases enables them to qualify artist profiles and anticipate future successes.

The Group may not be able to get artists and labels to adopt its Premium Solutions offering. They might prefer to use the Automated Solutions offering or service providers outside the Group for certain solutions. Such a situation could lead to a decrease in the Group's profitability.

The Group faces competition from players, particularly the music industry majors, with greater financial and commercial resources. The music industry majors have a competitive talent scouting strategy. This competition could limit the Group's ability to attract top artists, historically targeted by the majors, or local artists or independent labels. The majors are increasingly seeking to position themselves in the local artists and independent labels segment (see also Section 3.1.1 *"Risks related to the Group's industry",* page 113).

The Group could have to deal with a change in listening habits, with users turning away from the local artists targeted by the Group. Users could listen more to content produced by international artists. These are not a priority for the Group's talent scouting efforts.

The Group might be unable to provide its services to artists and labels to the requisite standards of quality. The Group may therefore fail to insure:

- the quality and reliability of the content ingestion and delivery process;
- the production of complete and accurate sales statements within the contractual deadlines. The quality of sales reports also depends on the quality of the information provided by the digital service providers themselves (see the paragraph in this Section *"Risks related to relationships with digital service providers and social media"*, page 121);
- rigorous implementation of rights management and catalog protection measures;
- continuous provision of innovative technologies and development of the applications best suited to the needs of artists and labels.

A lack of business expertise and know-how on the part of the Group's sales and marketing teams could affect the attractiveness of the Group's offering. A lack of expertise could affect its ability to create relationships of trust with artists and support their career development.

The Group grants (non-interest-bearing) advances to certain producers, which are recovered in the longer or shorter term from the amounts to be paid by the Group. The Group is thus exposed to the risk of not being able to recover these sums if sales volumes are insufficient. The volume of sales is reflected in the number of streams generated by the content of these producers distributed by digital service providers (see also Section 1.2.3 *"Believe is a global digital platform offering top level service thanks to its musical, digital and technological expertise"*, page 14, for a description of the contractual mechanism for advances). These advances, which are recognized on the asset side of the statement of financial position when they are paid, may also be subject to impairment. If there is any doubt as to their recoverability, an impairment loss is calculated based on an estimate of the amount to be recovered until the end of the contract.

Advances recorded on the assets side are broken down into a current portion and a non-current portion. The current portion corresponds to the portion that the Group expects to recover within the 12 months following the closing date. The amount of net unrecouped advances is €178.5 million (of which €90.7 million for the current portion and €87.8 million for the non-current portion) as of December 31, 2022, compared to €166 million (of which €88 million for the current portion and €77.9 million for the non-current portion) as of December 31, 2021. The increase in the amount of unrecouped advances by 7.5% between 2021 and 2022 had a limited impact on the Group's working capital requirement, which went from €(96.5) million for the fiscal year ended December 31, 2021 to €(162.1) million for the fiscal year ended December 31, 2022 (see Section 5.3.2.5 *"Working capital"*, page 208). The increase in the amount of unrecouped advances over the last three fiscal years is due to the growth of the Group's activities. This increase is also due to its strategy to offer artists and labels more services. Advance payments are one of the services offered to artists to support their career development. The Group intends to continue this strategy in the future, which will have the effect of increasing the amount of advances and amplifying the risk described above (see also Sections 3.1.4 *"Financial risks"*, page 127, and 5.3.2.1 *"Presentation and analysis of the main categories of use of the Group's cash"*, page 204).

Furthermore the Group is required to pay over to artists and labels a percentage of the amounts paid by the streaming and social media platforms in exchange for delivering content. There is an uncertainty as to the timing and frequency of producers' demands for payment of these amounts. The assumptions made by the Group for its cash management are based on the relative stability of the working capital requirement (see Chapter 6, Note 8.2 – *Management of financial risks*, page 258). The Group's assumptions are based on the historical observation of delays and frequencies of payment requests to artists, which are relatively constant over time.

Lastly, the Group could be held liable for the content it distributes, including content distributed online.

#### RISK CONTROL AND MITIGATION MEASURES

The Group strives to offer labels and artists the technological and human solutions that best meet their needs and guarantee transparency in their remuneration. The Group has set up an automated contracting solution to ensure that the agreements signed with each artist meet the standards of its contractual policy.

With regard to the content made available, the Group makes every effort to carry out a prior check of the content. These controls aim in particular to ensure that any illegal content is not distributed or can be removed promptly. Examples of illegal content include infringing or racist content or content that incites violence.

In addition, the Group maintains a large and diversified base of artists and labels. During the fiscal year ended December 31, 2022, the Group estimates that it generated less than 7% of its revenue from digital sales with its top 10 producers.

#### POTENTIAL IMPACTS ON THE GROUP

The occurrence of these risks could lead the Group to offer an unsuitable or inadequate service, thus limiting its ability to attract new artists and labels. The occurrence of these risks could expose the Group to a risk of being in breach of contract with its existing artists and labels. This could lead to the Group being held liable and the payment of damages to the artists and labels. In addition, these amounts may not be covered by the Group's insurance policies.

If the Group were unable to pay advance amounts that met producers' expectations, this could affect its ability to attract new producers. However, the Group has no contractual obligation to grant advances to artists and labels.

The occurrence of these risks could call into question the attractiveness of the Group's offering and/or its profitability.

The Group faces risks related to the distribution of illegal content. The Group could be required to remove or have such content removed or face civil and/or criminal penalties. More generally, the Group's reputation could be affected by unlawful or unethical conduct by the artists or labels with which it works.

### Risks related to relationships with digital service providers and social media platforms

#### RISK DESCRIPTION

The Group is dependent on a limited number of streaming and social media platforms. During the fiscal year ended December 31, 2022, the Group generated 68% of its revenue from three digital service providers, representing 30%, 28% and 10% of its consolidated revenue. This situation limits the Group's ability to negotiate favorable terms with these digital service providers, particularly in terms of amounts due to the Group. The Group is exposed to a risk of significant loss of revenue if the contract is terminated early or not renewed at maturity. Contracts with streaming and social media platforms are generally concluded for periods of two to three years. Contracts may be terminated early by either party in the event of a serious breach of contract (see Section 1.2.3 *"Believe is a global digital platform offering top level service thanks to its musical, digital and technological expertise"*, page 14).

In order to extend its catalog, the Group could sign agreements with platforms that do not provide the expected levels of profitability.

The efficient processing of amounts that the Group receives from the platforms partly depends on the reliability of the sales reports received from the digital service providers. The accuracy and completeness of these can be difficult for the Group to verify. Imprecise or inaccurate reports could affect the Group's ability to pay producers the amounts actually due. Such a situation would impact the accounting treatment of the Group's revenues.

If fraud is suspected, the Group has limited contractual means to challenge the legitimacy of content withdrawals decided by the digital service providers. The Group could be exposed to unjustified removal of content. This would negatively affect its revenues and its relationship with the artists or producers owners of these contents.

Digital service providers may refuse some of the content offered by the Group if it was already available in another version on the platform in question. The refusal may also be related to an incompatibility of the content with the editorial policy of the digital service provider concerned.

A significant portion of the content listened to on digital service providers' platforms comes from playlists created and updated by the service providers. These playlists are largely created automatically on the basis of proprietary algorithms. The distribution and visibility of the Group's catalog on the platforms are dependent to a certain extent on these algorithms.

The Group may not be able to quickly and sufficiently adapt its tools and processes to changes in the technological and operational requirements of the digital service providers. These requirements concern in particular the policies for:

- management of user-generated content;
- control of video content quality control processes;
- respect for intellectual property rights;
- detection of illegal and inappropriate content.

If the Group is unable to make these adjustments, it could affect its ability to fulfill its contractual obligations with regard to the digital service providers. More generally, such a failure would affect the Group's ability to acquire new market share.

The Group could also be subject to malicious actions and acts of hacking by third parties on the platforms' IT systems. The Group has limited control over these actions. Malicious acts may take the form of intrusions into platform servers resulting in leaks of information or content from the Group's catalog. Information leaks could harm the Group's competitive positioning by releasing information on the performance of its catalog (see Section 3.1.2 *"Risks related to the Group's business",* page 116). The Group's business and its reputation would be impacted.

Any breach by the platforms of personal data protection regulations would affect the Group's relationship with its artists and damage its reputation.

### RISK CONTROL AND MITIGATION MEASURES

To limit the consequences of its dependence on the main digital service providers, the Group devotes significant resources to maintaining a good relationship with these service providers. In particular, the Group makes sure its technological solutions meet the requirements of the service providers as well as possible. The Group also ensures that the content offered is in line with their editorial policy. Competent contacts have been identified within the Group who can respond quickly to any questions or operational difficulties raised by the service providers.

The Group has set up a process for validating content before it is delivered to the platforms. There is a dedicated department, which draws on a database to detect any content without valid rights.

With regard to the risk of inaccurate sales reports received from digital service providers, the Group has implemented analytical review and consistency checking processes. The Group endeavors to include audit clauses in its contracts, allowing it to verify the information sent with the service providers, under certain conditions. In addition, the Group is striving to develop relationships with even more digital service providers, particularly local ones.

The Group has processes to analyze platform algorithms. These analyses try to anticipate where the Group's catalog content will appear on the platforms' playlists.

### POTENTIAL IMPACTS ON THE GROUP

The occurrence of such events could have an adverse effect on the Group's business, financial position, results or prospects. Any inability to identify and anticipate platform content requirements could adversely affect the Group's operational efficiency. Serious and repeated breaches of its contractual obligations could prevent the Group from maintaining its status as a preferred partner with some digital service providers. These breaches could even constitute grounds for termination of the contract. Such a situation would affect the Group's revenues and could call into question its ability to develop, support and promote artists.

## Risks related to the Group's international development

### RISK DESCRIPTION

At December 31, 2022, the Group had a commercial presence[1] in more than 50 countries, including markets where the streaming penetration rate is still low (see Section 1.3.1 *"The digital recorded music market is growing strongly"*, page 24). As part of its growth strategy, the Group intends to continue to develop its business in its markets.

In general, the development of the Group's international activities presents a number of risks, including:

- exposure to various legal regimes offering varying degrees of protection in terms of intellectual property rights. In some countries where the Group operates, copyright regulations and regulations governing the activities of distribution platforms are relatively new. The case law in this area is thus underdeveloped and therefore subject to change. Certain restrictive regulations with regard to the protection of personal data and the control of rights could affect the Group's ability to exploit its rights. Such regulations could increase the risk of litigation. In some jurisdictions, including mature markets, copyright identification is ineffective, thus increasing the risk of litigation (see Section 3.1.5 *"Legal risks"*, page 129);
- difficulties in enforcing contracts or court decisions or difficulties in collecting amounts owed. The Group could also face difficulties in enforcing, or complying with, unclear or ambiguous legal provisions;
- reclassification, by local authorities, of independent consultants with whom the Group contracts in various countries as employees. Such reclassifications could lead to the application of social security contributions and withholding taxes;
- difficulties in recruiting or retaining employees.

In addition, some countries, particularly growing markets, have specific risks including:

- foreign exchange control measures;
- limits on the payment of dividends or any other payment from foreign subsidiaries. The introduction of withholding tax or any other taxes based on payments or investments made by foreign subsidiaries. In general, any other restriction imposed by public authorities that may lead the Group to resort to external financing;
- relative economic, social and political instability and increased risks in terms of corruption and business ethics;
- nationalization or expropriation of private property (expropriation without adequate compensation);
- customs duties, protectionist measures and licensing requirements in order to operate;
- large fluctuations in interest and exchange rates;
- the risk of sanctions in some countries;
- acts of terrorism.

#### *Russia-Ukraine crisis*

The Believe Group, through its Russian subsidiary, is exposed to the consequences of the Russian-Ukrainian crisis in two ways. On the one hand, via the current and future economic sanctions applied against Russia. And on the other hand via the impacts of this crisis on the growth prospects of the Russian market and their possible repercussions for global economic growth. As for all companies with operations in Russia, the Group could be affected by the restriction on currency transactions, the economic effect of the devaluation of the ruble and difficulties regarding liquidity circulation.

The weight of Russia and Ukraine in its revenue decreased compared to 2021 due to much lower growth than in the Group's other markets, but still represented 7.5% of revenue in 2022, compared to 8.9% in 2021.

### RISK CONTROL AND MITIGATION MEASURES

The Group's international development strategy enables it to dilute its risk because its presence is not concentrated in a single country or geographical area. It also allows the Group to offset any impacts between countries and geographical areas of development. Much of the Group's cash inflows and outflows are centralized at global level, enabling effective management of the business. Although it operates in more than 50 countries, the vast majority of the Group's transactions are carried out in a limited number of currencies, which makes it easier to manage foreign exchange impacts.

*(1) The Group has a commercial presence in countries where it has employees or external consultants.*

International development is at the heart of the Group's strategy, which seeks to develop local music operations and talent around the globe.

In this context, the Group has set up dedicated programs to monitor and control risks related to legislative and regulatory changes (see Section 3.1.5 *"Legal risks"*, page 129).

The Group relies on local teams who are experts in their sector. They are supported and monitored using standardized tools and processes developed by the Central Platform and supervised by regional and local teams. For example, the Group's HR tools are used in all countries. The teams benefit from the Group's training programs as well as programs to support their career development. The Group ensures that its values are shared with local teams through the dissemination of its compliance program. The latter includes rules on ethics, anti-corruption and conflicts of interest. The Group is closely monitoring developments in the Russian-Ukrainian crisis in order to be able to take rapid decisions in the event of new sanctions. A working group was set up immediately and meets regularly. The situation in Russia and Ukraine is indeed subject to changes in local and international regulations, as well as to the ruble exchange rate, and therefore remains quite fragile.

#### POTENTIAL IMPACTS ON THE GROUP

The Group's activities are not concentrated in a single country. However, the occurrence of unfavorable events or circumstances in one or more countries in which it operates could have an adverse effect on its results and prospects.

### Risks related to fraud, corruption and ethics

#### RISK DESCRIPTION

***Fraud***

As part of its business activities, the Group is exposed to several types of fraud, including:[1]

- streaming fraud, consisting in the generation of fictitious streams of content by a producer client of the Group. The aim this type of fraud is to increase the amounts paid by digital service providers. The Group's ability to take action against this type of fraud depends in part on the reliability of the reports received from digital service providers. It is difficult for the Group to verify the accuracy and completeness of these reports, which could be prepared using different methods depending on the platform concerned (see Section 3.1.2 *"Risks related to relationships with streaming and social media platforms"*, page 116);
- digital piracy (see also Section 3.1.5 *"Legal risks"*, page 129) or online extraction (stream ripping[2]) concerning the content in the Group's catalog;
- disclosure of the Group's catalog content, prior to its official release, by a third party or a person within the Group;
- collusion between an artist of the Group and one of its employees so that the employee gets part of the advance paid to the artist. Fraudulent collusion may lead to a system of kickbacks. Collusion could take the form of a conflict of interest. An employee of the Group could be involved in the career development of a Group artist as manager, publisher or producer for example. This employee would thus benefit from the contract signed with the Group;
- payment fraud, whereby third parties could use fraudulent means to modify the bank details of labels and artists. The change in bank details would result in the misappropriation of amounts paid by the Group to labels and artists. In 2022, the Group was the target of a successful act of phishing, which resulted in a fraudulent payment to individuals who had forged a label's email address. The misdirected amount was not material. Corrective actions were systematically implemented.

***Corruption and ethics***

In certain countries, the Group may face risks related to corruption.

The Group's CSR policy specifically addresses the promotion of ethics, the prevention of corruption and the fight against corrupt practices. This policy is at the heart of its development strategy (see Section 2.3 *"An ethics and deontological system as close as possible to employees, artists and labels"*, page 63). Any breaches in terms of ethics and corruption could thus affect the credibility of this policy with the Group's employees and also with third parties. Such breaches could damage the Group's reputation and development strategy.

*(1) The types of fraud are ranked by decreasing order, in terms of probability of occurrence.*
*(2) The fraudulent practice of using converters to record a copy of legally streamed content.*

In the normal course of its business, the Group may be involved in a number of legal, administrative or arbitration proceedings. As of the date of this Universal registration document, the Group is not aware of any governmental, legal or arbitration proceedings that have had a significant impact on its profitability.

#### RISK CONTROL AND MITIGATION MEASURES

In partnership with the service providers the Group conducts in-depth analyses of the sales reports of the digital service providers in order to detect any anomalies of streaming fraud. Where fraud is suspected, the Group blocks the payment to the artists and labels concerned of the amounts relating to the fraudulent streams. The Group has set up awareness-raising actions relating to artificial streaming for producers. With regard to the risk of payment fraud, the Group has outsourced its most sensitive payment processes to a global specialist in online financial services. This provider counts world leaders in e-commerce among its customers, and implements processes to identify counterparties. As part of this verification process, the bank details of the artists and labels to which the Group pays payments are checked.

The Group has set up training courses for its employees on fraud. Through these training courses, the Group seeks to prevent both internal and external fraud attempts. The Group also conducts phishing simulations to improve the responsiveness of our employees and to escalate *ad hoc* alerts.

The Group pays strict attention to the compliance of its procedures and employee practices with applicable regulations[1]. The Group has rolled out Ethics and Anti-Corruption Codes in more than 10 languages with associated training courses and is raising awareness of its employees of the issues covered by the whistleblowing system[2]. The Codes and the whistleblowing system are available on the website: https://www.believe.com/ethics-compliance. These actions fall within the framework of the measures put in place in accordance with the law of December 9, 2016 on transparency, the fight against corruption and influence peddling and the modernization of economic life (known as the “Sapin II” law).

#### POTENTIAL IMPACTS ON THE GROUP

Fraudulent practices could affect the Group’s ability to ensure the integrity of transactions and payments with artists and labels. This could negatively impact the quality of its services or the perception of the quality of its services by artists and labels. In general, this could have a significant adverse effect on the Group’s results, business, reputation, financial position and prospects.

The Group cannot guarantee that its employees, suppliers, subcontractors or other partners will comply with the requirements imposed on them and the regulations in force. If it were unable to enforce its anti-corruption policies and procedures, the Group could be subject to civil and criminal sanctions. The Group could even be excluded from certain markets.

## 3.1.3 Risks related to the Company

### Risks related to human capital and its development (management team including the Chairman and Chief Executive Officer and recruitment and retention of experienced employees)

#### RISK DESCRIPTION

The success of the Group and its future growth depends in particular on the performance of its management team, led by Mr Denis Ladegaillerie, Chairman and Chief Executive Officer and founder of the Group.

In the event of an accident or the departure of one or more of these key people, the Group may not be able to replace them quickly. Such a situation could affect the Group’s operational performance. In the event that its executives, founders or key employees join a competitor or create a competing business, the Group could be adversely affected.

The Group provides high value-added technological and human services that require solid industry expertise. The success of the Group’s activities also depends on its ability to identify, attract, train, retain and motivate experienced employees.[3] Its success also depends on its ability to capitalize on a solid knowledge of the industry and high-level skills. The attrition

*(1) The obligations of Group employees in terms of compliance with applicable laws and regulations are set out in Part 3 “General Ethics “Principles” of the Code of Ethics and in Part 2 “Rules to be followed and conduct to be prohibited” of the Anti-Corruption Code.*

*(2) Reporting channel enabling employees to confidentially alert Management of acts contrary to the law, the internal rules of an organization or its code of conduct. The Group’s whistleblowing system is presented in Section 3.2. “Right to notify” of the Anti-Corruption Code.*

*(3) In some countries, the Group relies on the expertise of more than 300 external consultants. The Group is exposed to risks related to its ability to maintain a contractual relationship with these consultants. These risks are similar to those presented in Section 3.1.2.*

rate[1] of the Group's employees was 16% for the fiscal year ended December 31, 2022 (see Section 2.4.2 *"Believe employees in key figures"*, page 66). It was 19.1% for the fiscal year ended December 31, 2021. The attrition rate is linked to the Group's growth, which is leading to rapid changes in organizations and skills, the tension in the labor markets and the scarcity of skills. Human resources are continuing to reinforce actions to attract and recruit, support and retain employees. If the Group were not able to limit its turnover rate, this could affect the relationship of trust created with its artists.

The Group faces stiff competition for the recruitment of experienced employees and senior executives. Competitors may have significant financial resources and may capitalize on the reputation of their employer brand with potential candidates. The Group is thus faced with competition from players in the music industry in general. It also faces competition from leading companies in the technology industry for the recruitment of its developers. As a result, the Group may not be able to attract, integrate or retain a sufficient number of qualified employees or experienced senior executives. Such a situation could harm its business and development strategy.

The development of the Group's business requires the acquisition, maintenance and renewal of skills in line with market evolutions and expectations. The Group may not be able to find qualified candidates or train its personnel in the technological solutions offered by the Group. It may also face difficulties in recruiting and training the necessary leaders in the geographical areas or business lines where it is active or wishes to develop.

During this inflationary period, the Group could encounter difficulties in recruiting and retaining qualified personnel on financial terms that are attractive for the Group. Such a situation would represent a risk of increased payroll costs and a decline in the quality of the products it develops.

### RISK CONTROL AND MITIGATION MEASURES

In order to limit the risk of departure of its experienced employees, the Group implements a structured bonus policy. This policy is based on objectivity and fairness and aims to align compensation and individual performance. The Group also conducts regular reviews of compensation and benefits in order to guarantee a competitive level of compensation. As part of its CSR policy, the Group also strives to support the development of its employees throughout their careers. The Group offers these employees a wide range of training programs and coaching options. The Group's objective is to offer the best working experience and environment. The measures put in place to limit the risks related to human capital and improve the working environment are described in Section 2.4 *"Employees at the heart of Believe's business model and Shaping Music for Good"*, page 65.

In recent years, the Group has worked to strengthen its management team. In order to prevent the risk of departure of the members of its management team, the Group associates them with its long-term success and performance. Before its IPO in June 2021, the Group created share subscription warrants (BSA) and founders' share subscription warrants (BSPCE). Since its IPO, the Group has created free performance share programs. These programs represent a major part of executive compensation. The vesting of shares is subject to their presence in the Company on the vesting date and the achievement of long-term performance criteria.

The Group intends to continue to involve executives in the success and performance of the Group, with the implementation of a long-term management incentive plan (based on free shares) (see Section 4.2.2.4 *"Principles and rules used for the allocation of free shares"*, page 182).

In addition to these executives, the Group associates all of its employees to its future development. As such, Believe set up its first employee shareholding plan in 2022. At the end of the 2022 plan, nearly a third of the Group's employees became shareholders. The number of new shares issued under the plan was recognized by the decision of the Chairman and Chief Executive Officer on November 3, 2022 and amounts to 337,457 shares (see Section 7.3.3 *"Statement on employee share ownership"*, page 320).

In addition, the Group is developing succession plans for members of management (see Section 4.1.3.3 *"Succession plans"*, page 158).

### POTENTIAL IMPACTS ON THE GROUP

The development of human capital is a key factor in the Group's development. If the Group fails to meet these challenges, it could have an adverse effect on its results and prospects.

*(1) Calculation of the attrition rate: total number of permanent headcount departures/Average permanent annual headcount.*

## 3.1.4 Financial risks

### Liquidity and counterparty risks

RISK DESCRIPTION

Liquidity risk is the risk of not having funds needed to meet commitments at maturity. This includes the risk that advances to certain artists cannot be recovered quickly if necessary. It also includes the risk of early repayment of commitments to producers or the risk of an inability to access credit on satisfactory terms.

The Group grants (non-interest-bearing) advances to certain producers, which are recovered in the longer or shorter term from the amounts to be paid by the Group. The Group is thus exposed to the risk of not being able to recover these sums if sales volumes are insufficient. The volume of sales is reflected in the number of streams generated by the content of these producers made available on the platforms (see also Section 1.2.3 of this Universal registration document, for a description of the contractual mechanism for advances). These advances, which are recognized on the asset side of the statement of financial position when they are paid, may also be subject to impairment. If there is any doubt as to their recoverability, an impairment loss is calculated based on an estimate of the amount to be recovered until the end of the contract.

Advances recorded on the assets side are broken down into a current portion and a non-current portion. The current portion corresponds to the portion that the Group expects to recover within the 12 months following the closing date. The amount of net unrecouped advances is €178.5 million (of which €90.7 million for the current portion and €87.8 million for the non-current portion) as of December 31, 2021, compared to €166 million (of which €85.9 million for the current portion and €77.9 million for the non-current portion) as of December 31, 2021. The increase in the amount of unrecouped advances by 7.5% between 2021 and 2022 had a limited impact on the Group's working capital requirement, which went from €(96.5) million for the fiscal year ended December 31, 2021 to €(162.1) million for the fiscal year ended December 31, 2022 (see Section 5.3.2.5 *"Working capital"*, page 208). The increase in the amount of unrecouped advances during the last three fiscal years is due to the growth of the Group's activities. This increase is also due to its strategy to offer artists and labels more services. Advance payments are one of the services offered to artists to support their career development. The Group intends to continue this strategy in the future, which will increase the amount of advances and increase the risk described above (see also Sections 3.1.4 *"Financial risks"*, page 127, and 5.3.2.1 "Presentation and analysis of the main categories of cash use of the Group", page 204).

The Group is required to pay over to artists and labels a percentage of the amounts paid by the streaming and social media platforms in exchange for delivering content. There is an uncertainty as to the timing and frequency of producers' demands for payment of these amounts. The assumptions made by the Group for cash management are based on the relative stability of the working capital requirement (see Section 5.3.2 *"Cash position and cash flows"*, page 204). The Group's assumptions are based on the historical observation of delays and frequency of payment requests to artists, which are relatively constant over time.

In a crisis context, the Group may not be able to obtain (or only on non acceptable terms) the financing or refinancing necessary for its growth.

Concerning counterparty risk, the Group may be exposed to the default of one of the bank counterparties that manages its cash or currency swaps.

The Group is a creditor of streaming and social media platforms, which must pay for the content it makes available to them. The payment period for the amounts paid under the Group's main contracts is generally between 30 and 60 days following receipt of the invoice or the end of the calendar month of the current period (see Section 1.2.2 *"Its positioning in the industry value chain puts Believe at the core of the digital music revolution"*, page 13).

RISK CONTROL AND MITIGATION MEASURES

Advances to artists and labels are subject to a strict analysis and validation process. The objective of this process is to ensure the validity and consistency of the amount to be granted. The Group also monitors the recovery of advances granted to artists and labels on a regular basis.

The Group uses leading financial institutions for its cash investments and swaps. It therefore considers that it does not bear any significant counterparty risk on its cash or financial instruments. The Group regularly monitors receivables from streaming and social media platforms.

POTENTIAL IMPACT ON THE GROUP

If the Group were not able to grant a volume of advances in line with the demand from artists and labels, this could affect its ability to attract new producers. The Group has no contractual obligation towards the artists and labels to grant advances.

The Group is also exposed to the risk of default of payment of one or more digital service providers or social media platforms. These platforms may not pay the amounts due or may pay them outside the contractual payment terms aggreed upon with the Group.

The occurrence of these risks could call into question the attractiveness of the Group's offering and have a significant adverse effect on its results and outlook.

## Risks related to foreign exchange rates

RISK DESCRIPTION

The Group conducts a significant portion of its business on the international stage. As a result of its exposure to non-euro currencies, it is subject to foreign exchange risk mainly in respect of its operations. The euro is the functional currency of the Company and used for the presentation of the Group's consolidated financial statements.

### *Transaction risk*

This risk arises from the existence within Group companies of receivables or payables denominated in a currency different from the functional currency of the subsidiary.

In order to assess this risk globally, payables (liabilities) and receivables (assets) (including cash pooling) in currencies other than the functional currency of the subsidiary were taken into account.

### *Financial exchange rate risk*

As no subsidiaries carry substantial external bank debt denominated in a currency other than their functional currency, this risk is not considered material.

Fluctuations in exchange rates could also have an impact on the amounts paid to the Group by digital service providers. The digital service providers invoice their end-users for subscriptions in local currencies and this amount is converted in accordance with the applicable contractual provision (for instance, in euro). The exchange rates applied for conversion are regularly reviewed based on market rates. The local currencies in which subscriptions are charged by the platforms to their users could depreciate against the contractual currency (for example the euro). As a result, the revenue base converted used to calculate the amounts to be paid to the Group would be reduced. Such a situation would reduce the amount of payments received by the Group and consequently its revenue.

RISK CONTROL AND MITIGATION MEASURES

The Group has implemented a foreign exchange risk hedging policy by taking mirror asset/liability positions for certain currencies, thus limiting its exposure.

POTENTIAL IMPACT ON THE GROUP

### *Analysis of the sensitivity of the net foreign currency risk exposure*

See Note 8.2 – *Management of financial risks* on page 258 for a presentation of the net position on the Group's consolidated statement of financial position in the main currencies and an analysis of the impact of a 5% change in each currency versus the euro.

## 3.1.5 Legal risks

### Risks related to intellectual property rights

RISK DESCRIPTION

The success of the Group's business depends in particular on its ability to grow and protect its content catalog. If the measures deployed by the Group to protect its content rights were to prove inadequate, third parties could use its content without its authorization. Such a situation could affect the Group's ability to profitably exploit its catalog and retain artists and labels. The Group might also have to bear significant legal costs to end the unlawful use of its rights. The Group could be sued by the beneficiaries (see also Section 1.3.2.1 *"Regulations relating to literary and artistic property",* page 29).

Content made available by the Group under contracts could incorporate works by artists who are not parties to these contracts. The Group cannot be sure that licenses and authorizations to use these works have been granted to such producers.

Some rights holders may not be declared by the artists and labels whose content the Group sells. The Group could be sued by undisclosed rights holders holding the Group liable for copyright infringement. They could also sue the platforms that distributed the content. The platforms would then seek to hold the Group liable in accordance with the contract between them.

The litigants could seek damages from the Group and the removal of the content in question. Such actions, or even allegations of copyright infringement by the Group, could damage the Group's reputation. This risk is particularly heightened in the United States of America, a country in which the Group operates. The amount of damages that the Group could be ordered to pay by the local courts could be significantly higher than in Europe. In addition to compensation for the damage suffered, these could include punitive damages the amount of which can be directly set by law (statutory damages). Punitive damages can be up to $150,000 per content whose rights have been infringed. The Group's insurance policies may not cover all the indemnities that the Group may be required to pay.

US practice places the onus on producers or distributors of phonographic recordings to identify the holders of mechanical reproduction rights in the works embodied in those recordings. Producers and distributors of phonographic recordings must obtain and pay for licenses to those rights when the recordings are distributed by way of download (and not just by way of streaming). It should be noted that the content made available by the Group is mainly distributed by streaming on the platforms. For the Group, downloading is a minority distribution format, used particularly in the United States. The Group uses external service providers to identify the right holders able to provide these licenses. The Group is thus exposed to the risk that certain rights holders may not be identified. It should be noted that, in almost all other countries, this responsibility lies solely with the platforms offering music recordings to end users. The same is true of music streaming in the United States.

In the normal course of its business, the Group may be involved in legal, administrative or arbitration proceedings, particularly with regard to intellectual property. As of the date of this Universal registration document, the Group is not aware of any governmental, legal or arbitration proceedings likely to have had a significant impact on its profitability. In view of the uncertainty inherent in the procedure for verifying the holders of mechanical reproduction rights, the Group could be subject to claims. Proceedings of this type are frequent in the United States. This risk is increased in certain countries where the Group may use intermediaries to make its catalog available to local platforms. The Group is thus exposed to the risk that these intermediaries will not take adequate measures to safeguard the catalog and associated copyrights.

Digital piracy is an illegal use of the Group's intellectual property rights and content. Digital piracy deprives the Group of the revenue it could derive from the legal use of these rights and content, in particular if:

- it was unable to obtain appropriate legal enforcement in the event of illegal use of the rights and content it represents;
- it was unable to put in place the resources to protect its rights against digital piracy, or;
- public authorities failed to continue implementing anti-piracy measures.

The Group's business depends on its ability to protect its own intellectual property rights (trademarks, software, domain names, know-how and trade secrets). Protection efforts may be insufficient or ineffective in preventing acts of infringement or unauthorized use by third parties. For example, the trademark registration strategy may be insufficient in certain countries in which the Group operates. Third parties could oppose the registration of new trademarks, which would weaken the Group's reputation in the geographical areas concerned. Insufficient protection of the Group's sensitive and strategic information could cause it to lose its competitive advantage resulting from its know-how and trade secrets. The Group's activities on the Internet may also increase the risk of data theft or reverse engineering of technology platforms.

RISK CONTROL AND MITIGATION MEASURES

To limit the risk of infringement by a third party of its intellectual property rights, the Group has implemented strict mechanisms to identify the chain of rights holders. These mechanisms are applicable as soon as contracts with artists and labels are signed. The contracts include stipulations limiting the Group's liability in the event of an alleged infringement of rights.

The Group has put in place mechanisms for the rapid removal of disputed content. This process tends to limit the Group's accountability in the event of an alleged infringement of their rights by third parties.

The guarantees are given by the producer, enabling the Group to hold it liable if the Group were to be sued by rights holders.

The Group is seeking to automate its processes for identifying, handling and following up on claims of alleged intellectual property right infringement.

POTENTIAL IMPACTS ON THE GROUP

Said events could have a significant adverse effect on the Group's business, financial position, reputation, results and prospects.

## Risks related to regulations and their evolution

RISK DESCRIPTION

The Group's activities are subject to various regulations in the various countries in which it operates. The Group is subject to regulations relating to stock market law, intellectual property, the liability rights of technical intermediaries, e-commerce and personal data. The regulations applicable to the Group's activities are presented in Section 1.3.2. *"The Group operates within complex legislative and regulatory environments"*, page 28.

Insufficient knowledge of local regulations or a lack of methodology for monitoring local regulatory changes would have an impact on the Group. Such situations could call into question the Group's ability to identify the specific features of local regulations and comply with them.

The Group operates in the digital sector, where the regulatory framework is in the process of being structured and subject to numerous and rapid changes. The Group will have to adapt to these regulatory changes in order to continue to develop its activities in compliance with the applicable regulations. The "Copyright" Directive adopted in 2019 and the European draft regulations under the Digital Services Act and Digital Market Act are recent examples of legislative changes.

RISK CONTROL AND MITIGATION MEASURES

The Group's Legal Department regularly monitors changes in local regulations to ensure the compliance of the Group's activities. This work is carried out in conjunction with the operational departments and subsidiaries, but also in cooperation with local legal advisors.

The Group strives to apply a common compliance policy in all its subsidiaries. It seeks to define internal "Know your customer" rules to collect the necessary documents from the labels and artists with which it contracts.

With regard to stock market regulations, the Group has established a stock market code of ethics. The objective is to draw the attention of its employees to the principles in force in terms of stock market ethics and the need to comply with them. The Group also established a Financial Communication Department responsible for preparing a schedule summarizing all compulsory financial communication disclosures. The Group has set up an internal and financial control procedure (see Section 3.2 *"Risk management and internal control system"*, page 132) to ensure compliance with stock market regulations in terms of accounting and financial reporting.

POTENTIAL IMPACT ON THE GROUP

A change or strengthening of the regulatory systems applicable to the Group's activities could result in additional costs or investments for the Group. These additional costs could have a significant adverse effect on the Group's business, results, financial position and prospects.

Protectionist regulatory changes in countries where state control of economic activities is significant, could limit the Group's ability to continue its development.

If the Group were unable to identify the regulatory changes applicable to its activities, it would be exposed to a risk of breach of the applicable provisions. The Group could then be exposed to criminal, administrative and/or financial sanctions. The sanctions would have a significant adverse effect on the Group's business, results, reputation, financial position and prospects.

## Risks related to applicable taxation regimes and their changes

### RISK DESCRIPTION

The Group is subject to complex and changing tax legislation in the various countries in which it operates. Because of its international activity, it is subject to rules on transfer pricing and permanent establishment. These rules can be particularly complex and subject to differing interpretations. Changes in tax legislation and its interpretation could have a significant adverse impact on its tax position and effective tax rate. The same applies to the amount of taxes and other mandatory levies to which the Group is subject.

The rapid development of the global digital economy is leading public authorities to adapt or consider adapting the tax regime applicable to the digital sector. The Group could thus be subject to rapid and unpredictable changes in tax legislation in the countries in which it operates.

In France, a tax on digital services (known as the "GAFA" tax) came into force in July 2019. Although this tax does not apply directly to the Group, it impacts certain social media on which the Group makes content available.

A reform of the international tax architecture was agreed by more than 135 countries and jurisdictions in October 2021. This reform is built around two pillars. The first pillar aims to implement a new right to tax the profits made by some of the largest multinational companies. The second pillar provides for the introduction of a global minimum effective tax rate of 15%. At European level, the second pillar was adopted by a directive dated December 15, 2022 and must be transposed into the laws of the Member States by December 31, 2023 at the latest, with a view to its first application in 2024.

This reform will probably apply in a certain number of countries in which the Group operates. It cannot be ruled out that this reform will have an impact on the Group's taxation. This reform could also impact the activities of the platforms through which the Group makes content available. Such a reform could have a significant adverse effect on the Group's business, results, financial position and prospects.

Outflows mainly corresponding to payments made by the Group to artists may be subject to withholding tax. Withholding taxes must be collected by the Group in the various countries where it operates. The Group's ability to collect these withholdings or to claim an exemption, where applicable, depends on:

- the tax classification of outflows adopted by the local tax authorities;
- the artists and labels concerned providing certain documents to the Group.

Failure by the Group to collect applicable withholding taxes would expose it to the risk of having to pay the tax arrears plus late payment penalties. The Group may fail to collect the withholdings if the required documents were not sent to it or if it failed to request them. The inability to claim the applicable withholding tax exemptions exposes the Group to the same risk of penalties.

Due to the cross-border nature of the Group's cash flows, a significant portion of its revenue is exempt from value-added tax. The Group may thus find itself in credit to the local tax authorities in respect of value-added tax. The Group could encounter difficulties in taking advantage of these credit positions or experience delays in securing their reimbursement. These difficulties could be related to the processes specific to the local administration concerned. The transmission of incomplete or inaccurate documents to the Group by artists and labels could also lead to the difficulties listed above.

### RISK CONTROL AND MITIGATION MEASURES

The Group maintains a regular tax watch on news that could impact the Group, in particular any news relating to the digital economy. To conduct this tax watch, the Group's Tax Department relies on the subsidiaries, the Finance Department and the assistance of external consultants.

The Group has implemented processes to ensure compliance with rules on indirect tax collection and invoicing. These processes also aim to reduce the cost of withholding taxes.

The Group endeavors to identify its main tax risks relating to the years open to tax audits. The Group seeks to anticipate questions from the tax authorities and to document any appropriate responses.

### POTENTIAL IMPACTS ON THE GROUP

A challenge to its tax position by the authorities concerned could lead to:

- the payment by the Group of additional taxes;
- potentially significant adjustments and penalties;
- an increase in the costs of its products or services for the purpose of passing on these taxes.

Such a situation could have a significant adverse effect on its business, results, financial position and prospects.

# 3.2 Risk management and internal control system

## 3.2.1 General organization of internal control

### 3.2.1.1 Definition and objectives of internal control

The Company has defined and implemented an internal control system that includes a set of processes whose objective is to ensure:

- compliance with laws and regulations;
- the application of instructions and guidelines set by management;
- the smooth operation of the Company's internal processes, particularly those contributing to the protection of its assets;
- the prevention and control of operational risks, financial risks and risks of error or fraud, reputational risks or corporate social responsibility risks;
- the reliability of accounting, financial and management information.

Since its IPO, the Group, in consultation with its Statutory Auditors, has progressively changed its objectives and general principles of internal control. These objectives and principles are largely based on the reference framework and recommendations published by the AMF. These principles are based on:

- a policy that contributes to the development of the internal control culture and the principles of integrity;
- the identification and analysis of risk factors likely to affect the achievement of the Group's objectives;
- an organization and procedures designed to ensure the implementation of the guidelines defined by its management;
- the periodic review of control activities and the continuous identification of areas for improvement;
- the process for disseminating information on internal control.

### 3.2.1.2 Internal control actors

Risk management and internal control is everyone's business, from the governance bodies to all of the Company's employees. The main players in internal control and risk management are:

#### Governance bodies

***The Board of Directors***

The Board defines the principles and organization of internal control and risk management. It is informed of the effectiveness of the internal control and risk management systems by the Audit Committee.

***The Audit Committee***

The Audit Committee's mission is to monitor issues relating to the preparation and control of accounting and financial information. The Audit Committee must ensure the effectiveness of the risk monitoring and internal control system. These missions support the Board of Directors' control and verification duties in this area.

It is composed of a majority of independent members of the Board of Directors.

The Audit Committee ensures the relevance, reliability and implementation of the Company's procedures for internal control, identification, coverage and management of risks relating to its activities and to financial and non-financial accounting information. The Committee shall also review the risks, including those of a social and environmental nature, and significant statement of financial position commitments of the Company and its subsidiaries. The Committee regularly reviews the mapping of the Group's risks.

The Secretary of the Committee prepares minutes of each Committee meeting, which are sent to the members of said Committee as well as to the members of the Board of Directors.

The Audit Committee met six times in 2022. The work and composition of the Audit Committee since the IPO are presented in Section 4.1.5.4 *"Specialized Board Committees"*, page 165.

#### Management

***The Risk Committee***

The Risk Committee is chaired by the Chairman and Chief Executive Officer and founder of the Group. It includes as permanent members the Chief Financial and Strategy Officer, Chief Operating Officer, the Chief Financial Control Officer, the Chief Management Control Officer, the Chief Legal Officer, the Chief People Officer, the Chief Technology Officer, representatives of internal control in the subsidiaries, the Chief Financial Transformation Officer as well as the Head of Internal Control and Risk. It meets every quarter to monitor internal control and risk management action plans.

The main task of the Risk Committee is to review the adequacy of risk coverage with the level of residual risk.

The Risk Committee met three times in 2022. The main topics covered include: the monitoring of the risks identified in the Group risk mapping for 2021 and the update of the risk mapping for 2022:

- results of the self-assessment process for key controls;
- results of the test campaign conducted by the Internal Control Department;
- monitoring of the implementation of the recommendations of the Statutory Auditors;
- monitoring of the implementation of the *Sapin II* compliance program.

#### *Executive Management*

Executive Management is responsible for implementing and monitoring the internal control and risk management system. To this end, Executive Management relies mainly on the Financial Control Department.

#### *The Financial Control Department – Risk and Internal Control Department*

The Risk and Internal Control Department is part of the Group's Financial Control Department. It is responsible for monitoring the Group's risk management in close collaboration with the Group Risk Committee. The Internal Control Department ensures that an internal control system is in place to address the risks identified by the Group. Operational risk management and internal control are the responsibility of the Group's operational departments and subsidiaries, under the functional control of the Internal Control Department. In each of these departments and subsidiaries, the person responsible for risk management is in charge of verifying the proper application of prevention procedures. This role is generally held by the Department Manager or Chief Financial Officer of the subsidiary, or a person reporting to them. It can also implement new procedures whose application can be extended to the entire Group after review by the Group Risk and Internal Control Department.

The Group Risk and Internal Control Department plays a central role in establishing an internal control framework at Group level. It also defines the appropriate controls to be put in place to address the Group's risks. This framework defines the context within which the operational departments and subsidiaries exercise their risk management and internal control responsibilities. The department also coordinates operations throughout the system.

Lastly, the department carries out internal audits as tasked by the members of the Risk Committee and the Audit Committee. Internal audits are validated by the Audit Committee when the department's annual roadmap is presented. The Risk and Internal Control Department also has a role in entities recently acquired by the Group.

#### *Compliance*

The Compliance function reports to the Legal Department. It is responsible for defining and monitoring the implementation of the Group's compliance program. This program is an integral part of its control environment. The compliance program aims to protect the Group from risks related in particular to ethics, corruption and non-compliance with personal data protection laws.

## 3.2.2 Components of internal control

The Group's internal control framework comprises the following five main components, the implementation of which is described below:

- control environment;
- identification and assessment of risks;
- control activities;
- dissemination of information;
- permanent monitoring.

### 3.2.2.1 Control environment

The purpose of setting up a control environment is to make employees aware of the usefulness and need for internal control. The control environment forms the basis of all its other elements, notably by developing ethics, discipline and organization. The Group's control environment is based on the following elements:

#### Rules of conduct and ethics

The Group endeavors to take into account all aspects of its corporate responsibility. A dedicated department, the Commitment and CSR Department confirms the Group's commitment to sustainable development. The Group's self-imposed principles of action and behavior are set out in its Code of Ethics. The purpose of the Code of Ethics is to ensure the Group's development in compliance with the rules of law and ethics. The Group's Code of Ethics is based on the values that are at the heart of Believe's culture. It sets the rules of conduct that each employee must comply with in all circumstances when carrying out their work. The Group pays particular attention to compliance with all applicable laws and fundamental rights: fight against discrimination and harassment, occupational health and safety, gender equality and promotion of work for people with disabilities (see Section 2.4.5 *"Creating a diverse, inclusive and fair work environment"*, page 71). The Code of Ethics also addresses social issues, integrity (and professionalism) in business, the fight against corruption and anti-competitive practices. These values are also reflected in the Anti-Corruption Code and the conflict of interest procedure. The Code of Ethics is available on the Group's Intranet and translated into more than 10 languages. The conflict of interest procedure is also available on the Group's Intranet in English.

Under the aegis of Compliance (reporting to the Legal Department), the Group has set up two compliance programs dedicated to the fight against corruption and personal data protection.

The Group's anti-corruption program takes into account the provisions of the *Sapin II* law and the recommendations of the French Anti-Corruption Agency (*Agence française anti-corruption*). It takes the form of various principles, policies, instructions, tools and training programs. This program also takes into account the anti-corruption provisions and laws of all countries in which the Group operates. In this context, the Group has implemented an Anti-Corruption Code of Conduct (which is part of its Code of Ethics). This code applies and is binding on all Group employees regardless of their status and position. The Group has set up a whistleblowing platform. It enables employees and partners to report any breach (or suspicion) of the rules of conduct and ethics. The whistleblowing system is accessible to employees and external stakeholders through a dedicated and secure platform, available free of charge 24/7. The system makes it possible to launch a detailed, confidential and documented alert by completing a standard questionnaire (available in several languages). This system can be accessed via PC, smartphone or tablet. It was rolled out within the Group. An awareness-raising program on the fight against corruption has been set up by the Group for all its employees (see Section 2.3.3 *"Setting up and publicizing the whistleblowing system"*, page 64).

The Ethics Committee is composed of the Chairman and Chief Executive Officer of the Group, the Chief People Officer, the Chief Legal Officer and the Compliance Officer. It ensures the implementation of the compliance program and the application of sanctions where applicable.

Personal data protection is a major issue for the Group. It is subject to specific regulations in most of the countries where the Group operates. The personal data protection program has been developed in accordance with the *General Data Protection Regulation (GDPR).* Compliance, in coordination with the Head of Information Systems Security, have drawn up an IT charter. This charter sets out the rules and best practices in terms of personal data protection. A privacy policy has also been put in place. It is accessible to all stakeholders on the Group's website. This policy describes personal data processing practices. It reiterates the importance that the Group places on data security and confidentiality, as well as on the protection of privacy and related rights.

## Tax policy

### *Tax compliance*

The Group is committed to full compliance with applicable laws and tax practices in the countries in which it operates. This responsible conduct is implemented in accordance with national, European and international rules and standards and by applying the principles of the OECD to transactions carried out within the Group. Thus, the Group ensures that transactions between the Group's companies are carried out in compliance with the arm's length principle as defined by the OECD and meets the reporting requirements (transfer pricing documentation, etc.).

The Group's policy is not to encourage or promote tax evasion and it does not engage in aggressive tax planning schemes designed to avoid tax. As such, the Group has internal procedures to limit all tax risks and fight against tax evasion.

### *Tax transparency*

The Group favors relations with tax authorities based on exchange and mutual respect.

The Group responds appropriately and in a timely manner to requests from tax authorities in the context of exchanges of information and in accordance with tax treaties.

The Group legitimately applies the most relevant tax treatment, in accordance with economic reality, operational objectives and the laws in force. In a changing international tax environment, the positions taken by the Group may be subject to questions from and tax audits by local authorities. If, during tax audits, the Group's positions are challenged by a tax authority, the Group may be required to defend its interests or interpretation of the law, to prove its good faith and, where applicable, to bring the dispute to court.

## Stock market code of ethics

Believe complies with the provisions of Regulation (EU) 596/2014 of the European Parliament and of the Council of April 16, 2014 on market abuse ("MAR"), the French Financial Markets Authority (*Autorité des Marchés Financiers* – AMF) Guide on permanent information and the management of DOC-2016-08 insider information, the positions-recommendations of the French Financial Markets Authority and the recommendations of the AFEP-MEDEF Code.

The Group has put in place a stock market code of ethics to draw the attention of its employees to rules on stock market ethics. The code stipulates that any person who is or is likely to be an insider must refrain from any carrying out any transactions on the Company's shares:

- during blackout periods (during the 30 calendar days preceding the publication of the press release announcing the full-year or half-year results or 15 calendar days preceding the publication of the press release announcing the quarterly revenue);
- at any time if insider information is held.

A calendar detailing the blackout periods is available at the Group Legal Department. These periods of time during which trading shares is prohibited are subject to individual e-mail reminders, before each identified period.

Executive directors must also refrain from using price hedging transactions on the Company's shares, in accordance with the AFEP-MEDEF Code.

### Delegations of authority

The organizational charts drawn up by the Group allow a clear identification of powers and responsibilities. The delegation of authority is the responsibility of the Chairman and Chief Executive Officer. These delegations are regularly updated in line with the changing roles and responsibilities of the delegates. These delegations enable the various operational teams to achieve their objectives. The internal control system is based on the Group's operational organization. The operating principles and rules (with the appropriate delegations of authority) thus define the areas and level of decision-making and control of each department.

### Human resources policy

The Group's recruitment, employee training and skills management policies contribute to the enhancement of internal control procedures. These policies ensure those exercising the delegations of authority are adequately resourced. The primary mission of the programs implemented by human resources is to attract, train, retain and motivate employees. These programs offer career development opportunities, individual development plans and appropriate training (see Section 2.4 *"Employees at the heart of Believe's business model and Shaping Music for Good"*, page 65).

### Compliance of practices with laws and regulations

The organization and processes of the Group's Legal Department make sure employees are aware of the regulations and laws applying to them. The processes keep them informed in good time of changes to regulations and applicable laws. This process allows the Group to adapt and regularly update its procedures.

### Internal control process and guidelines

The Group pays particular attention to the continuous improvement of its processes. This process of improving and standardizing processes contributes to the robustness of its control environment.

The Group's internal control framework is shared with all Group employees. It is reviewed by operational staff, so that it can be owned and enhanced by best operational practices.

## 3.2.2.2 Risk identification and assessment

Risk management is closely monitored by the Group's management, with close involvement of internal control.

The main mission of risk management is to identify, assess and prioritize risks. Risk management also has a role in assisting management in choosing the most appropriate risk management strategy. The objective is to limit the significant residual risks and to define and follow up the related action plans.

The identification and treatment of the Group's major risks are monitored by a dedicated organization under the supervision of the Group Risk Committee. Risk assessment is based on a quantitative and qualitative approach applying the following methodology:

- identification of risks considered significant by the subsidiaries;
- identification of significant central risks;
- consolidation of major central and subsidiary risks;
- prioritization of risks according to the probability of such risks occurring and their impact (financial and/or extra-financial);
- identification of preventive or corrective actions.

In 2022, an update of the Group's risk mapping was carried out. This update was reviewed by the Group's executives, the Risk Committee and the Statutory Auditors. The Group's risk mapping was presented to the Audit Committee.

The main risks identified are described in Section 3.1 *"Main risk factors"*, page 112.

## 3.2.2.3 Control activities

The purpose of control activities is to ensure the application of standards, procedures and recommendations contributing to the implementation of the Group's strategy. Believe has established an internal control framework. The aim is to provide all Group subsidiaries with a tool enabling them to self-assess and identify areas for improvement in terms of controls.

The results of the self-assessment processes are reported to Executive Management. Appropriate action plans are identified and put in place and are monitored by internal control.

#### 3.2.2.4 Internal dissemination of information

To communicate to all stakeholders, relevant information must be identified, collected and disseminated. To this end, the Group relies on:

- its organization and IT systems, which facilitate the circulation of the information required for decision-making;
- its intranet site and the documentary databases that enable to share information within the Company. The Company's website includes a presentation of the Group's values, the Anti-Corruption Code and the IT charter on data protection. The conflict of interest procedure as well as the content and the CSR policy are also shared;
- dissemination of its internal control framework.

#### 3.2.2.5 Permanent monitoring

The internal control system is periodically reviewed to assess its effectiveness and qualitative performance, as follows:

- the internal control framework is periodically reviewed by the operational managers of the various departments;
- the Audit Committee is also informed of the progress of internal control work as well as its objectives and priorities.

## 3.2.3 Internal control process relating to the preparation and processing of financial and accounting information

The Financial Control Department is responsible for risk management and internal control relating to accounting and financial information. The Financial Communication Department is also involved in risk management and internal control relating to accounting and financial information.

The Company uses an external framework for implementation of the internal control procedures relating to the production of financial and accounting information. This framework covers all the national accounting laws and regulations that need to be taken into account when preparing the statutory financial statements of the Group's entities. The Group also prepares its consolidated financial statements in accordance with IFRS (International Financial Reporting Standards).

With the support of the other departments of the Financial Control Department, the Accounting and Consolidation Departments are responsible for preparing the Company's annual and consolidated financial statements. They are also responsible for half-yearly and annual reporting, in particular the half-year financial report and the Universal registration document (financial statements, notes Section and management/MD&A reports). The Consolidation Department defines the Group's accounting standards in accordance with IFRS. It ensures their application and helps coordinate the work of the Group's Statutory Auditors.

The Management Control Department is responsible for coordinating the budget process and its re-estimates prepared during the year. It is also in charge of producing and coordinating the five-year strategic plan. The Management Control Department contributes to preparing the monthly management reporting under the responsibility of the Consolidation Department. It is in charge of producing all the analyses required by Executive Management. It also monitors advances paid to producers and produces statistics and specific management indicators. It ensures the relevance of the analytical structure in order to manage the Group's performance. The Management Control Department is, due to its remit and the structure of the reporting it produces, a key player in the internal control and financial risk management system.

The Financial IT Department defines and implements the IT systems required by the financial functions. It ensures the integrity and functionality of the financial IT system solutions. It guarantees the transfers of data between the financial information system solutions and other solutions. It is also responsible for developing the financial information system environment to ensure optimal processing by the teams of the Financial Control Department.

The Treasury Department is responsible for applying the Group's financial policy. This policy includes the security of banking transactions and the financing strategy for the subsidiaries. It also includes the management of financial expenses and the profitability of cash surpluses and cash investments. A key responsibility of the Treasury Department is centralized management of the Group's cash. It makes sure the cash requirements and short-, medium- and long-term financing needs of the subsidiaries are met. It is also responsible for centralized exchange rate risk management.

The Tax Department ensures compliance with the tax regulations and laws in force and advises the Group's subsidiaries. It proposes tax solutions to support the Group's operational aims. It ensures the harmonization of tax data reporting.

The Financial Communication Department is responsible for coordinating the information disseminated to the financial community. The Financial Communication Department provides the financial community with a clear, transparent and accurate understanding of the Group's performance and outlook. Its role is also to inform Executive Management of the financial community's views of the Company's strategy and positioning. By working closely with the Executive Management and with the various Group departments, it determines the key messages. It ensures its consistency and coordinates its dissemination through various means (annual and half-yearly report, financial presentations, meetings with shareholders or analysts, website, etc.).

For the production of its financial information, the Group relies on leading accounting (SAGE X3) and consolidation tools (Oracle Hyperion Financial Management). The Group continues to deploy its tools within its subsidiaries and ensures that they are kept up to date with the latest developments. In this context, a unified information system contributes to the security of financial reports. As part of its financial reporting production process the Group has implemented an access management policy. This policy secures access to the data used to produce financial information.

# 3.3 Insurance

## 3.3.1 Determination of insurance policies to be taken out

The Group's Legal Department coordinates the Group's insurance policy, with the support of the operational departments and the Risk and Internal Control Department. Each Group company is responsible for providing the Legal Department with the information necessary to identify and classify the risks to be insured. Once the risks have been identified, the Legal Department negotiates, with the assistance of a broker, the most appropriate policies to cover these risks. The Legal Department conducts these negotiations every year with major insurers.

The implementation of insurance policies is based on the determination of the level of coverage necessary to meet the reasonably-estimated occurrence of liability, damage or other risks. This evaluation takes into account the assessments made by the insurers as underwriters of the risks. Uninsured risks are those for which:

- no cover is offered in the insurance market;
- the cover on offer and/or its cost does not match the potential interest of the insurance.

The Group may also consider that the risk does not require insurance coverage.

## 3.3.2 Main insurance policies taken out by the Group

The Group's main policies, taken out with internationally renowned insurance companies, include:

- civil liability insurance (particularly in terms of intellectual property, or covering entertainment activities and events);
- property damage and subsequent business interruption insurance;
- cyber insurance.

Risks not covered by these policies at Group level are insured on a case-by-case basis by policies taken out locally for a subsidiary.

Yura Yunita
Artist
Indonesia

# 4. Corporate governance

# Summary overview presenting the governance

At December 31, 2022

## Executive Management

The Chairman and Chief Executive Officer assisted by an Executive Committee of

**12 members**

**50%** PERCENTAGE OF WOMEN

**46 years old** AVERAGE AGE

**25%** OF FOREIGN NATIONALITY

## Board of Directors

**7** MEMBERS

**57%** INDEPENDENCE RATE

**96%** ATTENDANCE RATE

**57%** PERCENTAGE OF WOMEN

**43%** FOREIGN NATIONALITY

**54 years old** AVERAGE AGE

**Denis Ladegaillerie**
Chairman and Chief Executive Officer ●

4 INDEPENDENT DIRECTORS

**Kathleen O'Riordan** ● ●

**Anne France Laclide-Drouin** ●

**Orla Noonan** ● ●

**FSP**
represented by Cécile Frot-Coutaz ●

2 DIRECTORS

**John Doran** ●

**Ventech**
represented by Alain Caffi ● ●

1 NON-VOTING MEMBER

**Siparex XAnge Venture**
represented by Nicolas Rose

● Audit committee

● Nomination and Compensation committee

● CSR committee

## 3 specialized Board committees

| AUDIT COMMITTEE | NOMINATION AND COMPENSATION COMMITTEE | CSR COMMITTEE |
|---|---|---|
| **4** MEMBERS | **3** MEMBERS | **3** MEMBERS |
| **75%** INDEPENDENCE RATE | **67%** INDEPENDENCE RATE | **33%** INDEPENDENCE RATE |

### The Board of Directors at December 31, 2022

*This chapter constitutes the report of the Board of Directors on corporate governance presented to the General Meeting of Shareholders, in accordance with the provisions of Articles L.225-37, paragraph 6, L. 225-37-4 and L. 22–10–8 to L. 22-10-11 of the French Commercial Code[1].*

*It was presented to the Nomination and Compensation Committee prior to its final approval by the Board at its meeting of March 15, 2023.*

# 4.1 Governance

This Section, which is an integral part of the corporate governance report, presents in particular:

- the rules and principles of corporate governance applicable to the Company;
- the composition of the Board, as well as the conditions for organizing its work;
- the composition of the Executive Management; and
- the rules of ethics applicable to the Group's main executives.

*(1) In the rest of the Report, for better readability, the "Board" refers to the Board of Directors.*

## 4.1.1 Rules and principles of corporate governance

The Company strives to apply best corporate governance practices to ensure effective and transparent governance, which ensures the long-term interests of the Company and all of its stakeholders. The Board relies on the recommendations of the AFEP-MEDEF Governance Code, the work of its committees and feedback from the dialogue with the main shareholders and the proxy voting agencies. It ensures that the governance bodies operate in an effective manner in strict compliance with the balance of powers.

The rules and procedures for the composition of the Board and its operations are laid down by law, the Company's articles of association and the internal rules of the Board.

The internal rules of the Board, whose purpose is to clarify the legal and regulatory provisions or those of the articles of association relating to the composition, organization and operation of the Board and its specialized committees, were adopted at the Board meeting of June 11, 2021. The internal rules of the Audit, Nomination and Compensation and CSR Committees are appended to the internal rules of the Board.

The internal rules are available on the Company's website ( *https://www.believe.com/en/about/our-governance*).

The Directors' charter, adopted by the Board at its meeting of July 12, 2021, outlines the duties and obligations with which each director must comply within the Company. The charter also applies to non-voting members.

### 4.1.1.1 Governance Code

The Company refers to the Corporate Governance Code for listed companies drawn up together by the AFEP and the MEDEF as revised in December 2022 (the "**AFEP-MEDEF Code**"), available on the website www.afep.com.

Under the rule "Comply or Explain" provided for in Article L. 22-10-10, 4° of the French Commercial Code, the Company considers that its practices comply with the recommendations of the AFEP-MEDEF Code.

### 4.1.1.2 Governance structure

#### Combined management functions

- The AFEP-MEDEF Code stipulates that:

  *"**3.1**: French law allows all public limited companies to choose between a unitary formula (Board of Directors) and a two-tier formula (Supervisory Board and Management Board).*

  ***3.2**: In addition, corporations with a Board of Directors can choose between separation of the offices of Chairman and Chief Executive Officer and the combination of such offices. The law does not favour either formula and allows the Board of Directors to choose between the two forms of exercise of executive management. It is up to the Board to decide and explain its decision.*
- As part of the listing of the Company's shares for trading on the regulated market of Euronext Paris in 2021, the Company's Board considered a governance method best suited to the specific features of the Company, in order to optimize its financial and extra-financial performance over the long term in compliance with balanced governance rules.
- At its meeting of December 9, 2022, the Board decided to maintain the combination of the roles of Chairman of the Board and Chief Executive Officer, in order to facilitate flexible and efficient decision-making and to ensure smooth communication between the Board and the management teams. As founder, Mr Denis Ladegaillerie's knowledge of the Group's operations and his established relationships with the historical shareholders represented on the Board, contribute to its efficient working. The Board believes that this governance structure promotes highly efficient decision-making, a very responsive management and ensures that all minority shareholders and stakeholders interests are taken into account.
- On December 9, 2022, the Board also expressed its opinion on the possible appointment of a lead director which it did not consider necessary at this stage due to the recent composition of the Board and the strong involvement of all of the independent members.
- The choice of the most appropriate governance method, and the appointment of a lead director, will be regularly discussed by the Board, in particular each year as part of the assessment of its operations and at the end of the term of office of the Chairman and Chief Executive Officer.

#### The balance of powers is ensured by the implementation of governance rules

##### *Composition of the Board*

The Board includes 43% of representatives of the Company's historical shareholders and 57% of independent directors. The members of the Board, with diverse skills and experience best suited to the challenges facing the Company, are actively involved in the work of the Board and its committees.

The Board has set up three specialized committees (Audit, Nomination and Compensation and CSR) composed mainly of independent directors and chaired by independent directors.

##### *Operation of the Board*

The internal rules of the Board (Article 3.2) stipulate that certain transactions are subject to prior authorization by the Board, including in particular investments, loans and guarantees of an amount greater than €10 million, the acquisition or disposal of investments in an amount greater than €1 million and transactions involving key assets of the Company (see also Section 4.1.5.1 of this Universal registration document).

Board meetings may be called by the Chairman or a member of the Board.

The Board is regularly informed of contacts with the main shareholders not represented on the Board.

## 4.1.2 Composition of the Board at December 31, 2022

| | Personal information | | | | Experience | Position on the Board | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Age | Nationality | Gender | Number of shares | Number of current offices in other listed companies | First appointment | End of term | Length of service at December 31, 2021(1) | Committee member |
| **Executive director** | | | | | | | | | |
| **Denis Ladegaillerie** *Chairman and Chief Executive Officer* | 53 | FR | M | 12,101,320 (2) | 0 | May 25, 2021 | GM called to approve the financial statements as of December 31, 2024 | 2 years | ● |
| **Independent directors** | | | | | | | | | |
| **Kathleen O'Riordan** | 51 | IE/UK | F | 100 | 0 | May 25, 2021 | GM called to approve the financial statements as of December 31, 2022(3) | 2 years | ● (Chair-woman) ● |
| **Anne-France Laclide-Drouin** | 54 | FR | F | 150 | 2 | June 11, 2021 | GM called to approve the financial statements as of December 31, 2023 | 2 years | ● (Chair-woman) |
| **Orla Noonan** | 52 | IE/FR | F | 5,000 (4) | 3 | June 11, 2021 | GM called to approve the financial statements as of December 31, 2024 | 2 years | ● (Chair-woman) ● |
| **FSP,** represented by Cécile Frot-Coutaz | 56 | FR | F | 3,559,433 | 0 | June 20, 2022 | GM called to approve the financial statements as of December 31, 2025 | 1 year | ● |
| **Non-independent directors** | | | | | | | | | |
| **John Doran** | 44 | IE | M | 0 (5) | 2 | May 25, 2021 | GM called to approve the financial statements as of December 31, 2024 | 2 years | ● |
| **Ventech,** represented by Alain Caffi | 69 | FR | M | 16,367,944 | 0 | May 25, 2021 | GM called to approve the financial statements as of December 31, 2024 | 2 years | ● ● |
| **Non-voting member** | | | | | | | | | |
| **Siparex XAnge Venture,** represented by Nicolas Rose | 56 | FR | M | 6,106,558 | N/A | June 11, 2021 | GM called to approve the financial statements as of December 31, 2024 | 2 years | - |

*(1) It is specified, as necessary, that Messrs Denis Ladegaillerie and John Doran as well as Ventech, represented by Mr Alain Caffi and Siparex XAnge Venture, represented by Mr Nicolas Rose, are members of the Statutory Board of Directors since its creation in 2014, when the Company was still incorporated as a French simplified joint-stock company (société par actions simplifiée).*

*(2) As a shareholder of 12.51% of the Company, Mr Denis Ladegaillerie made the commitment of holding his shares for a three-year period as from the date of the IPO. The Board will consider the appropriateness of setting a holding/lock-up obligation for the shares at the end of said period.*

*(3) Ms Kathleen O'Riordan resigned from her position as independent director with effect from December 31, 2022 (see also Section 4.1.2.3 of this Universal registration document).*

*(4) The 5,000 shares are held by Knightly Investments, whose share capital is wholly-owned by Ms Orla Noonan.*

*(5) The internal rules of the Board of Directors stipulate that the directors, representing shareholders whose company procedures prohibit the direct holding of shares by their representatives, are not, pursuant to the decision of the Board of Directors, subject to the obligation laid down in the internal rules, to become the owner of at least 100 Company shares throughout their term of office.*

● Audit Committee ● Nomination and Compensation Committee ● CSR Committee

### 4.1.2.1 Information on the directors

**53 years**
**French**

**Business address:**

24, rue Toulouse-Lautrec
75017 PARIS – FRANCE

**First appointed:**

May 25, 2021

**End of term:**

GM held to approve the financial statements for the year ended December 31, 2024

**Share ownership:**

12,101,320 (1)

**Expertise useful to the Board:**

- International experience
- Innovation, Digitization and Technology
- Media and Entertainment
- Strategy
- Finance
- In-depth knowledge of the Group as founder of the Company

## Denis Ladegaillerie

**Chairman and Chief Executive Officer**
**Member of the CSR Committee**

**Professional experience/Expertise**

A graduate of Sciences-Po Paris, ESCP Europe and Duke University (Durham, North Carolina, USA). He began his career in 1998 in New York, practicing business law in an international firm. In 2000, he joined Vivendi in Paris as a *business analyst* and continued his career within the Group in New York as Chief Financial and Strategy Officer for digital activities at Vivendi Universal, until 2004. On the strength of his past success in online music, in 2005 Denis Ladegaillerie founded the Company.

**Appointments and positions held as of the date of December 31, 2022**

***Within the Group:***
- Believe International S.à.r.l – Manager A
- Believe Digital Holdings Inc. – Director
- Believe International Holding Inc. – Director
- TuneCore Inc. – Director
- Believe Digital GmbH – Manager
- TuneCore Japan KK – Director and Representative Director
- Believe Direct Limited – Director

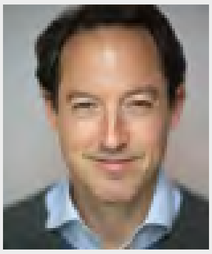
***Outside the Group:***
- None.

**Appointments and positions held during the past five years but no longer held:**

***Within the Group:***
- Believe Music SEA Private Limited – Director
- Believe Music (Shanghai) Company Limited – Executive Director and Chief Executive Officer
- Believe Digital Private Limited – Director and Chief Executive Officer
- Canvas Talent Private Limited – Director
- Entco Music Private Limited – Director
- Ishtar Music Private Limited (formerly Venus Music Private Limited) – Director
- TuneCore Inc. – Chief Executive Officer
- Believe Digital Canada Inc. – Director and Chairman
- Soundsgoood SAS – Chairman
- IRCAM Amplify – Permanent Representative of Believe and member of the Strategy Committee
- Believe Digital SRL – Director and Chairman of the Board of Directors
- Dogan Muzik ve Yapim Ticaret A.S. – Director and Chairman of the Board of Directors
- Believe Digital OOO – Manager

***Outside the Group:***
- None.

*(1) As a shareholder of 12.51% of the Company, Denis Ladegaillerie made the commitment of holding his shares for a three-year period as from the date of the IPO. The Board will consider the appropriateness of setting a holding/lock-up obligation for the shares at the end of said period.*



44 years
Irish

**Business address:**

24, rue Toulouse-Lautrec
75017 PARIS – FRANCE

**First appointed:**

May 25, 2021

**End of term:**

GM held to approve the financial statements for the year ended December 31, 2024

**Share ownership:**

0

**Expertise useful to the Board:**

- International experience
- Innovation, Digitization and Technology
- Media and Entertainment
- Strategy
- Finance
- In-depth knowledge of the Group through his historical presence within the Company's governance bodies.

## John Doran

**Director[1]**
**Member of the Nomination and Compensation Committee**

**Professional experience/Expertise**

With an MBA from Harvard Business School and a BA in Economics from Harvard College, John Doran began his career in investment banking at Morgan Stanley in London and New York. He then served as Vice President of Summit Partners from 2009 to 2012, where he focused on investments across software, Internet, and financial technology. In 2012 he joined TCV and he is currently a partner in London and a founding member of TCV's European investment efforts.

**Appointments and positions held as of the date of December 31, 2022**

*Within the Group:*

- None.

*Outside the Group:*

- Supervista AG (Brillen.de) – Member of the Supervisory Board
- FlixMobility GmbH – Member of the Supervisory Board
- Grupa Pracuj SA[2] – Member of the Supervisory Board
- Mambu B.V. - Director and member of the Compensation Committee
- Retail Logistics Excellence – RELEX Oy – Director and member of the Audit Committee
- Revolut. Ltd. – Non-voting member
- Sportradar Holding AG[2] – Director and member of the Compensation Committee
- Trade Republic Bank GmbH – Non-voting member
- WorldRemit Limited – Director, member of the Audit Committee and member of the Compensation Committee
- Technology Crossover Ventures UK, LLP – Partner

**Appointments and positions held during the past five years but no longer held:**

*Within the Group:*

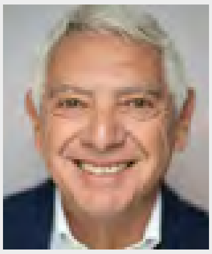
- None.

*Outside the Group:*

- Perfecto Mobile – Director

*(1) Appointed on the proposal of TCV, which owns 41.28% of the share capital of Believe, in accordance with the provisions of the shareholders' agreement described in Section 4.1.2.2 of this Universal registration document.*

*(2) Listed company.*



**69 years old**
**French**

**Business address:**

24, rue Toulouse-Lautrec
75017 PARIS – FRANCE

**First appointed:**

May 25, 2021

**End of term:**

GM held to approve the financial statements for the year ended December 31, 2024

**Share ownership:**

16,367,944

**Expertise useful to the Board:**

- Innovation, Digitization and Technology
- Media and Entertainment
- Strategy
- Finance
- In-depth knowledge of the Group through his historical presence within the Company's governance bodies.

## VENTECH represented by Alain Caffi

**Director**
**Member of the Audit Committee and the CSR Committee**

**Professional experience/Expertise**

A graduate of Kansas University in Lawrence in the United States, and of the *École supérieure de commerce de Clermont Ferrand*, Alain Caffi is also a Certified Public Accountant. He joined the private equity industry in 1986 when he joined the Natixis group, as Chief Executive Officer of Sofineti, then as Investment Manager of Natixis Private Equity, and finally as Chief Executive Officer of FSD Capital Dévelopment. In 1998, he founded Ventech, an international venture capital company that invests mainly in post-seed and series A companies, of which he is currently Chief Executive Officer. In addition to his operational activities, he was also director of Natixis Private Equity (5 billion under management) between 1999 and 2007, when Ventech became an independent company.

**Appointments and positions held as of the date of December 31, 2022**

***Within the Group:***

- None.

***Outside the Group:***

- Ventech – Chief Executive Officer
- Ventech China S.à.r.l. – Manager
- Ventech China lux S.à.r.l. – Manager
- Ventech Global S.à.r.l. – Manager
- Chattermill Analytics Limited – Director
- My Pass Pro – Arthur'In – Member of the Board (as representative of Ventech)
- Sebbin – Member of the Strategic Committee (as representative of Ventech)
- SCI CAFFIS II – Manager
- SCI Caffis – Manager
- SARL AGORA – Manager
- CAFFIS Venture – Manager

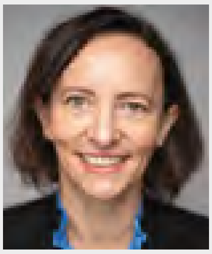
**Appointments and positions held during the past five years but no longer held:**

***Within the Group:***

- None.

***Outside the Group:***

- Mamsy – Board member
- Hostmaker (Flying Jamon) – Investor director
- The Agent – Board member (as representative of Ventech)
- Tell Me Plus – Director (as representative of Ventech)
- Gosu – Observer Advisory Committee (as representative of Ventech)



**54 years**
**French**

**Business address:**

24, rue Toulouse-Lautrec
75017 PARIS – FRANCE

**First appointed:**

June 11, 2021

**End of term:**

GM held to approve the financial statements for the year ended December 31, 2023

**Share ownership:**

150

**Expertise useful to the Board:**

- Finance
- Governance
- CSR, Ethics and Compliance

## Anne-France Laclide-Drouin

**Independent director**
**Chairwoman of the Audit Committee**

**Professional experience/Expertise**

Group Chief Financial Officer (CFO) and Chief Corporate Officer of Ingenico, Anne-France Laclide-Drouin was previously Chief Financial Officer (CFO) and Chief Compliance Officer of RATP Développement, CFO and member of the Executive Committee of the Consolis group, CFO of the Idemia group (formerly Oberthur Technologies) and of various companies such as Elis, GrandVision, AS Watson (Marionnaud) and Guilbert. She started her career at PricewaterhouseCoopers. She sits as an independent director on the Board of Directors of CGG (a global Geosciences group working on behalf of the energy industry - revenue of €1.193 billion) as well as on the Board of Directors of Solocal (a company specializing in digital communication and marketing - revenue of €400 million). She is Chairwoman of the Audit Committees of these same companies and a member of CGG's CSR Committee. She has also been independent director on the Board of Directors and Chairwoman of the Audit Committee, at SFR.

**Appointments and positions held as of the date of December 31, 2022**

***Within the Group:***

- None.

***Outside the Group:***

- Solocal[1] – Director and Chairwoman of the Audit Committee
- CGG[1] – Director, Chairwoman of the Audit and Risk Management Committee and member of the Investment Committee
- Poseidon Bidco SAS (Ingenico) - Group Chief Financial Officer (CFO) and Chief Corporate Officer
- Poseidon Holdco SAS and Poseidon Bidco SAS - Deputy Chief Executive Officer

**Appointments and positions held during the past five years but no longer held:**

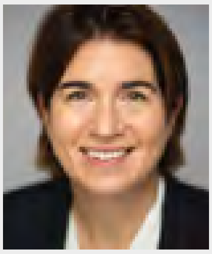
***Within the Group:***

- None.

***Outside the Group:***

- Consolis Group SAS – Member of the Executive Committee
- Consolis Oy AB – Director
- Parma Oy – Director
- WPS Ujski – Member of the Supervisory Board and Chairwoman
- Philbert Tunisie SA – Director
- ASA Epitoipari Kft – Member of the Supervisory Board
- Compact (BC) SARL – Manager
- Spaencom AS – Director
- Compact (BC) Lux II S.C.A. – Manager
- Spenncon AS – Director
- Bonna Sabla SA – Director
- SFR[1] – Director and Chairwoman of the Audit Committee
- Oberthur Technologies Group SAS – Director
- Mali Solutions Numériques SA – Director
- OT Pakistan (Private) Ltd – Director
- Oberthur Technologies of America Corporation – Director
- Oberthur Technologies Hong Kong Limited – Director
- RATP Développement – Member of the Management Board and Chief Financial Officer

(1) Listed company.



**52 years**
**Irish and French**

**Business address:**

24, rue Toulouse-Lautrec
75017 PARIS – FRANCE

**First appointed:**

June 11, 2021

**End of term:**

GM held to approve the financial statements for the year ended December 31, 2024

**Share ownership:**

5,000 [1]

**Expertise useful to the Board:**

- International experience
- Media and Entertainment
- Strategy
- Finance
- Governance

## Orla Noonan

**Independent director**
**Chairwoman of the Nomination and Compensation Committee**
**Member of the Audit Committee**

### Professional experience/Expertise

Graduate of HEC Paris (in 1994) and a BA (Economics) from Trinity College in Dublin (in 1992), Orla Noonan has been Chairwoman of the Board of Directors of Adevinta, the world leader in online classifieds since 2018. Orla Noonan began her career in 1994 in investment banking in London at Salomon Brothers as a financial analyst, notably in the media/telecom sector. She joined the AB group in 1996 as director in charge of business development, M&A and financial communication. She led IPOs in New York and Paris as well as external growth operations, including the acquisitions of the TV channels RTL9 and TMC. She was Chairwoman of the television channel NT1 between 2005 and 2010. Orla Noonan became Executive Vice President of the group in 1999 and a member of its Board of Directors in 2003. As Chief Executive Officer of AB group between 2014 and 2018, she pursued a policy of acquiring independent production companies, thus strengthening the group's position as the French leader in the production and distribution of audiovisual content. Orla Noonan has been an independent director of TF1 since 2022, SMCP since 2017 and Agence France Presse (AFP) since 2019, as well as a member of the Commitment Committee of Investir&+. She has been an independent director of Iliad SA for 12 years (from 2009 to 2021) and of Schibsted Media group between 2017 and 2019.

### Appointments and positions held as of the date of December 31, 2022

***Within the Group:***

- None.

***Outside the Group:***

- SMC[2]– Independent Director and Chairwoman of the Audit Committee
- AFP – Director and member of the Compensation Committee
- Knightly Investments SAS – Chairwoman
- Adevinta[2] – Chairwoman of the Board and the Compensation Committee
- Television France 1 (TF1)[2] – Independent director, Chairwoman of the Nomination and Compensation Committee and member of the Audit Committee

### Appointments and positions held during the past five years but no longer held:

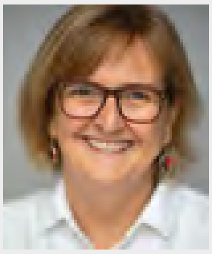
***Within the Group:***

- None.

***Outside the Group:***

- AB S.A.S – Chief Executive Officer, director
- TEAM Co.– Chairwoman
- Schibsted Media Group[2] – Independent director
- RTL 9 S.A. Luxembourg – Director
- Mediawan Lux S.A. (formerly AB Entertainment S.A.) – Director
- Illiad[2] – Independent director

*(1) The 5,000 shares are held by Knightly Investments, whose share capital is wholly-owned by Ms Orla Noonan.*
*(2) Listed company.*



**51 years**
**Irish and British**

**Business address:**

24, rue Toulouse-Lautrec
75017 PARIS – FRANCE

**First appointed:**

GM of May 25, 2021

**End of term:**

GM held to approve the financial statements for the year ended December 31, 2022 [(1)]

**Share ownership:**

100

**Expertise useful to the Board:**

- International experience
- Innovation, Digitization and Technology (including cybersecurity)
- Media and Entertainment
- CSR, Ethics and Compliance

## Kathleen O'Riordan

**Independent director**
**Chairwoman of the CSR Committee**
**Member of the Nomination and Compensation Committee**

**Professional experience/Expertise**

Kathleen O'Riordan, began her career as a journalist before joining the BBC in 2002, where she led digital product development for the 2012 London Olympics. She then served as Vice President of Product at Shazam from 2013 to 2016.

From 2016 to 2021, she worked as Chief Product and Technology Officer for the Financial Times and sat its Executive Committee. In December 2021, she joined Google as VP in charge of product management in the Google Search division.

**Appointments and positions held as of the date of December 31, 2022**

***Within the Group:***

- None.

***Outside the Group:***

- Google UK – VP of Product Management in the Google Search division

**Appointments and positions held during the past five years but no longer held:**

***Within the Group:***

- None.

***Outside the Group:***

- Financial Times – Chief Product and Technology Officer and Member of the Executive Committee

*(1) Ms Kathleen O'Riordan resigned from her position as independent director with effect from December 31, 2022 (see also Section 4.1.2.3 of this Universal registration document).*

**56 years**
**French**

**Business address:**

24, rue Toulouse-Lautrec
75017 PARIS – FRANCE

**First appointed:**

June 11, 2021 (change of permanent representative of the FSP on January 1, 2022)

**End of term:**

GM held to approve the financial statements for the year ended December 31, 2024

**Share ownership:**

3,559,433

**Expertise useful to the Board:**

- International experience
- Innovation, Digitization and Technology
- Media and Entertainment
- Strategy

## FSP, represented by Cécile Frot-Coutaz

**Independent director**
**Member of the Audit Committee**

**Professional experience/Expertise**

Cécile Frot-Coutaz holds an MBA from INSEAD and began her media career at Pearson. She helped transform Pearson Television to the leading international producer, later to be known as FremantleMedia. After a short stint in San Francisco creating online and interactive strategies, she joined in 2002 the North American headquarters of FremantleMedia. She had a number of senior roles leading to her promotion to Chief Executive Officer, North America in 2005. She was then promoted to Global Chief Executive Officer of FremantleMedia, a role she occupied until 2018.

After that, Cécile Frot-Coutaz spent close to 3 years at YouTube leading its business in Europe, the Middle East & Africa, in charge of YouTube's business, strategy and content partnerships across the complex and ever-changing region.

In September 2021, Cécile Frot-Coutaz joined the Sky Group as Chief Executive Officer of Sky Studios, the division of the company that is charged with developing, commissioning and producing its scripted and documentary output.

**Appointments and positions held as of the date of December 31, 2022:**

***Within the Group:***
- None

***Outside the Group:***
- Sky Studios UK – Chairwoman and Chief Executive Officer

**Appointments and positions held during the past five years but no longer held:**

***Within the Group:***
- None

***Outside the Group:***
- YouTube UK – VP EMEA
- Fremantle UK – Chairwoman and Chief Executive Officer

## Non-voting member

**56 years**
**French**

**Business address:**

24, rue Toulouse-Lautrec
75017 PARIS – FRANCE

**First appointed:**

June 11, 2021

**End of term:**

GM held to approve the financial statements for the year ended December 31, 2024

**Share ownership:**

6,106,558

**Expertise useful to the Board:**

- Innovation, Digitization and Technology
- Strategy
- In-depth knowledge of the Group through his historical presence within the Company's governance bodies.

### Siparex XAnge Venture, represented by Nicolas Rose

**Non-voting member**

**Professional experience/Expertise**

A graduate of the University of Michigan in the United States and a Master of International Business from *École des Ponts,* Nicolas Rose began his career in 1990 at the investment bank, J.P. Morgan, before becoming a financial analyst in 1996 at Hambrecht & Quist in Europe. He then joined the venture capital industry in 1999 as an associate director at ABN AMRO, and in 2004 at XAnge (Siparex Group), an early-stage investment fund company (through funds managed by the management company), which is a shareholder of Believe. He is currently Managing Partner of XAnge.

### 4.1.2.2 Board composition rules

#### Provisions provided for by the articles of association and the internal rules of the Board

***Number of directors***

- The articles of association provide that the Company is governed by a Board of at least three members and a maximum of eighteen members, save as otherwise provided by law.
- The Board may appoint one or two non-voting members, either natural or legal persons, chosen from among the shareholders or from outside that group. Non-voting members are called upon to attend Board meetings as observers and take part in deliberations in an advisory capacity. A non-voting member serves a term of four years. Non-voting members may be re-elected.
- It is specified that as the Company and Group headcount is below the legal thresholds provided for in Article L. 225-27-1 of the French Commercial Code, the Company's Board does not have any directors representing employees.

***Appointment method***

- During the life of the Company, the directors are appointed or reappointed by the Ordinary General Meeting. Between two General Meetings, and in the event of a vacancy due to death or resignation, the Board may perform temporary appointments; they are then submitted for ratification at the next Ordinary General Meeting.

***Term of office***

- Pursuant to Article 15 of the articles of association, a director serves a term of four years which may be reappointed. By exception, the General Meeting may, either institute or maintain staggered renewals on the Board, appoint one or more directors for a different term not exceeding four (4) years or reduce the term of one or more sitting directors to less than four (4) years.

***Age limit***

- Directors may not be more than 75 years old. Moreover, the number of directors over the age of 70 may not exceed one-third of the directors in office.
- The Chairman of the Board may not be more than 75 years old.

***Multiple offices***

- The internal rules (Article 2.5) stipulate that accepting the position of member of the Board implies devoting the necessary time and attention to this position. In particular, each member of the Board undertakes not to accept more than four (4) other terms of office as a member of the Board of Directors or Supervisory Board in listed companies outside the Group, including abroad, and must keep the Board informed of offices held in other companies, including his or her participation in the Board committees of these French or foreign companies.

***Share ownership***

- Each member of the Board must own at least 100 shares throughout their term of office and in any event no later than six (6) months after their appointment.

#### Independence of the Board

- Article 1 of the internal rules provides that the Board ensures that the proportion of independent members within the Board and on the committees it sets up complies with the provisions of the AFEP-MEDEF Code. Thus, the Board will ensure that independent members represent at least one half of its members, as long as the Company has no controlling shareholder, and at least one third of its members if the Company is controlled (within the meaning of Article L. 233-3 of the French Commercial Code). In addition, the Board will ensure that independent members represent at least two-thirds of the members on the Audit Committee, and more than one half of the members on the Nomination and Compensation Committee.
- The independence of each member of the Board is assessed based on the following criteria:
  - not to be an employee or an executive director of the Company, an employee or executive director or member of the board of directors or of the supervisory board of any company which consolidates it, or of a company which is consolidated by it, and must not have held such position within the five previous years,
  - not to be an executive director of a company in which the Company is directly or indirectly a member of the board of directors or of the supervisory board or, in which an employee appointed as such or an executive director of the Company (either current or within the previous five years), is a member of the board of director,
  - not to be a customer, supplier, commercial banker, investment banker or significant professional adviser of the Company, its Group or for whom the Company or its Group represents a significant portion of business (nor to be directly or indirectly related with such person); the assessment of whether or not the relationship with the Company or the Group is significant shall be discussed by the Board and the criteria leading to this assessment explained in the Universal registration document,
  - not to have any close family connection with a corporate officer of the Company,
  - not to have been a statutory auditor of the Company within the previous five years,
  - not to have been a member of the Board of the Company for more than twelve years.

- For Board members holding ten percent or more of the Company's share capital or voting rights, or representing a legal entity holding such participation, the Board, upon a report by the Nomination and Compensation Committee, shall review the qualification of independence by taking specifically into account the shareholding structure of the Company and the existence of a potential conflict of interest.
- The Board may consider that a Board member who meets the above criteria may not be deemed to be independent considering his or her particular situation or the Company's, with respect to its shareholding or for any other reason.
- Each member qualified as independent shall inform the Chairman, as soon as he or she becomes aware of it, of any change in his or her personal situation with respect to such criteria.
- Each time a Board member is reappointed or appointed, and at least once a year before the Board prepares its report on corporate governance, the Board assesses the independence of each of its members (or candidates). In the course of this assessment, the Board, on the advice of the Nomination and Compensation Committee, shall review on a case-by-case basis the qualification of each of its members (or candidates) in light of the criteria set out above, the particular circumstances and the situation of the person concerned in relation to the Company. The conclusions of this review are brought to the attention of the shareholders in the corporate governance report and, where applicable, at the General Meeting when the members of the Board are elected.
- With regard to the independence criteria defined by the AFEP-MEDEF Code, the Board considered that four of its members are independent. They are Mmes Kathleen O'Riordan, Anne-France Laclide-Drouin, Orla Noonan and FSP represented by Ms Cécile Frot-Coutaz.
- To determine whether there are significant relationships likely to affect a director's independence, the Board uses quantitative and qualitative criteria, in particular:
  - the amount of revenue generated between Believe and the group to which the director is affiliated, and
  - the nature and duration of the relationship.

The Board discussed the situation of Ms Kathleen O'Riordan, executive within Google UK, a YouTube affiliate, an important partner of the Group.

The Board, after having acknowledged that Ms Kathleen O'Riordan's experience in the digital industry was a significant asset for the Board's operations, considered that to the extent that Ms Kathleen O'Riordan is not involved, in any way whatsoever, as part as her professional duties, in YouTube's business or that of digital service providers within Google, she could qualify as an independent Board member. In order to avoid any potential conflict of interest, Ms Kathleen O'Riordan has also undertaken to refrain from participating in the deliberations of the Committees or the Board concerning relations with Google and Youtube.

## Shareholders' Agreement and Investment Contract

A shareholders' agreement was signed on June 9, 2021 between Mr Denis Ladegaillerie, TCV, XAnge and Ventech, historical shareholders of the Company.

With regard to governance, the parties agreed for the duration of the Agreement that:

- the Board will be composed of at least six members and will include at least 50% of independent directors within the meaning of the AFEP-MEDEF Code;
- one seat on the Board be allocated to Mr Denis Ladegaillerie, founder of the Group;
- one seat on the Board will be allocated to candidates proposed by TCV, provided that TCV (and its affiliates) directly or indirectly hold at least 5% of the Company's share capital; the director appointed thereby sitting on the Nomination and Compensation Committee;
- one seat on the Board will be allocated to candidates proposed by Ventech, provided that Ventech (and its affiliates) directly or indirectly hold at least 5% of the Company's share capital; the director appointed thereby sitting on the Audit Committee and the CSR Committee;
- one seat of non-voting member will be allocated to XAnge, provided that XAnge (and its affiliates) directly or indirectly hold at least 5% of the Company's share capital.

In addition, the Company and the Fonds Stratégique de Participations (the "**FSP**") entered into an investment agreement on May 31, 2021 under the terms of which it was agreed that the FSP would be appointed as non-voting member, as from the IPO and would also be appointed as director of the Company, provided that it holds an interest of at least 2.5% of the Company's share capital.

The FSP, whose shareholding in the Company at December 31, 2022 was 3.68%, was appointed as a director at the General Meeting of Shareholders of June 20, 2022. In accordance with the investment agreement, the FSP resigned from its duties as non-voting member following this appointment.

At the time of its appointment as a director, it was also decided to appoint the FSP, represented by Ms Cécile Frot-Coutaz, to the Audit Committee. The various Executive Management positions held by Ms Cécile Frot-Coutaz during her career justified this appointment.

**SUMMARY TABLE ON THE INDEPENDENCE OF DIRECTORS (EXCLUDING NON-VOTING MEMBERS):**

| Criteria | Denis Ladegaillerie | Ventech and its permanent representative Alain Caffi | John Doran | Orla Noonan | Kathleen O'Riordan | Anne-France Laclide-Drouin | FSP and its permanent representative Cécile Frot-Coutaz |
|---|---|---|---|---|---|---|---|
| Employee corporate officer in the last five years | ✗ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Cross-appointments | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Significant business relationships | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Family ties | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Statutory Auditors | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Term of office of more than 12 years | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Status of the non-executive corporate officer | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Representative status of the major shareholder | ✗ | ✗ | ✗ | ✓ | ✓ | ✓ | ✓ |

## Diversity policy within the Board

The Board strives to reflect a diversity of experience and points of view, while ensuring a high level of competence, internal and external credibility and stability of the Company's bodies. The Board's internal rules provide that the Board should consider the suitable balance of its composition and that of its committees, particularly in terms of independence and diversity (representation of women and men, nationalities, competence and professional experience, etc.).

The diversity policy for the composition of the Board and its Committees aims to represent a variety of skills and professional experiences providing a strategic contribution and knowledge in the following areas:

- media and entertainment industry;
- innovation, digitization and technology;
- strategy, finance, governance and CSR/ethics & compliance.

The Board pays particular attention to diversity in terms of nationality and international experience, thus reflecting the variety of cultures and the diversity of the countries in which the Group operates.

In accordance with regulations, the Board also ensures that it implements a policy of balanced representation between women and men in the composition of the Board. It also ensures the application of gender diversity in the composition of its committees.

Lastly, the Board ensures the appropriate proportion of independent members on the Board and its Committees, in accordance with the regulations and the provisions of the AFEP-MEDEF Code (see also Section 4.1.2.2 of this Universal registration document).

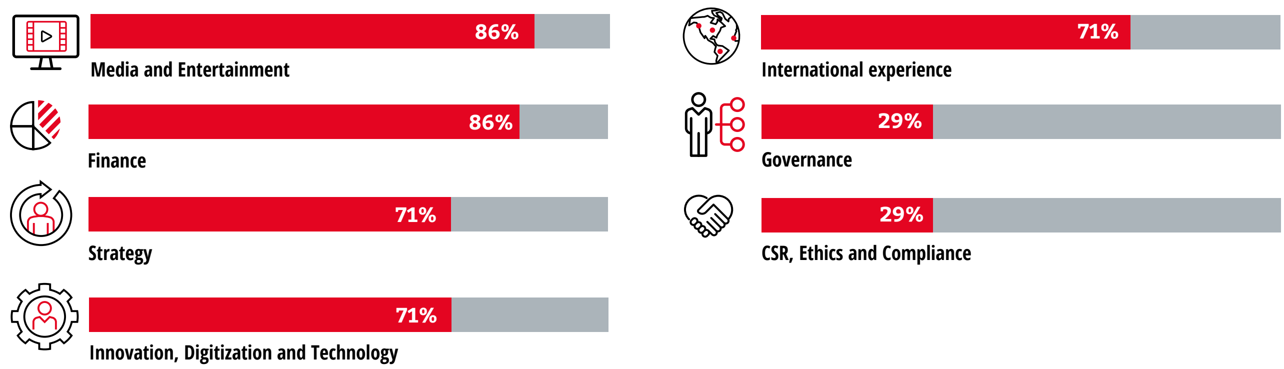
### *Balanced representation of women and men on the Board*

The Board has four women, i.e. 57% of directors.This composition complies with Articles L. 225-18-1 and L. 22-10-3 of the French Commercial Code providing for balanced representation on the Board of Directors of companies whose shares are admitted to trading on a regulated market.

### *Diverse representation on the Board*

The Board is composed of seven directors. Four directors have French nationality, one is Irish and two have dual nationality: Irish and French, and Irish and British. The majority, including the Chairman and Chief Executive Officer, have international experience. The average age of Board members is 54.

### Directors' skills Mapping




The Board's internal rules stipulate that all members of the Board must have the following key qualities:

- they must be concerned by the corporate interest;
- they must have the quality of judgment, in particular of situations, strategies and people, based in particular on their own experience;
- they must have the ability to anticipate and identify risks and strategic issues;
- they must be honest, present, active and involved.

The internal rules of the Nomination and Compensation Committee also specify that the Board and its committees are composed of high level, skilled and experienced people in international companies' life, each with the time and the willingness to participate meaningfully and with a high sense of the primacy of social interest, in the development of activities and performances of the Company and its Group.

### *Process for the selection and succession of directors*

- The process for selecting directors appointed by the General Meeting is managed by the Nomination and Compensation Committee.
- The internal rules stipulate that the Nomination and Compensation Committee formulates reasoned recommendations to the Board. These are guided by the interests of the shareholders and the Company. In general, the Committee must strive to reflect a diversity of experience and points of view, while ensuring a high level of expertise, internal and external credibility and stability of the Company's governing bodies. With regard to the appointment of Board members, the Committee takes into account the following criteria: (i) desired balance of the composition of the Board in light of the composition and evolution of the Company's shareholding structure, (ii) preferred number of independent members, (iii) a balanced representation between men and women in accordance with applicable law, (iv) the opportunity to renew terms of office and (v) integrity, competence, experience and independence of each candidate. The Nomination and Compensation Committee must organize a procedure to select future independent members and carry out its own studies on potential candidates before approaching them. When issuing its recommendations, the Nomination and Compensation Committee must ensure that the independent members of the Board and the Committees include at least the number of independent members required by the governance principles to which the Company refers.
- In December 2022, the Board, on the proposal of the Nomination and Compensation Committee, adopted the procedure for selecting independent directors. It was thus decided to carry out an assessment with the members of the Board, one year before the date of end of their term of office, in order to confirm whether or not they wish to remain as a Board member. In the event of a decision not to renew the term of office, the Nomination and Compensation Committee approves the profile of the future replacement. Recruitment is then launched with the support of a firm specializing in the recruitment of Board members. The selected candidates are presented to the Nomination and Compensation Committee, which selects the candidates to be presented to the Board for approval. The appointment of the selected candidate is then presented to the General Meeting of Shareholders, on the Board's proposal.

### 4.1.2.3 Changes in the composition of the Board

**SITUATION AS OF DECEMBER 31, 2022**

| | Appointment/Cooptation | Reappointment | Departure |
|---|---|---|---|
| **Board of Directors** | **FSP** (Director represented by Cécile Frot-Coutaz) appointed on June 20, 2022 | None. | **FSP** (Non-voting member represented by Cécile Frot-Coutaz) until June 20, 2022 |
| **Committees** | **FSP** (Member of the Audit Committee represented by Cécile Frot-Coutaz) appointed on June 21, 2022 | None. | None. |

**CHANGES BETWEEN THE CLOSING DATE AND THE FILING DATE OF THIS UNIVERSAL REGISTRATION DOCUMENT**

| | Appointment/Cooptation | Reappointment | Departure |
|---|---|---|---|
| **Board of Directors** | None. | None. | **Kathleen O'Riordan** (Director) until December 31, 2022 |
| **Committees** | **Anne-France Laclide-Drouin** (Chairwoman and member of the CSR Committee) appointed on January 1, 2023 | None. | **Kathleen O'Riordan** (Chairwoman and member of the CSR Committee) until December 31, 2022 |
| | **FSP** (Member of the Nomination and Compensation Committee represented by Cécile Frot-Coutaz) appointed on January 1, 2023 | None. | **Kathleen O'Riordan** (member of the Nomination and Compensation Committee) until December 31, 2022 |

Ms Kathleen O'Riordan resigned from her position as independent director with effect from December 31, 2022.

This decision follows her difficulty in being as involved as she would like in the Board's work, in view of her new professional obligations taken during her term of office.

The search for a new candidate was launched under the conditions provided for by the selection procedure for independent directors described in the paragraph *"Process for the selection and succession of directors"* of Section 4.1.2.2 *"Board composition rules"*.

The Board may continue to function normally until a new independent director is appointed. The composition of the latter remains in line with the legal provisions and recommendations of the AFEP-MEDEF Code.

In order for the CSR Committee and the Nomination and Compensation Committee to continue to function normally, it was decided to appoint, on a provisional basis until a new director is selected:

- Ms Anne-France Laclide as an independent member and Chairwoman of the CSR Committee; and
- the FSP, represented by Ms Cécile Frot-Coutaz, as an independent member of the Nomination and Compensation Committee.

# 4.1.3 Executive Management

## 4.1.3.1 Composition

### Chief Executive Officer

See Section 4.1.1.2 *"Governance structure"* of this Universal registration document.

### Executive Committee

The Executive Committee, focused on operations, brings together the directors in charge of the Group functions around the Chairman and Chief Executive Officer. It is the key body responsible for the implementation of the Group's strategy, monitoring performance and coordinating projects in the Group's various countries and regions.

In 2022, a new organization for the Executive Committee more in line with market practices was put in place. The management team was strengthened to support the Group's new growth phase, including:

- the recruitment of a Deputy Chief Executive Officer responsible for operations, who oversees the various countries and the central functions IT, Operations, Sales and Products (newly created department, bringing together the product and central marketing teams to strengthen innovation and differentiation of Group products and solutions);
- the transition from the position of Deputy Chief Executive Officer responsible for operations and finance to Deputy Chief Executive Officer responsible for finance and strategy, amplifying its action on the Group's strategy, investor relations and external growth policy, as well as the management of financial control, corporate development, legal and human resources.

The composition of the Executive Committee is as follows:

- Denis Ladegaillerie, Chairman and Chief Executive Officer;
- Xavier Dumont, Chief Financial & Strategy Officer;
- Béatrice Dumurgier, Chief Operating Officer;
- Anne Adamo, Chief Financial Control Officer;
- Elsa Bahamonde Bourgain, Global Head of Artist Services;
- Romain Becker, President, Label & Artist Solutions;
- Sandrine Bossard, Chief People Officer;
- Vincent Ducrohet, Chief Product Officer;
- Arnaud Defrenne, Chief Information Officer;
- Andrea Gleeson, Chief Executive Officer of Tunecore;
- Gideon Mountford, Global Head of Digital Retail;
- Virginie Sautter, Chief Marketing and Communications Officer.

## 4.1.3.2 Diversity and gender equality policy

Nurtured by Believe's values – Respect, Expertise, Fairness and Transparency – the Group's ambition is to build high-level management teams that reflect diversity (gender, nationality, professional experience, culture). The Group pays particular attention to gender diversity and a balanced representation of women and men within the Executive Committee, among managers and, more broadly, among all employees.

The Board, on the recommendation of Executive Management, the CSR Committee and the Nomination and Compensation Committee, set itself the objective of gender parity within the Executive Committee. The Group is already ahead of future regulations with a balanced representation between women and men in the composition of the Executive Committee[1].

The Group also aims to ensure diversity among senior executives and employees. As of December 31, 2022, 42.9% of the most senior positions were held by women. Positions with the highest level of responsibility represent 7.3% of the Group's headcount and correspond to the "management teams" category[2]. Due to the size and organization of the Group, it is not relevant, at this stage, to extend the calculation of the positions with the highest responsibilities to 10% of the headcount, as this 10% does not only represent positions with high responsibilities.

The Group also monitors gender diversity among all managers[3], with 37.6% of women at December 31, 2022.

Regarding the total headcount, women represented 43.1% of employees at December 31, 2022, a significant increase compared to 2021 (40%).

As part of its commitment to Diversity, Equity & Inclusion, the Group continues to implement its objectives in terms of equity, diversity and balanced representation of women and men (see also Section 2.4.5.1 on page 71 of this Universal registration document).

The Executive Management regularly informs the Board of its progress concerning the integration of new members into the Executive Committee and presents annually the results obtained in terms of gender balance applied to the management bodies and to all employees, as well as the methods used to implement its diversity and inclusion policy (see also Section 2.4.5 of this Universal registration document).

*(1) The Executive Committee has 12 members, including 6 women as of December 31, 2022.*

*(2) The "management teams" category corresponds to the positions of higher responsibility, i.e. employment category levels 9 to 12 (excluding level 13, which corresponds to the position of Chairman), including 51 women out of a total of 119 positions of higher responsibility.*

*(3) The "managers" category represents 383 employees (or 23.2% of the headcount), of which 144 women.*

### 4.1.3.3 Succession plans

The internal rules stipulate that the Nomination and Compensation Committee establishes and maintains a succession plan for main Company and Group executives in order to be in a position to rapidly propose succession solutions to the Board, particularly in the event of unforeseen vacancies.

In its discussions regarding the Executive Committee succession plan, the Nomination and Compensation Committee also considers the balanced representation of women and men in light of existing profiles.

The work of the Nomination and Compensation Committee, in which the Chairman and Chief Executive Officer is associated, focused in 2022 on the establishment of succession plans for the Group's main executives and for the members of the Board.

More specifically, the Nomination and Compensation Committee had already established in March 2022, a short-term succession plan for the Chairman and Chief Executive Officer covering unforeseeable vacancies. In November 2022, it also adopted a long-term sucession plan for the Chairman and Chief Executive Officer.

Succession plans for Executive Committee members are currently being prepared.

These plans will be reviewed and updated each year.

## 4.1.4 Ethics

### 4.1.4.1 Conflicts of interests *(Article 7 of the Directors' charter)*

Directors shall inform the Board as soon as possible of any conflict of interest in the context of their duties as a director or as a member of a Committee, including potential ones, in which they may be directly or indirectly involved. They shall refrain from participating in discussions and decision-making on the subjects concerned.

Directors shall also inform the Chairman of the Nomination and Compensation Committee of his or her intention to accept a new term of office in a listed company that does not belong to a group of which he or she is an executive, in order to enable the Board, on the recommendation of the Committee, to decide, where applicable, that such an appointment would be incompatible with the term of office within the Company.

Directors shall inform the Chairman of the Board as soon as possible of any conviction for fraud, any public incrimination and/or sanction, and any ban on managing or administering that has been pronounced against him or her, as well as any bankruptcy, receivership, liquidation or company put into administration with which he or she was associated.

Directors are also required to immediately inform the Board of any ties that may exist between them or the companies in which they have a direct interest and the Company. In particular, they must inform the Board of any contemplated *"related-party agreement"* set forth in Article L. 225-38 of the French Commercial Code prior to its conclusion. Agreements relating to day-to-day transactions concluded under normal conditions are also communicated to the Chairman of the Board.

The charter, including these principles, also applies to non-voting members as Board members.

### 4.1.4.2 Statements regarding corporate officers

To the Company's knowledge, over the past five years, no member of the Board has:

- been convicted of fraud or an offense and/or an official public sanction pronounced by statutory or regulatory authorities;
- been associated as an officer in a bankruptcy, receivership or liquidation;
- been prevented by a court from acting as a member of an administrative, management or supervisory body of an issuer or from managing or conducting business of an issuer.

To the Company's knowledge, at the date of this Universal registration document, there were no potential conflicts of interest between the duty that the members of the Board and the Chairman and Chief Executive Officer have to the Company and their private interests.

In particular, to the Company's knowledge, there are:

- no family ties between the directors;
- no agreements entered into with a major shareholder, a customer, a supplier or any other third party pursuant to which any member of the Board or the Chairman and Chief Executive Officer has been appointed to the Board or as a member of Executive Management, with the exception of what is described in the Section *"Shareholders' Agreement and Investment Contract"* in Section 4.1.2.2 *"Board composition rules"*, also described in Section 7.3.2 *"Statement regarding the control of the Company"* on page 318;

- no restriction accepted by any member of the Board or the Chairman and Chief Executive Officer concerning the sale of the Company's shares they hold, with the exception of:
  - rules on the prevention of insider trading (described in Section 4.1.4.5 *"Prevention of breaches and insider trading (Articles 5 and 6 of the Directors' charter)*");
  - the lock-up obligation for each member of the Board, pursuant to the AFEP-MEDEF Code (described in the Section *"Provisions provided for by the articles of association and the Board's internal rules"* in Section 4.1.2.2 *"Board composition rules"*);
  - the specific lock-up commitment made by Mr Denis Ladegaillerie (described in Section 7.3.2 *"Statement regarding the control of the Company"*).

### 4.1.4.3 Information about service contracts linking members of the Board to the Company or any of its subsidiaries

To the Company's knowledge, as of the date of this Universal registration document, there are no service contracts between the members of the Board and the Company or any of its subsidiaries providing for the granting of benefits.

### 4.1.4.4 Loans and guarantees granted to Board members

As of the date of this Universal registration document, the Company has not granted any loans or granted any guarantees to any member of the Board.

### 4.1.4.5 Prevention of breaches and insider trading *(Articles 5 and 6 of the Directors' charter)*

All directors are required to comply with applicable provisions of the French Monetary and Financial Code, the General Regulation of the French Financial Markets Authority (*Autorité des Marchés Financiers* – AMF) and Regulation (EU) 596/2014 of April 16, 2014 (the "MAR" regulation) relating to the disclosure and use of inside information, both as regards Believe shares and as regards the securities of companies on which it has inside information.

In particular, directors shall refrain from trading on the market for Believe shares and similar securities during (i) the 30 calendar days preceding the publication of the annual and half-yearly results of Believe as well as on the day of said publication and (ii) the 15 calendar days preceding the publication of Believe's quarterly revenue as well as the day of said publication.

Directors shall refrain from using stock price hedging transactions (particularly via derivatives) linked to Believe shares.

Directors shall inform the Secretary of the Board of any application difficulties they may encounter.

Believe directors must hold their Believe shares in registered form.

The charter, including these principles, also applies to non-voting members as Board members.

Persons with managerial responsibilities as well as persons closely related to them must disclose to the AMF each acquisition transaction sale, subscription or exchange transaction relating to Believe shares or any other types of financial instruments linked to the Believe share, when the cumulative amount of transactions they carry out exceeds €20,000 per person for the current calendar year.

The persons subject to the aforementioned reporting obligation shall submit their disclosures to the AMF within three business days as from the date of the transaction. The AMF makes this information public on its website.

A copy of this disclosure is sent to the Company.

Pursuant to Article 223-26 of the AMF General Regulation, a table summarizing the transactions carried out during the 2022 fiscal year is provided in Section 7.3.4 on page 320 of this Universal registration document.

### 4.1.4.6 Related-party agreements and valuation procedure for current agreements

#### Related-party agreements within the meaning of Articles L. 225-38 *et seq.*

In accordance with Article L. 225-38 of the French Commercial Code, any agreement between the Company and its Chief Executive Officer, one of its directors, one of its shareholders holding a fraction of the voting rights greater than 10% or, in the case of a company shareholder, the Company controlling it within the meaning of Article L. 233-3 of the French Commercial Code, must be submitted to the prior authorization of the Board.

In this context, on August 3, 2022, the Board authorized the conclusion of a capital gain sharing agreement between the Company and Mr Denis Ladegaillerie. This related-party agreement was entered into on December 7, 2022 and will be submitted for approval to the Annual General Meeting of June 16, 2023. Its main terms are detailed in the Investors Section of the Company's website and in the Statutory Auditors' special report on related-party agreements (see also Chapter 2, Section 2.4.7.3 on page 77 of this Universal registration document).

### Current agreements

In accordance with Article L. 22-10-12 of the French Commercial Code, the Board adopted at its meeting of March 17, 2022 an internal procedure to regularly assess whether agreements relating to current transactions entered into under normal conditions meet these conditions.

In particular, this procedure provides for an annual review by the Audit Committee and the Board of these agreements and the criteria for determining them in order to ensure that they are still appropriate and comply with market practices. Agreements no longer meeting the aforementioned criteria, which are therefore reclassified as related-party agreements, will then be subject to the authorization of the Board.

The procedure applies prior to the conclusion of an agreement and any modification, renewal or termination, including for agreements considered as current at the time of their conclusion. Persons directly or indirectly interested in one of these agreements will not participate in this assessment.

### Statutory Auditors' special report on related-party agreements for fiscal year 2022

Shareholders' Meeting held to approve the financial statements for the year ended 31 December 2022

*This is a free translation into English of the Statutory Auditors' special report on related-party agreements that is issued in the French language and is provided solely for the convenience of English speaking readers. This report on related-party agreements should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France. It should be understood that the agreements reported on are only those provided by the French Commercial Code and that the report does not apply to those related party transactions described in IAS 24 or other equivalent accounting standards.*

*To the Annual General Meeting of Believe,*

*In our capacity as Statutory Auditors of Believe (the "Company"), we hereby report to you on related-party agreements.*

*The terms of our engagement require us to communicate to you, on the basis of information provided to us, the principal terms and conditions of those agreements brought to our attention or which we may have discovered during the course of our audit, without expressing an opinion on their usefulness and appropriateness or identifying such other agreements, if any. It is your responsibility, pursuant to Article R. 225-31 of the French Commercial Code (Code de commerce), to assess the interest involved in respect of the conclusion of these agreements for the purpose of approving them.*

*Our role is also to provide you with the information stipulated in Article R. 225-31 of the French Commercial Code relating to the implementation during the last fiscal year of agreements previously approved by the Shareholders' Meeting, if any.*

*We conducted the procedures we deemed necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (Compagnie nationale des commissaires aux comptes) relating to this engagement. These procedures consisted in verifying the information provided to us with the relevant source documents.*

#### *Agreements submitted to the approval of the shareholders' meeting*

***Agreements authorized and concluded during the last financial year***

*Pursuant to Article L. 225-40 of the French Commercial Code, we have been notified of the following agreement entered into during the last fiscal year which was previously authorized by your Board of Directors.*

*Agreement of sharing the benefits of value creation (contrat de partage de plus-value) (the "Agreement") between Denis Ladegaillerie and Believe SA ("Believe" or the "Company")*

**Person concerned** *Mr Denis Ladegaillerie, Chairman, Chief Executive Officer of Believe and shareholder holding more than 10% of the voting rights of Believe.*

***Nature and purpose***

*At its meeting of 3 August 2022, your Board of Directors authorized the signature of an agreement, between the Company and Mr. Denis Ladegaillerie, for the sharing of portion of capital gains, in the event Denis Ladegaillerie proceeds to a disposal of shares, with employee beneficiaries in accordance with French law n°2019-486 of 22 May 2019 relating to the growth and transformation of companies ("loi Pacte") and articles L.23-11-1 and seq. of the French Commercial Code. The agreement sets out the terms and conditions for determining the portion of the capital gains to be transferred and for allocating amounts to the employee beneficiaries.*

***Terms and conditions***

*Determination of the capital gain: the sharing of the capital gain resulting from a disposal of shares by Mr Denis Ladegaillerie shall be subject to some conditions:*

- *The disposal of the shares shall take place at the earliest at the end of a period of 3 years from the signing of the Agreement.*
- *The total price of disposal, paid in cash, shall not be lower than 20 million euros.*

*If these conditions are met, a portion of capital gains shall be paid to the Company.*

*Total amount: the portion of the capital gain to be transferred shall be the lower of the following two amounts:*

- *30% of the French annual social security ceiling as mentioned in Article L.241-3 of the Social Security Code, which shall be paid to all employee beneficiaries, and to which a pro rata is applied according to the time of presence of the employee beneficiaries from the signing of the Agreement and the date of disposal of the shares. This ceiling shall take into consideration any other payments made under the agreement; and*
- *10% of the capital gain.*

*Employee beneficiaries: to become beneficiaries, employees shall meet the two following conditions:*

- *be under an employment contract with the Company or one of its subsidiaries for a period of two years from the signing of the Agreement and the date of disposal of the shares.*
- *Be a member of the company's group savings plan or international group savings plan at the date of disposal of the shares.*

*Individual amount: Amounts shall be allocated to the employee beneficiaries in proportion to the length of service in the Group (the Company or in one of its subsidiaries it controls within the meaning of Article L.233-3 of the French Commercial Code) from the signing of the Agreement to the date of disposal of the shares. Payments made to each beneficiary shall not exceed, individually and cumulatively, 30% of the French annual social security ceiling.*

*The Company will commit to transfer to the employee beneficiaries the portion of the capital gain received from Mr Denis Ladegaillerie by transferring this amount into the group savings plan (international) after social contributions and tax withholdings. Transferred amounts shall be allocated in priority to an employee mutual fund ("FCPE") invested in shares of the Company.*

*Term: This Agreement was signed on 7 December 2022 for a period of 8 years which can be extended for a maximum of 3 years upon agreement of parties.*

***Reasons justifying the interest of the agreement for the Company***

*The Agreement offers the possibility, in the event of a disposal of shares, to share a portion of the capital gain made by Mr Denis Ladegaillerie, after a minimum period of three years. Hence, this Agreement strengthens attractiveness, long-term engagement of Believe's employees, and reveal a strong willingness to recognize collective success. This measure also complements the employee shareholding program that was initiated in 2022.*

### *Agreements already approved by the shareholders' meeting*

*We hereby inform you that we have not been advised of any agreements already approved by the shareholders' meeting that remained in force during the past financial year.*

The Statutory Auditors

| Paris La Défense, 15 March 2023<br>KPMG SA<br><br>Jean-Pierre VALENSI<br>*Associate* | Paris, 15 March 2023<br>Aca Nexia<br><br>Olivier JURAMIE<br>*Associate* |
|---|---|

## 4.1.5 Organization and operation of the Board and Committees

### 4.1.5.1 Conditions for preparing and organizing work

#### Role and duties of the Board and its Chairman

The Board performs the duties and exercises the powers conferred on it by law, the Company's articles of association and the internal rules of the Board.

As a collegial body, the Board acts in all circumstances in the corporate interest of the Company and strives to promote long-term value creation by considering the social and environmental challenges of the Group's activities.

The Chairman of the Board organizes and directs the work of the Board and reports on it to the General Meeting. He ensures the smooth operation of the Company's bodies and the appropriate implementation of decisions taken by the Board and compliance with the best practice rules adopted by the Company. In particular, he ensures that the directors are able to carry out their duties.

#### Limitation of the powers of the Chief Executive Officer

The Chief Executive Officer is given full powers to act, in any circumstances, on behalf of the Company. He or she exercises these powers within the bounds of the corporate purpose and subject to the powers expressly given by law to the Shareholders' Meeting and to the Board.

Decisions of the Board that limit the Chief Executive Officer's powers are not binding on third parties.

The following are subject to the prior authorization of the Board, ruling under a simple majority of its members:

- the adoption or modification of the annual budget of the Group;
- the annual update or modification of the Group's business plan;
- any commitment or investment (excluding advances on repayments) in excess of €10,000,000, undertaken by the Company or any subsidiary thereof, not included in the annual budget;
- any new loan or borrowing in any form (including bonds, credit facilities, leases), and any guarantee or pledge, in each case undertaken by the Company or any subsidiary thereof, not provided for in the annual budget and (i) the unit amount of which exceeds €10,000,000 or (ii) which increases the Group's total indebtedness, guarantees and pledges outstanding by more than €10,000,000;
- the acquisition or transfer by the Company or any subsidiary thereof of an interest in a company in an amount exceeding €1,000,000, except if such transaction is carried out between members of the Group;
- any delegation of authority relating to the issue or repurchase, or the issue or repurchase, of shares or securities giving access to the capital or voting rights of the Company;
- any distribution of dividends, interim dividends, share premiums or reserves by the Company;
- any merger, spin-off, reorganization, dissolution, liquidation, partial contribution of assets, lease of business, transfer of business or key assets of the Company or of any subsidiary whose revenue represented, during the last fiscal year, more than 5% of the Company's consolidated annual revenue, except if such transaction is carried out between members of the Group;
- the appointment, compensation or dismissal of an executive director of the Company.

Sureties, endorsements and guarantees given by the Company are also subject to the prior authorization of the Board in accordance with legal provisions. The Board may grant a blanket authorization to the Chief Executive Officer within the limits provided for in Articles L. 225-35 and R. 225-28 of the French Commercial Code. In this respect, the Board meeting of November 3, 2022 authorized the Chairman and Chief Executive Officer, for a period of one year, to grant comfort letters and other guarantees, within the limits set by him.

#### Preparation and organization of meetings

The Board meets as often as the corporate interest requires and at least four times a year. The frequency and duration of the meetings must allow for review and discussion.

Board meetings are called by the Chairman or one of its members by any means, even verbally.

The rules of procedure, in addition to the remit and powers of the Board and its committees, establish the principle of confidentiality of information of which the members are aware.

The author of the notice of meeting sets the agenda of the meetings and communicates to the directors all the information required to exercise their duties.

The internal rules provide for the possibility for directors to participate in the deliberations of the Board by videoconference or telecommunication means, including conference calls. These means must allow their identification and guarantee their effective participation, under the conditions determined by the regulations in force. Directors who take part in the Board's deliberations by such means are deemed present for the purpose of calculating the quorum, except for Board meetings relating to the preparation of the separate financial statements and consolidated financial statements and the management report.

## Information and training of Board members

In accordance with the Board's internal rules:

- the Board and its Committees are composed of high level, skilled and experienced people in international companies' life, each with the time and the willingness to participate meaningfully and with a high sense of the primacy of social interest, in the development of activities and performances of the Company and its Group.
- each Board member may benefit from an additional training about the specifics of the Company and the companies it controls, their activities and business sectors.
- the Chairman shall provide the Board members, within sufficient time and except in case of emergency, with any necessary information or documentation so that they may perform their duties.
- the Board may hear the main executives of the Company and these may be called upon to attend Board meetings.
- the Board and Committees may also hear experts in their respective areas of expertise.
- the Board is regularly informed of the financial position of the Company and the Group. The Chairman and Chief Executive Officer constantly communicates to the directors all information concerning the Company of which they are aware and which they deem useful or relevant.
- each Board member may meet the main managers of the Company, including without the presence of executive directors, subject however to the prior information of the latter.
- at least three meetings of directors without the executive director are organized each year (executive sessions), two of which are devoted to reviewing the performance and the setting of the compensation of the executive director.

**SUMMARY TABLE OF INDIVIDUAL ATTENDANCE AT MEETINGS DURING THE PAST FISCAL YEAR (NUMBER OF MEETINGS AND ATTENDANCE RATE)**

| | Attendance at Board meetings | | Attendance at Audit Committee meetings | | Attendance at Nomination and Compensation Committee meetings | | Attendance at CSR Committee meetings | |
|---|---|---|---|---|---|---|---|---|
| | Number of Board meetings | Attendance % | Number of committee meetings | Attendance % | Number of committee meetings | Attendance % | Number of committee meetings | Attendance % |
| **Denis Ladegaillerie** | 6 | 100% | NA | NA | NA | NA | 3 | 100% |
| **Alain Caffi** | 6 | 100% | 6 | 100% | NA | NA | 3 | 100% |
| **John Doran** | 5 | 83% | NA | NA | 4 | 100% | NA | NA |
| **Kathleen O'Riordan** | 5 | 83% | NA | NA | 3 | 75% | 3 | 100% |
| **Orla Noonan** | 6 | 100% | 6 | 100% | 4 | 100% | NA | NA |
| **Anne-France Laclide-Drouin** | 6 | 100% | 6 | 100% | NA | NA | NA | NA |
| **Cécile Frot-Coutaz**(1) | 3 | 100% | 4 | 100% | NA | NA | NA | NA |
| **TOTAL MEETINGS/% ATTENDANCE** | **6** | **96%** | **6** | **100%** | **4** | **92%** | **3** | **100%** |

*(1) The FSP, represented by Ms Cécile Frot-Coutaz, was appointed director at the General Meeting of Shareholders on June 20, 2022. However, it had been a non-voting member on the Board since January 1, 2022. It was appointed as a member of the Audit Committee by the Board after the General Meeting of Shareholders of June 20, 2022.*

### 4.1.5.2 Information on the work of the Board during the past fiscal year

During the fiscal year ended December 31, 2022, the Board met six times and notably discussed the following topics:

| | |
|---|---|
| **Strategy** | • M&A strategy and transaction approval<br>• Information technology strategy |
| **Finance** | • Preparation of financial reports<br>• Presentation of the 2022 budget<br>• Review and approval of the consolidated and separate financial statements at December 31, 2021; the consolidated financial statements for the first half of 2022; approval of the related press releases<br>• Review and approval of the press release relating to the revenue for the first and third quarter of 2022<br>• Annual authorization for the Chairman and Chief Executive Officer to issue guarantees and comfort letters |
| **Share ownership** | • Recognition of a capital increase following the exercise of BSAs and BSPCEs<br>• Delegation to the Chairman and Chief Executive Officer to recognize a capital increase following the exercise of BSAs and BSPCEs<br>• Approval of a capital gain sharing agreement signed between the Company and the Chairman and Chief Executive Officer (related-party agreement) |
| **Corporate governance** | • Proposal for the appointment of a new director<br>• Appointment of a new member of the Audit Committee<br>• Approval of the procedure for selecting future independent directors<br>• Approval of the succession plans for the Chairman and Chief Executive Officer<br>• Approval of the recommendations on the self-assessment of the Board and Committees<br>• Approval of the Board's diversity and gender equality policies<br>• Annual review of the independence of Board members<br>• Approval of the procedure for related-party agreements and current agreements<br>• Notice of the resignation of a director |
| **Compensation** | • Approval of long-term incentive plans<br>• Approval of the employee shareholding plan<br>• Approval of the compensation for the Chairman and Chief Executive Officer<br>• Approval of the compensation for independent directors |
| **Corporate social responsibility** | • Review of key CSR performance indicators, actions carried out in 2022 and the action plan for 2023<br>• Review of ESG ratings from non-financial performance assessment agencies (see also Chapter 2, Section 2.2.1.4 on page 56 of this Universal registration document). |

In addition, a combined executive session, bringing together the directors without the Chairman and Chief Executive Officer, was held in March 2022. It covered the performance and compensation of the Chairman and Chief Executive Officer.

In October 2022, the Board also organized a strategic seminar to discuss topics of importance to the Group and meet with key executives.

During this seminar, the directors benefited from an in-depth presentation by several members of the Executive Committee on:

- trends in the digital recorded music market,
- the Group's approach to its partnerships with the main streaming and social media platforms, the strategies deployed for the Group's various offers, and
- the product and technology strategy.

### 4.1.5.3 Assessment of the Board

The internal rules stipulate that the Board must assess his ability capacity to meet shareholders' expectations by conducting periodic reviews of its membership, organization and functioning. To this end, once a year, the Board must, on the basis of a report by the Nomination and Compensation Committee, devote an item on its agenda to:

- the assessment of its operating methods;
- ensuring that important issues are properly prepared and discussed within the Board, and
- the effective contribution of each member to the work of the Board with regard to their expertise and involvement in the deliberations.

This assessment shall be made on the basis of the replies to an individual and anonymous inquiry addressed to each Board member once a year.

A formal evaluation shall be performed at least once every three years, possibly under the leadership of an independent Board member, and, when appropriate, with help from an external consultant.

The Board shall assess under the same conditions and under the same frequency the operating methods of the permanent committees set up by it.

Given its recent appointment in June 2021, the Board carried out its first assessment in 2022, to have the necessary hindsight to make an informed assessment of its composition, organization and functioning.

For this first Board assessment, a detailed questionnaire was sent in advance by the Legal Department to the directors. The questionnaire was made available in electronic format in order to guarantee the anonymity of the answers provided. All the directors responded to the questionnaire, with the exception of Ms Cécile Frot-Coutaz (FSP representative) who, by virtue of her recent appointment, did not have the necessary hindsight. Each director was able to express their views on the Board's composition, its functioning, the relevance of the items on the agenda, the quality of the discussions, the level of information provided, and the Group's governance method. The responses were examined by the Legal Department, in conjunction with the members of the Nomination and Compensation Committee.

As this is a first assessment following the creation of the Board in June 2021, the Board did not carry out an assessment with the help of an external third party.

#### Main conclusions

The results of the assessment are very positive. The directors expressed a high level of satisfaction with the composition and operation of the Board and the Committees.

Directors particularly appreciated:

- the frequency and timing of meetings;
- the quality and dynamics of discussions;
- the availability of management;
- the quality of the work carried out by the Board and its Committees.

Various proposals were examined in response to the conclusions of the evaluation and the following recommendations, already in the process of being implemented, were retained:

- formalize an annual agenda including all the main topics for the year;
- have more presentations on the specificities of the Group's business, its environment and its evolution.

### 4.1.5.4 Specialized Board Committees

The Board decides to set up standing or temporary committees, intended to facilitate the smooth operation of the Board and contribute effectively to the preparation of its decisions.

These committees are under the responsibility of the Board. They are responsible for studying matters that the Board or its Chairman submits for their review in order to prepare the work and decisions of the Board. The composition, powers and operating procedures of these committees are specified by internal rules specific to each committee. These are appended to the Board's internal rules and are available on the Company's website (*https://www.believe.com/en/about/our-governance*).

To date, the Board has created the following committees: Audit Committee, Nomination and Compensation Committee and CSR Committee.

#### Common provisions

Any decision of the Board falling within the remit of one of the committees must be examined by the latter before being submitted to the Board. Any committee may issue non-binding recommendations to the Board. As part of their duties, the Committees may hear the executives of any Group company.

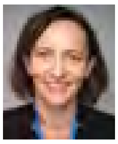
The Committees meet as often as necessary. The Audit Committee and the Nomination and Compensation Committee meet at least twice a year. The CSR Committee meets at least once a year. Committee meetings are called by its Chairman or by any of its members.

### Audit Committee

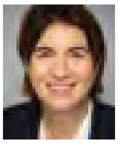
**AUDIT COMMITTEE**

| 75% | 100% | 75% | 6 |
|---|---|---|---|
| INDEPENDENCE RATE | ATTENDANCE RATE | PERCENTAGE OF WOMEN | MEETINGS |

**Composition of the Audit Committee as of December 31, 2022**



**Anne France Laclide-Drouin** ■
Chairwoman



**Orla Noonan** ■

**VENTECH represented by Alain Caffi**

**FSP represented by Cécile Frot-Coutaz** ■

■ *Independant*

#### *Composition of the Committee*

The Audit Committee is composed of at least three (3) Board members, at least two-thirds of whom are appointed from among the Board's independent members. They are appointed by the Board on the recommendation of the Nomination and Compensation Committee.

In particular, the members of the Committee should have particular expertise in financial and/or accounting matters.

All members of the Audit Committee should be briefed on the accounting, financial and operational specifics of the Company upon their appointment.

The Chairman of the Audit Committee is appointed, after special consideration, by the Board upon the proposal of the Nomination and Compensation Committee, from among the independent members. The Audit Committee may not include any executive directors.

#### *Assignments of the Committee*

**1. Monitoring of the process for preparing financial information.**

Prior to their presentation to the Board, the Committee must examine the annual or half-yearly and, where applicable, quarterly consolidated and separate financial statements. It must ensure the relevance and consistency of the accounting methods used to prepare these financial statements.

**2. Monitoring the effectiveness of internal control and risk management systems.**

The Committee ensures the relevance, reliability and implementation of the Company's procedures for internal control, identification, coverage and management of risks relating to its activities and to financial and non-financial accounting information.

The Committee shall also review the risks, including those of a social and environmental nature, and significant statement of financial position commitments of the Company and its subsidiaries.

**3. Monitoring of the statutory audit of the consolidated and separate financial statements by the Statutory Auditors.**

The Committee shall inform itself and follow up with the Company's Statutory Auditors (including without the presence of the executive directors), in particular about their general work schedule and any difficulties encountered in the performance of their duties, changes that they believe should be made to the Company's financial statements, significant risks and uncertainties relating to the preparation and processing of accounting and financial information, and significant weaknesses in internal control that they may have discovered.

**4. Monitoring the independence of the Statutory Auditors.**

The Committee shall steer the procedure for the selection and renewal of the Statutory Auditors, and submit the result of this selection to the Board.

**5. Compliance.**

The Committee shall review and monitor the systems and procedures in place to ensure the dissemination and application of best practice policies and rules on ethics, competition, fraud and corruption and, more generally, on compliance with applicable regulations.

#### *Work of the Committee*

The Audit Committee meets as often as necessary and, in any case, at least twice a year. It meets to prepare the annual and half-yearly and, where applicable, quarterly financial statements. Meetings are held before the Board meeting. If possible, the Committee meets at least two days before the meeting when the agenda of the Audit Committee concerns the review of the half-yearly and annual financial statements prior to their review by the Board.

The Committee has all the resources it deems necessary to carry out its duties.

Within the strict framework of the exercise of its duties, the Committee may contact the main executives of the Company, after having informed the Chairman of the Board and reported to the Board. The Committee may also request external technical studies on subjects within its remit. These studies are carried out at the expense of the Company within the limit of an annual budget that may be decided by the Board, after having informed the Chairman of the Board or the Board itself and reported to the Board. In such case, the Committee ensures the objectivity of the Committee in question.

The Committee may thus hear the Statutory Auditors of the Company and of the Group's companies, the finance, accounting and treasury directors as well as, where applicable, the head of internal audit. These hearings may be held, if the Committee so wishes, without the presence of members of Executive Management. It may also ask the main managers to provide it with any information.

The Committee receives communication of significant documents within its remit (notes from financial analysts, notes from rating agencies, etc.). It may request additional studies if it so wishes.

### *Work during the reporting period*

During the fiscal year 2022, the Committee met six times and gave its opinion on the following issues:

- review of financial reports;
- review of the consolidated and separate financial statements;
- review of the consistency of the press releases on the results with the financial statements;
- review of accounting principles for the fiscal year 2022;
- risk (including cybersecurity) and internal control study;
- review of the procedure for related-party and current agreements;
- study of the *Sapin II* law and GDPR.

## Nomination and Compensation Committee

**NOMINATION AND COMPENSATION COMMITTEE**

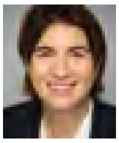
**67%** INDEPENDENCE RATE

**92%** ATTENDANCE RATE

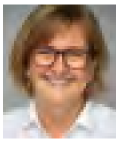
**67%** PERCENTAGE OF WOMEN

**4** MEETINGS

**Composition of the Nomination and Compensation Committee as of December 31, 2022**



**Orla Noonan** ■
Chairwoman



**Kathleen O'Riordan** ■

**John Doran**

■ *Independant*

### *Composition of the Committee*

The Nomination and Compensation Committee is composed of three (3) Board members, two (2) of whom are appointed from among the independent members of the Board. They are appointed by the Board on the basis of their independence and their expertise in the selection or compensation of executive directors of listed companies. The Nomination and Compensation Committee may not include any executive directors.

The Chairman of the Nomination and Compensation Committee is appointed from among the independent members by the Board.

### *Assignments of the Committee*

#### Appointments

One of the tasks of the Nomination and Compensation Committee is to make proposals to the Board for the appointment of the members of the Board and the members of Executive Management, as well as the members and the Chairman of the Board committees.

Each year, the Nomination and Compensation Committee examines, before the publication of the Company's corporate governance report, the situation of each Board member with regard to the independence criteria adopted by the Company, and submits its opinions to the Board with a view to the latter's examination of the situation of each person concerned with regard to these criteria.

#### Compensation

- Recommendation to the Board regarding the compensation of the Group's main executives.

  The Committee draws up recommendations that include fixed and variable compensation, but also, where applicable, any other direct or indirect compensation (including long-term) that may constitute the compensation of the members of the Executive Management.

The Committee is consulted on the same elements of the compensation of the Group's main non-corporate leaders and the policies implemented in this respect within the Group.

The Committee monitors the evolution of the fixed and variable portions of the compensation of the members of Executive Management and of the Group's main non-corporate leaders over several years in relation to the Group's performance.

- Examination and proposal to the Board concerning the method of distribution of the overall annual sum allocated to the Board by the General Meeting.
- Examination and opinion on the Group's compensation and incentive policy.

- Special assignments:

  the Committee is consulted for recommendations to the Board on any compensation relating to non-current assignments that may be entrusted by the Board to certain of its members.

### *Work of the Committee*

The Nomination and Compensation Committee meets as often as necessary and, in any case, at least twice a year.

Within the strict framework of the exercise of its duties, the Committee may contact the main executives of the Company after having informed the Chairman of the Board. The Committee may also request external technical studies on subjects within its remit. In such case, the Committee ensures the objectivity of the Committee in question.

### *Work during the reporting period*

During the fiscal year 2022, the Committee met four times and gave its opinion on the following issues:

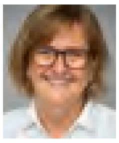
- review of the compensation for the Chairman and Chief Executive Officer;
- review of the compensation for independent directors;
- review of management team compensation;
- review of proposals for long-term incentive plans;
- review of the employee shareholding plan proposal;
- review of the corporate governance report ("Say on pay");
- review and approval of the succession plans for the Chairman and Chief Executive Officer and the procedure for selecting independent directors;
- preparation for the Board's self-assessment.

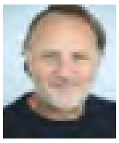
## CSR committee

**CSR COMMITTEE**

| | | | |
|---|---|---|---|
| **33%** INDEPENDENCE RATE | **100%** ATTENDANCE RATE | **33%** PERCENTAGE OF WOMEN | **3** MEETINGS |

**Composition of the CSR Committee as of December 31, 2022**


**Kathleen O'Riordan** ■
Chairwoman


**Denis Ladegaillerie**


**VENTECH represented by Alain Caffi**

■ *Independant*

### *Composition of the Committee*

The CSR Committee is composed of three (3) members of the Board, including the Chairman of the Board of Directors and one member appointed from the independent members of the Board.

The Chairman of the CSR Committee shall be appointed from among the independent members of the Board.

### *Assignments of the Committee*

The CSR Committee ensures the governance and monitoring of the Group's social and environmental projects and the preparation of the Board's decisions on environmental and social matters.

In this context, the tasks of the CSR Committee include:

1. ensuring that social and environmental responsibility issues (such as diversity and non-discrimination policies and compliance and ethics policies) are taken into account in the Group's strategy and its implementation.
2. examining the Non-Financial Performance Statement on social and environmental matters provided for in Article L. 22-10-36 of the French Commercial Code.
3. reviewing the opinions of investors, analysts and other third parties and, where appropriate, the Company's potential action plan to improve the social and environmental issues raised.
4. and examining and evaluating the relevance of the Group's commitments and strategic orientations in social and environmental matters, with regard to the issues specific to its activity and objectives, and monitor their implementation.

### *Work during the reporting period*

The CSR Committee meets as often as necessary and, in any case, at least once a year.

During the fiscal year 2022, the Committee met three times and gave its opinion on the following issues:

- review and approval of the Non-Financial Performance Statement;
- presentation of CSR objectives, main achievements and priorities;
- review of the Board's diversity and gender balance policies.

## 4.1.6 Other information

### 4.1.6.1 Financial authorizations

See Section 7.2.1 *"Share capital subscribed and share capital authorized but not issued"* on page 311 of this Universal registration document.

### 4.1.6.2 Procedures governing shareholder participation in General Meetings

See Section 7.1.5.2 *"Other provisions in the articles of association*, (i) General Meetings (Article 19 of the articles of association)" on page 309 of this Universal registration document.

### 4.1.6.3 Information referred to in Article L. 22-10-11 of the French Commercial Code

See Section 7.3.5 *"Information likely to have an impact in the event of a public or exchange offer"* on page 321 of this Universal registration document.

# 4.2 Compensation of corporate officers

This chapter, prepared with the assistance of the Nomination and Compensation Committee, presents:

- the compensation policy for corporate officers (Chairman and Chief Executive Officer and directors) in application of Article L. 22-10-8 I of the French Commercial Code. The General Meeting of June 16, 2023 will be asked to vote, as every year, on the compensation policy for corporate officers (*"Ex Ante"* vote), which will be the subject of two separate resolutions, one for the Chairman and Chief Executive Officer, one for the directors;
- the report on compensation paid during the past fiscal year or awarded during the same fiscal year, in application of Articles L. 22-10-34, I and II, and L. 22–10–9, I ("*Ex Post*" vote) including in particular:
  - the information mentioned in I of the Article L. 22-10-9 of the French Commercial Code concerning each corporate officer, as well as the ratios between the compensation of the Chairman and Chief Executive Officer, the compensation of employees and the Company's performance over five financial years. This information will be the subject of a resolution submitted to the vote of the General Meeting of Shareholders in 2023 pursuant to Article L. 22-10-34, I of the French Commercial Code (the "Overall *Ex Post*" vote);
  - the fixed, variable and exceptional components of the total compensation and benefits of any kind paid or allocated to the Executive Director during the past financial year. The allocation or payment of these components of compensation will be the subject of a separate resolution for the Chairman and Chief Executive Officer (the "Individual *Ex Post*" vote);
- the standardized tables summarizing the information to be included in the Universal registration document on the compensation paid or allocated to corporate officers by the Company and any company included in the scope of consolidation pursuant to Article L. 233-16 of the French Commercial Code, in accordance with the AFEP-MEDEF Code and the relevant AMF recommendations ("AMF Tables").

## 4.2.1 Compensation policy

### 4.2.1.1 Governance

In accordance with the principles defining the compensation policy, the Nomination and Compensation Committee, composed of two-thirds of independent directors and chaired by an independent director, follows a rigorous process in the development of the compensation policy for corporate officers:

- It enables the Board to issue an opinion in accordance with both the legal and regulatory provisions and best governance and market practices;
- It analyzes and proposes the principles and indicators for determining, reviewing and implementing the compensation policy for corporate officers, as well as the general policy for the allocation of stock options or performance shares, if applicable.

Its powers and operating procedures, and the details of its work during the past fiscal year, are described in the first Section*, "Corporate governance"*, of this chapter (page 167).

### 4.2.1.2 Director compensation policy

On the proposal of the Nomination and Compensation Committee, the Board freely distributes among its members the total annual amount allocated to the compensation of the Board by the General Meeting of Shareholders.

- The Board examines the appropriateness of the level of compensation of the directors with regard to the duties and responsibilities incumbent on each of them. The Board also relies on comparative studies carried out on companies of similar size.
- Within the Board, only independent directors and non-voting members receive compensation for the performance of their office. This compensation is composed of:
  - a fixed portion, linked to their duties as director and non-voting member and, where applicable, as a member or Chairperson of a committee. This fixed portion is prorated for directors who joined or left the Board during the fiscal year,
  - a predominant variable portion, based on their actual participation in the meetings of the Board and, if applicable, of the committees in which they are members.
- In addition, the Board may allocate extraordinary compensation to some of its members for assignments entrusted to them that do not fall within the scope of their mandate and are of a temporary nature. These missions or mandates are, where applicable, subject to the related-party agreement procedure (Article L. 225-38 of the French Commercial Code).
- Each director (including the non-independent directors) is entitled to reimbursement, on presentation of receipts, of travel expenses incurred by them in the performance of their duties, within the limits set by the applicable policy within the Company.
- The amount of the budget approved by the General Meeting of June 20, 2022 is set at €300,000.
- The compensation allocated to directors breaks down as follows:
  - fixed compensation of €20,000 for Board members, plus fixed compensation of €2,500 for members of the Audit Committee (€5,000 for its Chairman) and €1,250 for members of the Nomination and Compensation Committee and the CSR Committee (€2,500 for their respective Chairmen),
  - variable compensation capped at €25,000 for Board members, plus variable compensation capped at €2,500 for members of the Audit Committee (€5,000 for its Chairperson) and €1,250 for the members of the Nomination and Compensation Committee and the CSR Committee (€2,500 for their respective Chairpersons),
  - this variable compensation is paid in proportion to the attendance rate at Board and Committee meetings within the limits indicated above.
- The Chairman of the Board does not receive any compensation in respect of his office.

| Annual amount | Chairperson | | Member | |
|---|---|---|---|---|
| *(in €)* | Fixed compensation | Variable compensation | Fixed compensation | Variable compensation |
| Board of Directors | - | - | 20,000 | 25,000 |
| Audit Committee | 5,000 | 5,000 | 2,500 | 2,500 |
| Nomination and Compensation Committee | 2,500 | 2,500 | 1,250 | 1,250 |
| CSR committee | 2,500 | 2,500 | 1,250 | 1,250 |

### 4.2.1.3 Compensation policy for the executive director

#### Principles

The Board of Directors refers to the recommendations of the AFEP-MEDEF Code for the determination, review and implementation of the compensation granted to corporate officers. In accordance with these recommendations, it ensures that the compensation policy complies with the principles of comprehensiveness, balance, comparability, consistency, transparency and reasonableness, and takes into account market practices.

The compensation policy is reviewed and discussed by the Board on a regular basis in order to be in line with the Company's interest, consistent with the Company's commercial strategy and to support its sustainability.

The principles of the compensation policy enable the executive to be aligned with the execution of the strategy and the objectives of long-term value creation, by creating a strong incentive. These principles aim to ensure external competitiveness and reward performance while guaranteeing the external and internal acceptability of compensation. They also guide the structuring of overall compensation, the choice of performance criteria and the setting of targets.

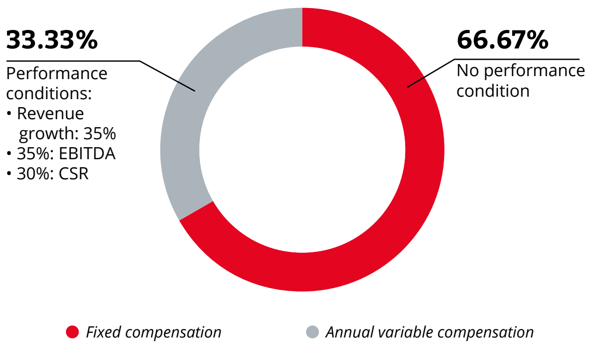
The principles of the compensation policy adopted by the Board apply consistently to the Chairman and Chief Executive Officer and the Group's main executives. This compensation policy is based on the following pillars:

| | |
|---|---|
| **Alignment with the long-term strategy** | The compensation policy for executives, corporate officers and non-corporate officers promotes the achievement of the Group's growth strategy and the long-term value creation. This pillar aims to ensure alignment with the interests of the shareholders. |
| **Comparability and competitiveness** | Ensure the competitiveness of the total compensation by comparing the compensation levels and structures with a stable and consistent set of companies. |
| **Fairness and internal consistency** | Ensure fairness and consistency of the compensation paid within the Group. The Board, on the recommendation of the Nomination and Compensation Committee, ensures that the executive compensation policy is assessed in a consistent and fair manner in line with the general compensation policy applied to all Group employees. As such, it is invited to express its opinion on the Group's general compensation policy and principles and is informed annually of any compensation reviews for the management teams. |

## Target positioning and evolution of total compensation

- The Nomination and Compensation Committee ensures the balance between the Company's corporate interest and the competitiveness of total compensation, which is assessed on the basis of external studies and a comparison panel made up of SBF 80 companies.
- As such, the compensation aims to be positioned at the lower limit of the panel of SBF 80 companies. The Chairman and Chief Executive Officer, a significant shareholder of the Company, with 12.51% of the share capital, does not receive long-term variable compensation.

## Breakdown of total annual compensation




### *Fixed compensation*

The fixed compensation is determined by the Board on the proposal of the Nomination and Compensation Committee in a fair and competitive manner.

The fixed compensation reflects the level of responsibility, experience and skills of the Chairman and Chief Executive Officer.

Given the Company's evolution and growth, the Board reserves the right to propose that the General Meeting change this compensation in 2024.

It serves as the basis for calculating the target and maximum percentage of the annual variable portion.

### *Annual variable compensation*

The target amount of the annual variable compensation is set at 50% of the fixed compensation, with no minimum guarantee.

In the event of outperformance, the annual variable compensation may reach 66% of the fixed compensation.

The variable compensation criteria are in line with the principles of the compensation policy aligned with the Group's strategy. The variable compensation is made up of financial and non-financial performance criteria, the nature and weighting of which are defined according to the Group's strategic priorities.

The Board, on the proposal of the Nomination and Compensation Committee, sets the annual targets to be achieved.

It is recalled that the payment of the variable compensation in cash is subject to the result of the "Individual *Ex Post*" vote by shareholders at the General Meeting.

**PERFORMANCE CRITERIA**

| | Target | | Maximum | |
|---|---|---|---|---|
| Indicator | as a % of fixed compensation | On target bonus | as a % of fixed compensation | Based on target bonus |
| **Financial criteria** | **35.0%** | **70.0%** | **51.0%** | **102.0%** |
| Revenue growth | 17.5% | 35.0% | 25.5% | 51.0% |
| Adjusted EBITDA | 17.5% | 35.0% | 25.5% | 51.0% |
| **Extra-financial criteria** | **15.0%** | **30.0%** | **15.0%** | **30.0%** |
| Gender equality | 5.0% | 10.0% | 5.0% | 10.0% |
| Training rate | 5.0% | 10.0% | 5.0% | 10.0% |
| Rate of ambassadors | 5.0% | 10.0% | 5.0% | 10.0% |

**Financial criteria (70%)**

- The financial performance criteria are based on ambitious revenue growth and result (adjusted EBITDA) targets, defined as per the budget.
- Financial objectives are set and assessed each year by the Board on the proposal of the Nomination and Compensation Committee with the support of the Audit Committee.
- The award scale for these financial targets may vary between 0% and 25.5% of the fixed compensation, respectively, depending on the level of achievement.
- Variable compensation is paid at to 50% of the target variable compensation from a target achievement rate of 80%, and follows linear interpolation for an achievement rate of between 80% and 100%. This compensation may reach 146% of the target variable compensation if 120% of the target is achieved. No payment is planned for less than 80% of the achievement of targets.

**Non-financial criteria – CSR (30%)**

- The non-financial performance criteria are based on quantitative objectives in line with the implementation of the Group's CSR strategy.
- CSR objectives are set and assessed each year by the Board of Directors on the recommendation of the Nomination and Compensation Committee with the support of the CSR Committee.
- Award scale: variable compensation is only paid in the event of an achievement rate of 100%. No outperformance is applied. Each target is assessed separately.
- The award scale for the non-financial performance criterion varies between 0% and 15% of the annual fixed compensation depending on the level of achievement of each target.

### *Long-term variable compensation*

The Chairman and Chief Executive Officer, who owns 12.51% of the Company, does not receive long-term variable compensation, in cash or shares.

The Board, on the recommendation of the Nomination and Compensation Committee, considered that alignment with the long-term interests of the Company's shareholders is ensured to the extent that Denis Ladegaillerie is a significant shareholder of the Company.

In this respect, it is recalled that the Chairman and Chief Executive Officer has undertaken, with the exception of some rare cases, to retain the shares he holds for a period of three years from the date of settlement-delivery of the Company's shares in the context of their admission to trading on the Euronext Paris regulated market on June 11, 2021.

### *Compensation allocated for the term of office as director*

The Chairman and Chief Executive Officer does not receive any compensation for his office as a director of the Company.

### *Severance pay*

The Chairman and Chief Executive Officer will not receive any severance pay.

### *Non-compete compensation*

In order to protect the Group's interests as well as its development in a highly specialized sector, the Chairman and Chief Executive Officer would be subject, in the event of his departure, to a non-compete commitment for a period of 24 months. In this respect, he would receive a monthly lump sum payment equal to 50% of the average monthly fixed and variable compensation received during the 12- and 24-month period preceding the end of his term of office.

Any breach of the non-compete obligation would oblige the Chairman and Chief Executive Officer to repay the monthly non-compete indemnities already received and, where applicable, the Company would no longer be required to pay the monthly non-compete indemnities for the remaining period until the end of the two-year period and would reserve the right to claim damages for unfair competition.

At the termination of the Chairman and Chief Executive Officer's term of office, the Board may decide to waive the non-compete obligation. The Chairman and Chief Executive Officer would then be free from all the constraints of the non-compete obligation and the Company would be released from any commitment to pay the Chairman and Chief Executive Officer any non-compete indemnity.

### *Other elements of compensation*

The Chairman and Chief Executive Officer has no employment contract and does not benefit from any other element of compensation in respect of his office such as:

- multi-year variable compensation;
- extraordinary compensation;
- supplementary pension plan.

### *Benefits in kind*

The Chairman and Chief Executive Officer receives no in-kind benefits.

## Waiver in exceptional circumstances

No element of compensation, benefits or commitments of any kind may be awarded or paid by the Company if it does not comply with the compensation policy approved by the General Meeting of Shareholders.

However, in the event of exceptional circumstances, the Board of Directors may waive the application of the compensation policy. This exemption must then be temporary, in line with the Company's interests and necessary to guarantee the Company's sustainability or viability in accordance with the provisions of Article L. 22-10-8 of the French Commercial Code.

The Board has decided to include this option in the compensation policy, when these exceptional circumstances arise from external events independent of a decision by the Company and may have an impact on the criteria previously approved by the General Meeting.

The Board, on the proposal of the Nomination and Compensation Committee, may adjust one or more criteria for annual variable compensation.

If such an exemption is used by the Board, the changes will be made public after the Board meeting that approved them. These adjustments must be justified and maintain the alignment of the interests of the shareholders with those of the Chairman and Chief Executive Officer.

In accordance with Article L. 22-10-34 of the French Commercial Code, this practice would remain subject to the binding vote of the shareholders and the corresponding variable compensation would only be paid after approval by the next General Meeting.

## Claw back clause

The compensation policy does not provide for a specific variable compensation repayment mechanism (Claw back).

### Application of the compensation policy in 2022

Fixed compensation: €233,333

**ANNUAL VARIABLE COMPENSATION**

| | | Rating | | | Achievement | |
|---|---|---|---|---|---|---|
| Performance criteria | Weight (%) | Minimum % | Target % | Maximum % | Results for 2022 | Achievement rate (weighted) |
| **Financial performance criteria (70% of the target variable compensation)** | **70%** | **50%** | **100%** | **146%** | | **139%** |
| Annual growth of the Group's consolidated revenue | 35% | +16.9% | +21.1% | +25.3% | +32.2% | 151% |
| Group consolidated adjusted EBITDA | 35% | €21.1 million | €27.3 million | €33.9 million | €34.7 million | 127% |
| **Non-financial criteria (30% of the target variable compensation)** | **30%** | **0%** | **100%** | **100%** | | |
| Gender parity | 10% | 42.0% | 42.0% | 42.0% | 43.1% | 100% |
| Group learning rate | 10% | 77.0% | 77.0% | 77.0% | 90.6% | 100% |
| Percentage of employees involved in ambassador groups(1) | 10% | 8.5% | 8.5% | 8.5% | 8.9% | 100% |

*(1) The ambassadors are employees who devote part of their time to projects that have a positive impact on the teams and their environment. They submit, initiate and contribute to actions in areas such as respect for and promotion of gender equality, diversity and environmental protection.*

### Compensation policy for the fiscal year ended December 31, 2023

In line with the corporate officers' compensation policy, the Board decided upon recommendation from the Nomination and Compensation Committee during its meeting on March 20, 2023 to maintain for the 2023 fiscal year the general compensation structure for the Chairman and Chief Executive Officer, applicable in accordance with the 2022 fiscal year, and approved during the June 20, 2022 General Meeting.

At its meeting of March 20, the Board decided, on the recommendation of the Nomination and Compensation Committee, to marginally adjust certain criteria.

Thus, the EBITDA criterion is now expressed as a percentage of Revenue. In addition, to correspond more to the Company's CSR strategy, Shaping Music for Good, the ambassador criterion has been replaced by the ENPS criterion (employee job satisfaction score).

The financial objectives are defined according to the budget and CSR goals are aligned with fixed CSR Group policy goals.

# 4.2.2 Compensation paid or awarded to corporate officers during the fiscal year ended December 31, 2022

## 4.2.2.1 Compensation of the Chairman and Chief Executive Officer for the fiscal year ended December 31, 2022

**COMPENSATION AND BENEFITS OF ANY KIND PAID OR AWARDED IN RESPECT OF THE EXECUTIVE CORPORATE OFFICE OF DENIS LADEGAILLERIE, CHAIRMAN AND CHIEF EXECUTIVE OFFICER**

| | Amounts | Description |
|---|---|---|
| Fixed compensation | €233,333 | The gross fixed compensation of €233,333 for the fiscal year 2022 was approved by the General Meeting of Shareholders of June 20, 2022. It represents 66.67% of the total annual compensation when targets are met and is reviewed at each renewal or termination of office in accordance with the AFEP-MEDEF Code. |
| Annual variable compensation | €154,000 | The target amount of the variable compensation for Mr Denis Ladegaillerie is €116,667, *i.e.* 50% of his fixed compensation and is based:<br>● for 70% of target compensation on two financial criteria. Variable compensation is triggered by an achievement rate of 80% of the objective, giving entitlement to an allocation of 50% of the target compensation and follows a linear interpolation for an achievement rate of between 80% and 100%, with a maximum of 146% if the target is 120% achieved;<br>● up to 30% of the target compensation based on three non-financial criteria, based on quantitative objectives. Variable compensation is only granted in the event of an achievement rate of 100% and does not give rise to any outperformance. Each criterion is assessed separately.<br>In the event of outperformance, variable compensation may reach 66% of fixed compensation, *i.e.* €154,000.<br>On the recommendation of the Nomination and Compensation Committee, the Board, at its meeting of March 20, 2023, set the annual variable compensation of Mr Denis Ladegaillerie at €154,000, *i.e.* a performance criteria achievement rate of 146%, representing 66% of fixed compensation:<br>● the financial performance criteria are based on a revenue growth target of 35% of the annual variable compensation and a consolidated adjusted EBITDA target of 35% of the annual variable compensation. The achievement rates for these two objectives were, respectively, 151% and 127%. The weighted result amounts to 132% of the target annual variable compensation, *i.e.* 66% of the fixed compensation. The amount allocated for the 2022 financial objectives is €119,000;<br>● the non-financial performance criteria represent 30% of the target annual variable compensation and are based on three social objectives, each weighted at one-third of the non-financial performance: gender parity, training rate, “CSR” ambassador rate. The achievement rates for these three targets were respectively of 43.1%, 90.6% and 8.95%. The weighted result amounts to 100% of the target annual variable compensation, *i.e.* 15% of the fixed compensation. The amount paid for 2022 non-financial objectives was €35,000. |

| | Amounts | Description |
|---|---|---|
| Multi-year variable compensation | N/A | No multi-year variable compensation |
| Stock options, performance shares or any other element of long-term compensation | N/A | No allocation of options or performance shares |
| Compensation in respect of the office as director | N/A | No compensation is paid in respect of the office as director |
| Benefits in kind | N/A | No benefits in kind |

## 4.2.2.2 Compensation and benefits of any kind paid or awarded in respect of the office of director

| | | FY 2022 | | FY 2021 | |
|---|---|---|---|---|---|
| *(in €)* | Independent director or non-voting member | Amount granted | Amount paid | Amount granted | Amount paid |
| **Denis Ladegaillerie** | No | | | **N/A** | N/A |
| Fixed compensation | | | | | |
| Variable compensation | | | | | |
| **Alain Caffi, representative of Ventech** | No | | | **N/A** | N/A |
| Fixed compensation | | | | | |
| Variable compensation | | | | | |
| **John Doran** | No | | | **N/A** | N/A |
| Fixed compensation | | | | | |
| Variable compensation | | | | | |
| **Nicolas Rose, representative of XAnge** | No | | | **N/A** | N/A |
| Fixed compensation | | | | | |
| Variable compensation | | | | | |
| **Cécile Frot-Coutaz(1), representing FSP** | Yes | **47,658** | 47,658 | **N/A** | N/A |
| Fixed compensation | | 21,329 | 21,329 | | |
| Variable compensation | | 26,329 | 26,329 | | |
| **Kathleen O'Riordan** | Yes | **48,021** | 48,021 | **31,789** | **31,789** |
| Fixed compensation | | 23,750 | 23,750 | 14,381 | 14,381 |
| Variable compensation | | 24,271 | 24,271 | 17,408 | 17,408 |
| **Orla Noonan** | Yes | **55,000** | 55,000 | **30,741** | **30,741** |
| Fixed compensation | | 25,000 | 25,000 | 13,973 | 13,973 |
| Variable compensation | | 30,000 | 30,000 | 16,768 | 16,768 |
| **Anne-France Laclide-Drouin** | Yes | **55,000** | 55,000 | **30,741** | **30,741** |
| Fixed compensation | | 25,000 | 25,000 | 13,973 | 13,973 |
| Variable compensation | | 30,000 | 30,000 | 16,768 | 16,768 |

*(1) Cécile Frot-Coutaz was a non-voting member from January to June 20, 2022 before being appointed director. She attended six Board meetings during the year, three of which as a non-voting member and three as a director. Her compensation as a non-voting member was €21,870, representing 46% of the total amount of compensation she received in 2022.*

### 4.2.2.3 Internal comparisons/equity ratios

#### Methodology

For the calculation of the ratios presented below in accordance with Article L. 22-10-9, part I, Section 6, of the French Commercial Code, the Company referred to the AFEP-MEDEF guidelines of December 20, 2022.

The scope used is that of the French company Believe SA and the subsidiaries included in the scope of consolidation.

France, the country of origin and head office of the Group with nearly 40% of its headcount, is the natural reference scope for determining the ratio.

In accordance with the AFEP-MEDEF recommendations, the elements included in the calculation of the equity ratios concern all the elements of compensation, excluding employer social security contributions, paid during the year to the Chairman and Chief Executive Officer and the employees (fixed compensation, variable, extraordinary or deferred compensation, benefits in kind and any other benefit allocated or paid during the fiscal year, and where applicable the amount of stock options or shares awarded recognized under IFRS 2 during the reporting period).

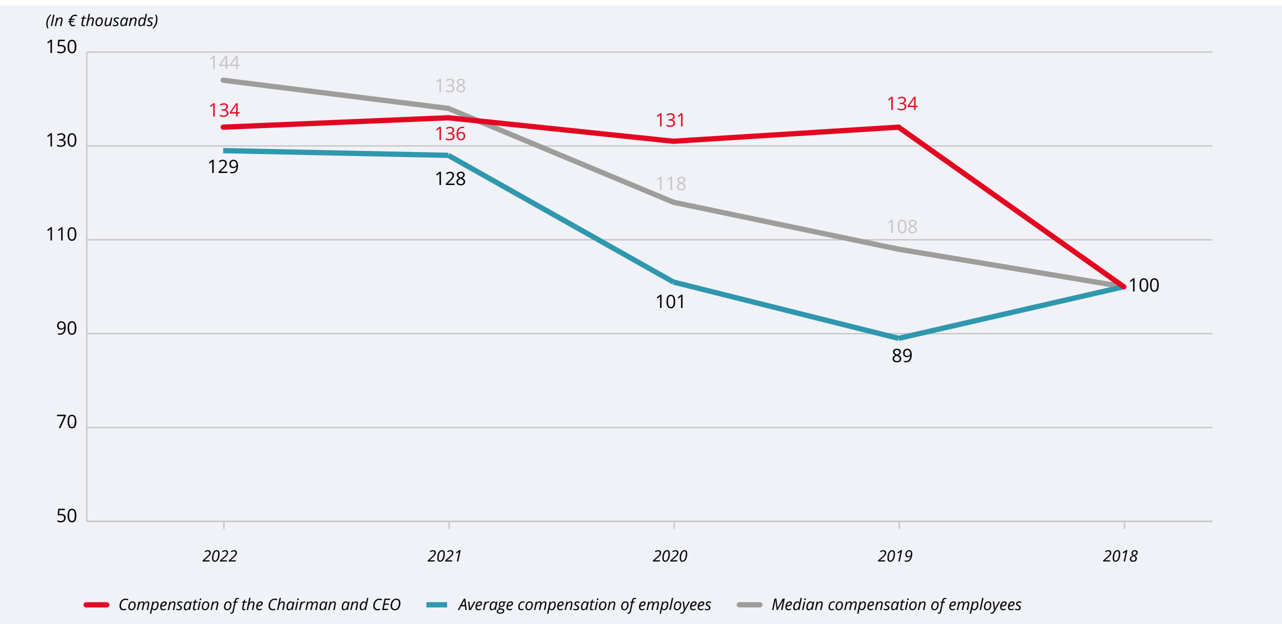
The employees taken into account in the calculation of the ratio are employees who were present and active throughout the year in question, excluding interns, work-study contracts and people on long-term leave. Annual fixed and variable compensation is determined on a full-time basis.

The Company's performance is measured by changes in its Revenue and Adjusted EBITDA. These two indicators are used to measure the performance of the Chairman and Chief Executive Officer on an annual basis.

#### Change in the annualized gross compensation of the executive director and the employees during the five past years

| *(in €)* | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|
| **Compensation of the Chairman and Chief Executive Officer** | 375,696 | 383,333 | 369,286 | 378,191 | 281,277 |
| Change in the compensation of the Chairman and Chief Executive Officer | -2.0% | +3.8% | -2.4% | +34.5% | +3.5% |
| Average compensation of employees | 76,250 | 75,406 | 59,450 | 52,666 | 59,137 |
| Compensation of the Chairman and Chief Executive Officer based on the average compensation of employees | x4.9 | x5.1 | x6.2 | x7.2 | x4.8 |
| Median compensation of employees | 57,000 | 54,931 | 47,020 | 42,854 | 39,720 |
| Compensation of the Chairman and Chief Executive Officer based on the median compensation of employees | x6.6 | x7.0 | x7.9 | x8.9 | x7.1 |

Change in the compensation of the Chairman and Chief Executive Officer, average and median employee compensation

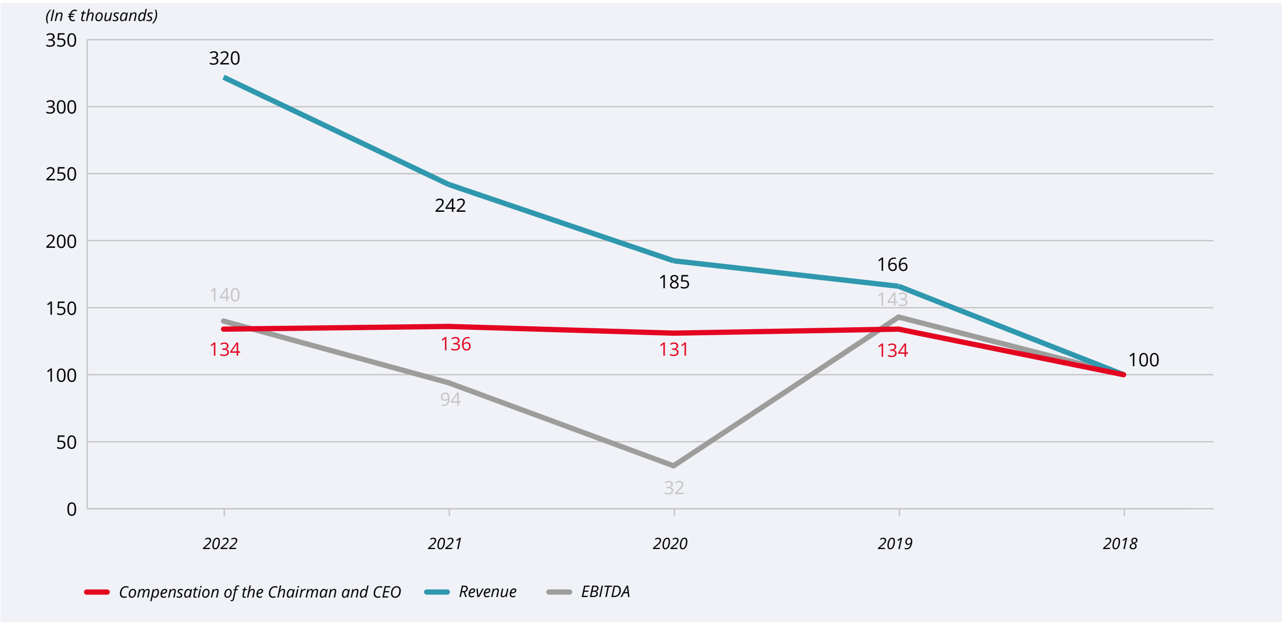


## Annual change in the performance of the Company, the total compensation of the executive director and the average compensation of employees on a full-time basis over five years

| Information on the Company's performance *(in €)* | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|
| **Compensation of the Chairman and Chief Executive Officer** | 375,696 | 383,333 | 369,286 | 378,191 | 281,277 |
| Change in the compensation of the Chairman and Chief Executive Officer | -2.0% | +3.8% | -2.4% | +34.5% | +3.5% |
| Change (as a %) in revenue compared to the previous fiscal year | +32.2% | 30.7% | +11.9% | + 65.7% | N/A |
| Change (as a %) of EBITDA compared to the previous fiscal year | +48.9% | +202.6% | -78.2% | + 42.9% | N/A |

*The performance indicators for the 2019, 2020 and 2021 fiscal years are extracted from the Group's IFRS consolidated financial statements. For the sake of comparability, the performance for 2017 and previous fiscal years is therefore not presented, insofar as the Group's consolidated financial statements for these years were prepared only in accordance with French accounting standards.*

**Change in the compensation of the Chairman and Chief Executive Officer and the Group's performance**



## Standardized tables (AMF tables)

### TABLE 1: SUMMARY TABLE OF COMPENSATION AND STOCK OPTIONS AND SHARES GRANTED IN RESPECT OF THE FISCAL YEAR

| *(in €)* | FY 2022 | FY 2021 | FY 2020 |
|---|---|---|---|
| **Denis Ladegaillerie**, Chairman and Chief Executive Officer | | | |
| Compensation due in respect of the fiscal year (detailed in Table 2) | 375,696 | 375,696 | 369,286 |
| Value of the multi-year variable compensation granted during the fiscal year | 0 | 0 | 0 |
| Value of the stock options granted during the fiscal year | 0 | 0 | 0 |
| Value of the performance shares granted during the fiscal year | 0 | 0 | 0 |
| Value of other long-term compensation plans | 0 | 0 | 0 |

### TABLE 2: SUMMARY OF THE COMPENSATION OF THE EXECUTIVE DIRECTOR

| | FY 2022 | | FY 2021 | | FY 2020 |
|---|---|---|---|---|---|
| *(in €)* | Amount due for the fiscal year | Amount paid in 2022 | Amount due for the fiscal year | Amount paid in 2021 | Amount due for the fiscal year |
| **Denis Ladegaillerie**, Chairman and Chief Executive Officer | | | | | |
| Fixed compensation | 233,333 | 233,333 | 233,333 | 233,333 | 200,000 |
| Annual variable compensation | 154,000 | 142,363 | 142,363 | 150,000 | 150,000 |
| Multi-year variable compensation | 0 | 0 | 0 | 0 | 0 |
| Extraordinary compensation | 0 | 0 | 0 | 0 | 0 |
| Director/corporate officer compensation | 0 | 0 | 0 | 0 | 19,286 |
| Benefits in kind | 0 | 0 | 0 | 0 | 0 |
| **TOTAL** | | | **375,696** | **383,333** | **369,286** |

### TABLE 4: SUBSCRIPTION OR PURCHASE OPTIONS GRANTED DURING THE FISCAL YEAR TO EACH EXECUTIVE DIRECTOR

| *(in €)* | Plan no. and date | Type of stock options (purchase or subscription) | Value of the options | Number of stock options granted during the fiscal year | Exercise price | Exercise period |
|---|---|---|---|---|---|---|
| **Denis Ladegaillerie**, Chairman and Chief Executive Officer | None | None | None | None | None | None |

#### TABLE 5: SUBSCRIPTION OR PURCHASE OPTIONS EXERCISED DURING THE FISCAL YEAR

| *(in €)* | Plan no. and date | Number of options exercised during the fiscal year | Exercise price |
|---|---|---|---|
| **Denis Ladegaillerie**, Chairman and Chief Executive Officer | None | None | None |

#### TABLE 6: PERFORMANCE SHARES GRANTED DURING THE FISCAL YEAR

| *(in €)* | Plan no. and date | Number of shares granted during the fiscal year | Value of the shares as per the method used for the consolidation of the financial statements | Acquisition date | Vesting date | Performance conditions |
|---|---|---|---|---|---|---|
| **Denis Ladegaillerie**, Chairman and Chief Executive Officer | None | None | None | None | None | None |

#### TABLE 7: PERFORMANCE SHARES VESTED DURING THE FISCAL YEAR

| *(in €)* | Plan no. and date | Number of shares vesting during the fiscal year |
|---|---|---|
| **Denis Ladegaillerie**, Chairman and Chief Executive Officer | None | None |

#### TABLE 8: HISTORICAL INFORMATION ABOUT SUBSCRIPTION OR PURCHASE OPTIONS GRANTS

| *(in €)* | Plan |
|---|---|
| Date of General Meeting | |
| Date of Board of Directors meeting | |
| Total number of shares that may be subscribed or purchased by: | |
| the corporate officer Denis Ladegaillerie | None |
| Starting date for exercise of stock options | |
| Expiry date | |
| Subscription or purchase price | |
| Form | |
| Number of shares subscribed | |
| Cumulative number of lapsed and cancelled share subscription or purchase options | |
| Remaining share subscription or purchase options at year-end | |

#### TABLE 9: SUBSCRIPTION OR PURCHASE OPTIONS GRANTED TO THE TOP TEN EMPLOYEES EXCLUDING CORPORATE OFFICERS WHO HAVE RECEIVED THE MOST STOCK OPTIONS, AND STOCK OPTIONS EXERCISED BY SUCH EMPLOYEES

| *(in €)* | Total number of options granted/ exercised | Weighted average price | BSA 2012 | BSA 2016-1 | BSA 2016-2 | BSPCE 2016-2 | BSA 2018 | BSPCE 2018 | BSA 2019 | BSPCE 2019 |
|---|---|---|---|---|---|---|---|---|---|---|
| Options granted during the fiscal year by Believe SA to the ten employees of any eligible company with the highest number of shares | None | None | | | | | | | | |
| Options exercised (previously held on Believe SA) by the ten Group employees with the highest number of options exercised | 145,059 | 10.01 | 4,574 | 0 | 15,599 | 11,650 | 28,332 | 40,416 | 30,833 | 8,555 |

#### TABLE 10: HISTORICAL INFORMATION ABOUT PERFORMANCE SHARE GRANTS

| *(in €)* | Plan |
|---|---|
| Date of General Meeting | |
| Date of Board of Directors meeting | |
| Total number of shares granted, including the number granted to: | |
| the corporate officer Denis Ladegaillerie | None |
| Acquisition date | |
| End date of lock-up period | |
| Number of shares vested | |
| Cumulative number of lapsed and cancelled shares | |
| Performance shares remaining at year-end | |

#### TABLE 11: CONTRACTUAL SUMMARY AND COMMITMENTS

| Executive directors | Employment contract | Supplementary pension plan | Payments or benefits due or likely to be due owing to termination or change of office | Payments in relation to a non-compete clause |
|---|---|---|---|---|
| **Denis Ladegaillerie**, Chairman and Chief Executive Officer | No | No | No | Yes |

### 4.2.2.4 Principles and rules used for the allocation of free shares

- As part of the listing of its shares for trading on the regulated market of Euronext Paris and in accordance with the Group's compensation policy, Believe has implemented a long-term incentive policy for its main executives. The Company prefers to allocate shares to compensation paid exclusively or mainly in cash. Executives are thus closely involved in long-term growth and value creation objectives.
- To this end, the General Meeting held on June 20, 2022 approved in its 22nd resolution, a performance share allocation program for a total of 2.9% of the share capital over a period of 38 months.
- These awards will benefit key executives and employees of the Company and its related companies within the meaning of Article L. 22-197-2 of the French Commercial Code.
- The Chairman and Chief Executive Officer of the Company, the only executive director, is not concerned by this program *(see Section 4.1.2.3).*
- The resolution provides that the shares will be awarded subject to the continued employment of the employee concerned and subject to long-term performance conditions linked by revenue growth, the change in share price compared to that of a benchmark index and CSR objectives. Each performance condition represents one-third of the initial allocation.
- The Board of Directors, at its meetings of May 3 and December 9, 2022, under the authorization granted by the General Meeting of June 20, 2022, and on the proposal of the Nomination and Compensation Committee, approved the adoption of a performance share plan up to a maximum of 0.94% of the share capital, *i.e.* 903,631 shares intended for 28 beneficiaries.
- The shares under this plan will be awarded at the end of a three-year vesting period (*i.e.* May 3, 2025 and September 1, 2025), subject to the continued employment of the employee concerned, and subject to the following performance conditions:
  - revenue growth (33%),
  - change in the share price compared to that of Eurostoxx 600 Technology companies: the Board, on the recommendation of the Nomination and Compensation Committee, considered that the composition of this index was more relevant in light of the specific features of Believe (33%),
  - achievement of social objectives based on long-term objectives related to gender parity, the rate of employee training and the rate of participation in ambassador groups (33%).
- Change of control of the Company.
- If, during the vesting period, (i) a public tender offer and/or exchange offer is launched on the Company's shares or (ii) a shareholder acting alone or in concert holds more than 30% of the Company's share capital, the Board may, at its discretion, decide to modify the performance conditions in order to assess them at the time of one of the above-mentioned events or to remove any continued employment and/or performance condition and consider that the shares are to vest early, subject to compliance with a minimum two-year vesting period.

### 4.2.2.5 Employee share ownership

Under the authorization granted by the General Meeting, on May 25, 2021, the Company implemented its first employee shareholding operation in the second half of 2022. Through employee shareholding, the Company aims to strengthen employee commitment to the corporate "Shaping Music for Good" project driven by the four values: respect, expertise, fairness and transparency for all stakeholders.

This first operation was rolled out in six countries representing nearly 80% of the headcount, up to a limit of 0.5% of the share capital, *i.e.* 480,000 shares. 40% of eligible employees subscribed for 337,457 shares, *i.e.* the equivalent of 0.35% of the Company's share capital *(see Section 7.3.3)*.

#### SUMMARY OF CURRENT FREE SHARE PLANS AS OF 12/31/2022

| *(in €)* | 2022 | | 2021 | 2020 | 2019 |
|---|---|---|---|---|---|
| Date of General Meeting | 06/20/2022 | 05/25/2021 | 05/25/2021 | N/A | N/A |
| Date of Board of Directors meeting | 12/09/2024 | 05/03/2022 | 09/15/2024 | | |
| Performance conditions | (1) | (1) | (1) | | |
| Number of beneficiaries | 1 | 27 | 29 | | |
| Executive directors | | | | | |
| Denis Ladegaillerie, Chairman and CEO | N/A | N/A | N/A | | |
| Type of shares | Ordinary | Ordinary | Ordinary | | |
| Vesting period | 3 years | 3 years | 3 years | | |
| Lock-up period | 0 | 0 | 0 | | |
| Acquisition date | 12/09/2024 | 05/03/2025 | 09/15/2024 | | |
| End date of lock-up period | 12/09/2024 | 05/03/2025 | 09/15/2024 | | |
| Maximum number of shares granted | 113,333 (2) | 790,298 (2) | 784,543 (2) | | |
| Cumulative number of lapsed and cancelled shares | 0 | 0 | 98,696 | | |
| Performance shares remaining at year-end | 113,333 | 790,298 | 685,847 | | |

*(1) One-third of the award is based on revenue growth over three years.*
*One-third of the award is based on the performance of the Believe share price compared to Eurostoxx 600 Tech.*
*One-third of the award is based on the Company's three-year CSR indicators.*
*Gender parity rate, training rate of Believe employees, the rate of participation in ambassador groups on CSR issues.*

*(2) Maximum number of shares including the shares that may be acquired in the event of outperformance.*


Sebastian Baare – Creative Marketing Producer – Germany

# 5. Review of the financial position and results

***Readers are invited to read the following information on the Group's results together with the Group's consolidated financial statements for the fiscal year ended December 31, 2022, as presented in Chapter 6 of this Universal registration document.***

***The Group's consolidated financial statements for the fiscal year ended December 31, 2022 have been prepared in accordance with International Financial Reporting Standards (IFRS) as published by the International Accounting Standards Board (IASB), and adopted by the European Union at December 31, 2022. The audit report from the Statutory Auditors on the Group's consolidated financial statements for the fiscal year ended December 31, 2022 is provided in Section 6.3 of this Universal registration document.***

# 5.1 Overview

## 5.1.1 Introduction

The Group is a leader in the digital music market for independent labels and local artists, with extensive experience in the field of digital artist development and catalog performance optimization. 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 solid positions in recent years. The Group is organized as a global digital platform developing high value-added technological solutions for all artists, adapted to each stage of their career development, whether they are music creators, emerging artists, established artists or top artists. Believe has also built strong local teams, trained to use tools and solutions to their best advantage to serve artists and labels.

With 1,651 employees as of December 31, 2022 and a presence in more than 50 countries, the Group benefits from cutting-edge technological capabilities and offers artists its expertise in music, digital marketing and data analysis all over the world. This organization enables the Group to help music creators, artists and labels develop their digital audience, at each stage of their career and in all local markets, with respect, expertise, fairness and transparency (see Chapter 1 *"Presentation of the Group"* of this Universal registration document). Believe offers its various solutions through a portfolio of commercial brands including Believe, TuneCore, Nuclear Blast, Naïve, Groove Attack, AllPoints, Ishtar and Byond.

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

The Group's consolidated financial statements include the Company and its subsidiaries (hereafter referred to as the "Group").

The Group has recorded strong business growth in recent years, jumping from consolidated revenue of €577.2 million for the fiscal year ended December 31, 2021 to €760.8 million for the fiscal year ended December 31, 2022, *i.e.* an increase of 31.8%.

The Group uses the following segmentation for its internal reporting needs, corresponding to the two activities carried out by the Group:

- **Premium Solutions,** which consists mainly of the sale, promotion, marketing and delivery of digital content provided by labels and artists for which the Group is responsible for developing their catalog on streaming and social media platforms, using a share revenue model as well as, to a lesser extent, solutions to support the development of artists in the areas of physical sales, derivative products, synchronization[1], neighboring rights and music publishing. The Premium Solutions business represented 93.7% and 93.8% of the Group's consolidated revenue and 93.9% and 93.6% of the Group's consolidated adjusted EBITDA (excluding adjusted EBITDA contributed by the Central Platform) for the fiscal years ended December 31, 2022 and 2021 respectively;
- **Automated Solutions,** whereby the Group enables music creators, via its TuneCore digital platform, to distribute their audio content in an automated manner to streaming and social media platforms in return for a subscription fee. Alongside this platform, music creators can also choose complementary publishing or synchronization solutions. The Automated Solutions segment accounted for 6.3% and 6.2% of consolidated revenue and 6.1% and 6.4% of the Group's consolidated adjusted EBITDA (excluding adjusted EBITDA contributed by the Central Platform) for the fiscal years ended December 31, 2022 and 2021 respectively.

*(1) As part of its synchronization solutions, the Group manages the copyrights of artists relating to the use of their music works to enhance an audiovisual work, and collects the associated payments.*

In addition, the Central Platform, which is not an operating segment according to IFRS 8, insofar as it does not generate revenue, but is monitored by the Group for its internal reporting needs and includes the costs of the following centralized operational functions that have not been allocated to the Premium Solutions or Automated Solutions operating segments:

- IT, Product and Operations teams, who develop and operate the Group's technology platform, comprising content management and platform delivery tools, interfaces with artists and labels, artist promotion and marketing, and data analysis and management systems;
- teams developing and designing sales offers;
- and various support functions such as finance, legal affairs or human resources.

These teams are dedicated to the design and operation of the tools and processes that enable the Group to deploy its Premium Solutions and Automated Solutions offerings to artists and labels, allowing local teams to focus on the relationship aspect with artists and labels (see Section 1.2.3 *"A global digital platform offering top-level service thanks to its musical, digital and technological expertise").* For the fiscal year ended December 31, 2022, the adjusted EBITDA of the Central Platform, excluding capitalized development costs, consists of "General and administrative expenses" at 41%, and "Technology and product expenses" at 41% and "Sales and marketing expenses" at 18%.

The Group has a strong presence in France, its historical country of operation, and in Germany, particularly since the acquisition of the Nuclear Blast and Groove Attack labels in 2018; these countries represented 16.9% and 14.9%, respectively, of its consolidated revenue for the fiscal year ended December 31, 2022. The Group is also present in a large number of other European countries, which together accounted for 27.6% of its consolidated revenue for the fiscal year ended December 31, 2022, including the United Kingdom, Italy and other less mature markets such as Russia, Turkey and certain Eastern European countries.

Because of its global geographic footprint, the Group also has a strong potential for expansion in growth markets such as Asia, Oceania and Africa (together representing 26.2% of consolidated revenue for the fiscal year ended December 31, 2022) as well as the Americas (14.3% of consolidated revenue for the fiscal year ended December 31, 2022).

## 5.1.2 Principal factors influencing results

Certain key factors, past events and transactions have had, and may continue to have, an impact on the Group's business and results presented in this chapter. The risk factors that could have an impact on the Group's business are described in Chapter 3 of this Universal registration document.

The main factors influencing the Group's results include:

- trends and features of the streaming market;
- the growth and performance of the Group's catalog and the growth in subscriptions to the Group's Automated Solutions offering;
- the Group's remuneration arrangements;
- external growth transactions;
- the Group's cost structure;
- changes in foreign exchange rates;
- taxation; and
- seasonality.

### 5.1.2.1 Trends and features of the streaming market

Within the Premium Solutions activity, a significant portion of the Group's revenue is drawn from amounts paid by digital service providers that the Group receives in return for providing audio or video content streamed on those platforms.

For the fiscal years ended December 31, 2022 and 2021, revenue driven by digital sales represented 92.3% and 90.9%, respectively, of the Group's consolidated revenue. The remainder was mainly driven by physical sales (CDs and vinyl) and, to a lesser extent, by derivative products, synchronization, brand partnerships and the organization of music events.

The digital music market, and streaming in particular, has seen significant growth in recent years, rising from $7.5 billion (including $4.4 billion for streaming) in 2016 to $18.5 billion (including $17.5 billion for streaming) in 2022 (*source: IFPI, Global Music Report 2023),* supported by favorable growth trends (see Section 1.3 of this universal registration document).

The growth in the streaming market is one of the main factors that contributed positively to the growth in the Group's revenue, from €577.2 million for the fiscal year ended December 31, 2021 to €760.8 million for the fiscal year ended December 31, 2022.

Most of the Group's revenue is derived from amounts paid by audio streaming platforms such as Spotify, Apple Music or Amazon Music. These platforms generate their own revenue from subscriptions paid by their premium users, and, to a lesser extent, fees paid by advertisers to broadcast their advertising messages, and used to finance free plays[(1)]. Revenue generated from subscriptions have grown significantly around the world in recent years, from $3.5 billion in 2016 to $12.7 billion in 2022 *(source: IFPI, Global Music Report 2023)* and are now the principal method for monetizing streaming by audio streaming platforms.

The Group also derives some of its revenue from amounts paid by video streaming platforms, such as YouTube, and social media, such as TikTok and META (Facebook, Instagram, etc.), in return for providing video and audio content on these platforms. These video and social media platforms generate their revenue primarily from fees paid by the advertisers that broadcast ads to users of these platforms, who have free access to the platforms in most cases. Some services offered may be covered by subscriptions paid by users, such as the YouTube Premium and YouTube Music Premium offers, which allow video content to be viewed without advertising, to be saved to watch offline or to keep playing in the background without interruption. These services are thus similar to a subscription audio streaming service.

The methods used to monetize streaming by the streaming and social media platforms that the Group delivers content to have a direct impact on the level of the Group's revenue.

As a result, in the case of monetization by paid subscription, pursuant to the distribution agreements signed with the audio and video digital service providers (the principal terms of which are described in Section 1.2.4 of this Universal registration document), the amounts paid by these platforms to the Group is calculated on the basis of several elements, generally comprising the play frequency of the distributed content and a payment rate negotiated with the platforms for the duration of the contract (generally between 1 to 3 years), and applied to the revenue earned by the platform from subscriptions paid by users. Factors such as the platform's distribution method (via partners or directly) and the country in question can also result in variation of the amounts paid by the platforms to the Group.

In the case of monetization of free services that are funded by advertising, under licensing agreements signed with the audio and video digital service providers and social media (the principal terms of which are described in Section 1.2.4 of this Universal registration document), the amount paid to the Group is generally calculated on the basis of the ad revenues generated by the platform or a fixed, flat-rate amount defined contractually, to which a percentage is applied which depends primarily on the number of times the content is viewed or played by users.

Some contracts may also provide for a minimum guarantee payment similar to an advance received by the Group, or provide for the payment of additional amounts that depend on the Group meeting certain qualitative criteria.

In these calculation methods, the amount due is typically lower in the case of content distributed as part of the free services funded by advertising or content distributed as part of promotional offers or discounted trial offers, than for content distributed via subscription services.

In addition, the growth in revenue that the Group earns from amounts paid by the digital service providers (on the basis of the revenue that the providers themselves earn from subscription services) depends on the ability of these platforms to grow their subscription offering, in volume and value terms, by offering profitable pricing structures that are acceptable to users. The growth and profitability of subscription services could be affected by a number of factors, such as a deterioration in the economic environment, which could have an impact on non-essential expenditure such as entertainment (see Section 3.1.1 of this Universal registration document).

Moreover, the growth in revenue that the Group earns from amounts paid by streaming and social media platforms, on the basis of the revenue they earn from free services funded by advertising, depends primarily on the broadcast volumes by advertisers on these platforms and media, which could also be impacted by different factors, including a deterioration in the economic environment (see Section 3.1.1 of this Universal registration document).

*(1) The category of premium users of the digital service providers generally consists of users who have a monthly subscription enabling them to have an ad-free interface. Users without a subscription can use some features of the interface free of charge but with regular ads, in return for which the advertisers pay fees to the platforms.*

### 5.1.2.2 The growth and performance of the Group's catalog and the growth in subscriptions to the Group's Automated Solutions offering

The growth in the Group's Premium Solutions offering in recent fiscal years was driven first by the growth in its catalog of artists and titles, allowing it to offer an increasing amount of content to digital service providers and social media and, second, the performance of its catalog, tied to the success of the content it distributes, which generated a high level of streams; these two factors combined thus generated more payments for the Group.

The growth and performance of the Group's catalog depend on its ability to discover and attract new artists and labels that can generate a high level of streams, and to retain its existing artists and labels by offering leading technology solutions that fully address their needs and competitive remuneration structures. In particular, the identification and signing of high-potential artists, top artists, or tier-one labels enable the Group to strengthen its brand image and visibility among artists and labels, contributing to the growth of its catalog. The growth in the Group's catalog in recent years is also the result of external growth transactions, which have given the Group access to the catalogs of the labels acquired (see Section 5.1.2.4 "*External growth transactions*" below). To discover and attract new artists and labels and grow its catalog, the Group makes substantial investments, including the regular recruitment of employees in order to expand its sales and marketing teams, which increases the payroll costs included within sales and marketing expenses, and by investing in marketing activities to develop marketing solutions and tools, to promote the content signed, with campaigns on social media and advertising investments, amongst other things. These investments resulted in an increase in the Group's sales and marketing expenses during the fiscal year, from €131.1 million for the fiscal year ended December 31, 2021 to €164.1 million for the fiscal year ended December 31, 2022.

The growth of the Group's Automated Solutions offering depends primarily on new subscriptions by self-releasing artists and music creators, irrespective of the growth and performance of the catalog of these artists, insofar as the revenue recorded by the Group for this offering is mainly generated from the subscriptions paid annually by the artists to have access to the TuneCore platform, and who then recoup all the amounts paid to the Group by the digital service providers and social media sites in return for the delivery of the content.

### 5.1.2.3 The Group's remuneration arrangements

The Group's remuneration arrangements vary depending on the methods for delivery of the content. In the case of the Premium Solutions, the remuneration arrangements are based on a shared value model. In the case of the Automated Solutions, they are based primarily on a subscription model.

#### Premium Solutions

As part of its Premium Solutions offering, which represented 93.7% of its revenue for the fiscal year ended December 31, 2022, the Group offers artists and labels digital distribution solutions which consist mainly of marketing, promoting and delivering their content to streaming and social media platforms (see Section 1.2.4.1 "*Premium Solutions: a customized offering managed by experts in music and data analysis and supported by cutting-edge technology, targeting the needs of all artists, from emerging to established to top artists*" of this Universal registration document), using a revenue-sharing business model. In effect, in return for the delivery of this content, the streaming and social media platforms pay amounts to the Group, which is recognized as revenue in the Group's consolidated income statement. A portion of these amounts is then paid by the Group to the artists and labels concerned, and recognized in cost of sales in the Group's consolidated income statement. Cost of sales also includes, for non-material amounts, other items, such as changes in inventories (mainly physical media and derivative products) related to the Group's label business and musical event production costs. The portion retained by the Group after payments to artists and labels is referred to as "profit" in this Universal registration document.

In its Premium Solutions offering, the Group also offers artists and labels physical distribution solutions, mainly consisting of marketing, promoting and making audio content available on a physical medium at physical retail outlets. In this case, revenue represents the profit deducted by the Group from the amount of sales made or, when the Group is acting as the label, the selling price of the physical media at the retail outlets, net of any discounts. Physical sales are primarily made in Germany, a country in which certain music genres in the Group's catalog of labels, such as metal at Nuclear Blast, continue to be distributed largely in physical format.

The revenue generated from physical sales is recorded under revenue from activities other than digital sales of audio and video content. This revenue also includes, to a lesser extent, the activities of synchronization, neighboring rights and the organization of music events. Revenue, excluding digital sales, represented 7.7% and 9.1% of the Group's consolidated revenue for the fiscal years ended December 31, 2022 and 2021, respectively.

### Automated Solutions

As part of its Automated Solutions offering, which represented 6.3% of its consolidated revenue for the fiscal year ended December 31, 2022, the Group enables artists, via its digital platform TuneCore, to distribute their audio content directly to streaming and social media platforms (see Section 1.2.4.2 *"Automated Solutions: a high value-added technological solution targeting the needs of music creators"* of this Universal registration document). The Group is then responsible for collecting from streaming and social media platforms the amounts they owe in return for delivery of the content. These amounts are then paid in full to the artists for the content delivered to audio streaming platforms, after the Group deducts a margin for content made available on video streaming platforms or social media sites and used to create user-generated content. In addition, the Group offers synchronization solutions to artists.

For content delivered to digital service providers, the music creators pay the Group an annual subscription to be able to access TuneCore, which is recognized as revenue in the Group's consolidated income statement. The amount of this subscription varies depending on whether it is a single track or an album. Revenue from these subscriptions represented 55% of the revenue generated by Automated Solutions for the fiscal year ended December 31, 2022.

For content made available on video platforms or social media and used for the creation of user-generated content, the Group deducts a margin (recorded as revenue) on the amounts it pays to the artists. This represented 33% of the revenue generated by Automated Solutions for the fiscal year ended December 31, 2022.

Finally, the additional solutions of music publishing or tools to assist with marketing and promotion offered by the Group as part of its Automated Solutions offering generally require a separate subscription. The revenue from these additional solutions represented around 12% of the revenue generated by the Automated Solutions segment for the fiscal year ended December 31, 2022.

Since the Group pays no amounts to artists in return for the subscriptions received (the Group is simply charged with collecting amounts owed to artists by the platform, which it pays to them in full), it records a cost of sales that is generally almost nil for the part of its Automated Solutions segment remunerated essentially by subscription.

The difference in business model between the content delivery solutions offered by the Group (one is based on a shared-value model, and the other on a fixed subscription model) could therefore have an impact on the Group's profitability, depending on the change in the respective weight of each solution in the Group's activities.

## 5.1.2.4 External growth transactions

In recent years, the Group has, as part of its dynamic external growth policy, completed a large number of targeted acquisitions, which have contributed significantly to the growth of its activities. The Group intends to continue its development in the future by making potentially significant and targeted acquisitions, particularly involving strategic countries and new services, in order to expand its geographical footprint and enrich its offering.

During the fiscal year ended December 31, 2022, the Group made investments of €17.3 million. The main investments were as follows:

- on February 4, 2022, the Group exercised its call option for the acquisition of an additional 2% stake in the share capital of 6&7, previously consolidated using the equity method at 49%, for an amount of €0.6 million (€0.1 million net of cash acquired);
- on November 16, 2022, the Group acquired a majority stake of 53% in the share capital of Morning Glory Music SAS, for an amount of €4.0 million (€3.9 million excluding acquisition costs);
- on December 19, 2022, the Group subscribed to the capital increase of Structure PY SAS and now holds 24% of the Company's share capital, for an amount of €3.1 million; and
- direct acquisitions of technology assets and catalogs.

During the fiscal year ended December 31, 2021, the Group made investments of €57.4 million:

- the Group consolidated its presence in the French market. To this end, on November 4, 2021, the Group acquired 25% of Play 2 SAS, a leading independent French music label and subsidiary of the TF1 group, for €12.2 million (€12.0 million excluding acquisition costs);
- on December 21, 2021, the Group also acquired a majority stake of 51% in the share capital of Jo and Co SAS, a major independent label specializing in pop and commercial music in France, for €4.5 million (€3.4 million net of cash acquired and excluding acquisition costs);

- in the context of expanding its operations in emerging countries, the Group entered into a strategic partnership on December 2, 2021 with the acquisition of a 15% stake in Viva Music and Artists Group Inc., the largest label in the Philippines and among the major labels in Southeast Asia, for €25.1 million (€23.0 million excluding acquisition costs and the advance paid under the Distribution agreement);
- on December 10, 2021, the Group secured its position in the fast-growing Indian market with the acquisition of the Think Music label, one of the leaders in film original soundtracks in Southern India for an amount of €14.5 million net of cash acquired (€11.5 million net of cash acquired and excluding acquisition costs).

### 5.1.2.5 The Group's cost structure

The Group's variable costs are primarily the cost of sales, most of which are amounts paid by the Group to artists and labels and which vary depending on the value of the contracts signed with the artists and labels and the type of sales made and services rendered.

For digital sales, these amounts are generally calculated on the basis of a fixed percentage negotiated with the artist or label and applied to the amounts paid to the Group by the streaming and social media platforms in return for delivery of the content of the artist or label in question. This percentage varies according to the value of the contracts signed with the artists and labels. In effect, the revenue generated by a contract depends on the amount of the content catalog covered by the contract. Thus, the payment rate for artists and labels applied to the contracts generating the most revenue is generally negotiated at a higher rate, because it is applied to a broader revenue base. As a result, the contracts signed with the labels, to the extent that the catalog of released content is generally larger than the catalog of content of a single artist, in principle generate more revenue than the contracts signed with a single artist (see Section 1.2.4 of this Universal registration document).

For physical sales, since the marketing costs are generally higher, the payments to the artist or label are lower than for digital sales.

The Group also makes significant investments in its sales and marketing development, in particular to continue to expand its catalog (see Section 5.1.2.2 "*The growth and performance of the Group's catalog and the growth in subscriptions to the Group's Automated Solutions offering*" above). These costs are recognized under "Sales and marketing expenses" in the Group's consolidated income statement and are the most significant for the Group, representing 59.4% and 61.1% of its total operating expenses[1] for the fiscal years ended December 31, 2022 and 2021. They are broken down into personnel and related costs (consulting fees, for example), which are generally fixed, and Promotion, Marketing and Distribution costs, which are allocated to dedicated music projects (according to the contracts signed with the artists or labels) and are therefore variable by nature. Sales and marketing expenses incurred by the Central Platform amounted to €14 million and €10 million respectively for the fiscal years ended December 31, 2022 and 2021, mainly covering the development of centrally-developed marketing tools and solutions used by the Group's local teams, the rest having been allocated to the Premium Solutions and Automated Solutions segments[2].

The Group's activities also require substantial investments in the development of its technology platform in order to guarantee the reliability and security of the content and to continually improve and enhance its solutions offering, which mainly involve essentially fixed costs, such as personnel costs, consultant fees and infrastructure costs.

In addition, the day-to-day operational management of this platform primarily involves costs that are also in the large part fixed, such as maintenance and service costs as well as personnel costs. All of these costs are recognized under "Technology and products" in the Group's consolidated income statement and represented 20.5% and 16.6% of the Group's total operating expenses for the fiscal years ended December 31, 2022 and 2021 respectively. Technology and product expenses incurred by the Central Platform amounted to €23 million and €18 million for the fiscal years ended December 31, 2022 and 2021 respectively, the remainder being allocated to the Premium Solutions and Automated Solutions segments[2].

Internal and external personnel costs other than those related to the research and development projects of the technological platform and to the Group's sales and marketing development are recognized under "General and administrative expenses" in the Group's consolidated income statement and represented 18.3% and 19.3% of the Group's total operating expenses during the fiscal years ended December 31, 2022 and 2021. They mainly include the costs of support services, such as Finance or Human Resources. General and administrative expenses incurred by the Central Platform amounted to €36 million and €32 million for the fiscal years ended December 31, 2022 and 2021 respectively, with the remainder being allocated to the Premium Solutions and Automated Solutions segments.

*(1) Operating expenses include sales and marketing expenses, technology and product expenses and general and administrative expenses, and other operating income (expense).*

*(2) Costs used as included in adjusted EBITDA, i.e. operating costs before (i) depreciation, amortization and impairment, (ii) share-based payments (IFRS 2) including social security contributions and employer contributions, (iii) other operating income (expense), and (iv) depreciation of identified assets at the acquisition date, net of deferred taxes, for the share of net income (loss) of equity-accounted companies. Internal and external personnel costs exclude the portion of these costs recognized as capitalized development costs in the statement of financial position. Operating expenses include sales and marketing expenses, technology and product expenses and general and administrative expenses.*

The Group's internal and external personnel costs are the most significant component of the Group's cost structure (excluding sales costs), having accounted for 61% and 62% of its operating expenses in the fiscal years ended December 31, 2022 and 2021 respectively[(1)]. In the fiscal year ended December 31, 2022, 58% of the Group's internal and external personnel costs were related to the Group's sales and marketing development, recorded under "Sales and marketing expenses" in the Group's income statement, and 26% were related to the development of the Group's technological platform, recorded under "Technology and product expenses". Internal and external personnel costs other than those mentioned above, *i.e.* 16% of total internal and external personnel costs, were recognized under "General and administrative expenses". During the fiscal year ended December 31, 2022, 43% of the Group's internal and external personnel costs were allocated to the Central Platform and 57% to the Premium Solutions and Automated Solutions segments.

The Group recorded an increase in its personnel costs during the fiscal year, linked to the increase in its workforce, in order to support the strong growth of its activities. A number of functions previously performed by external consultants have also been reintegrated. The Group's internal and external personnel costs[(2)] increased from €125 million for the fiscal year ended December 31, 2021 to €149 million (including €20.5 million in external personnel costs) for the fiscal year ended December 31, 2022.

### 5.1.2.6 Change in foreign exchange rates

The Group's consolidated financial statements are presented in euros. However, in each of the countries in which it operates, the Group generally incurs expenses and sometimes makes sales in local currencies. As a result, these transactions must be translated into euros during the preparation of the financial statements. For the income statement, this translation is made at the average rate for each period in question. For the statement of financial position, this translation is made using the foreign exchange rates applicable on the closing date.

The large majority of the Group's sales and expenditures made in currencies other than the euro are made in US dollars. This primarily affects Automated Solutions, as subscriptions to TuneCore are mainly paid in US dollars for a large part and, to a lesser extent, Premium Solutions, for which the amounts paid by streaming and social media platforms to the Group are made in US dollars. As a result, even if the Group has relatively little direct exposure to the risk of transactions carried out in local currencies, fluctuations in exchange rates can have an impact on the value in euros of the Group's revenue, expenses and results (see Section 3.1.4 "*Counterparty risks*"). A sensitivity analysis of the net exposure to foreign exchange risk in the statement of financial position is presented in Chapter 6, Note 8.2 to the Group's consolidated financial statements for the fiscal years ended December 31, 2022 and 2021.

Fluctuations in exchange rates could also have an impact on the amounts paid to the Group by digital service providers. Platforms charge their users for subscriptions in local currency and this amount is then converted into the currency applicable to the contract between the Group and the platform (mainly in euros or US dollars) at the applicable exchange rate, revised regularly according to the market rate, in accordance with the applicable contractual provisions. Accordingly, any depreciation against the currency of the contract with the platform of the local currency in which the subscriptions are invoiced by the platform to its users, would have the effect of reducing the revenue base in euros used to calculate the amounts to be paid to the Group, and would therefore reduce those amounts and consequently the Group's revenue.

### 5.1.2.7 Taxation

Present in many countries, the Group must take into account different tax rules. The differences in rates and tax bases may therefore have an impact on the Group's results. The amount of taxes owed by the Group may also vary significantly from one fiscal year to the next because of the use of tax loss carryforwards or changes in the tax regulations applicable in France or in the countries in which the Group operates, and thus have an impact on the Group's results (see Section 3.1.5 "*Risks related to applicable taxation regimes and their changes*").

### 5.1.2.8 Seasonality

The Group generally records higher revenue during the final quarter of the fiscal 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.

*(1) Costs used as included in adjusted EBITDA, i.e. operating costs before (i) depreciation, amortization and impairment, (ii) share-based payments (IFRS 2) including social security contributions and employer contributions, (iii) other operating income (expense), and (iv) depreciation of identified assets at the acquisition date, net of deferred taxes, for the share of net income (loss) of equity-accounted companies. Internal and external personnel costs exclude the portion of these costs capitalized as development costs on the statement of financial position. Operating expenses include sales and marketing expenses, technology and product expenses and general and administrative expenses.*

*(2) Including the portion of personnel costs recognized as capitalized development costs and excluding share-based payment costs under IFRS 2.*

## 5.1.3 Main income statement items

The main income statement items, which the Group's management uses to analyze its consolidated results, are described below.

### Revenue

The Group's revenue-generating activities are mainly its digital sales. The Group also carries out other activities, consisting primarily of physical sales and, to a lesser extent, derivative products and brand partnerships, music publishing, synchronization, the organization of music events and neighboring rights.

Revenue is recognized when the performance obligation is met for the amount the Group expects to receive.

#### Digital sales

In the context of Premium Solutions, digital sales constitute sales of intellectual property licenses relating to the catalog of musical works to which the Group holds rights. The catalog is defined as all of the works to which the Group has rights over the term of the contract with the platform (including works to which it will acquire the rights after signing the contract and excluding works to which the Group would no longer hold rights).

This license therefore represents a right to access intellectual property as it exists throughout the license period (dynamic license). The Group enters into contracts spanning several years with digital service providers which pay in exchange for the use of its musical catalog. Revenue therefore takes the form of remuneration based on the use of the license by the platforms' end customers. Such remuneration in this case is based on the revenue generated by the platform, both from advertising and from subscriptions. Revenue is recognized as and when the license is used, based on reports compiled by the digital platforms.

Some contracts with platforms may provide for the payment of a minimum guarantee. This is non-refundable but can generally be recouped, and is similar to an advance received by the Group. Minimum guarantees are recognized in the same way as the payments to which they relate or are recognized *prorate temporis* over the term of the contract if the related payments are not sufficient or if pertinent information is not available. Minimum guarantees or advances not yet recognized in revenue represent contract liabilities.

As part of its digital sales activities in its Premium Solutions offering, the Group acts as Principal in its dealings with the digital platform, as it obtains control of the works that make up the catalog through the distribution licenses granted to it. The Group effectively controls the catalog and has the ability to direct its use. Its activity also involves incorporating works into its catalog.

For Automated Solutions, digital sales constitute an intermediation service enabling the producer to distribute its catalog on the platforms of its choice. This service also includes collecting and paying producers amounts attributable to them during the term of their subscription. In this arrangement, the Group acts as Agent and revenue corresponds to subscriptions paid by artists or the Group's profit when revenue is shared, as it does not obtain control of the works delivered to the platform; the producer has discretion in establishing the price and making other commercial decisions. Revenue is recognized on a straight-line basis over the subscription period, since the producer receives and consumes the benefits as and when the services are provided and the necessary inputs are consumed in a uniform manner over the service period.

#### Others

In the course of its business, and depending on the contractual provisions agreed with artists or producers, in the case of physical sales the Group may act as either Agent or Principal.

When the Group acts as a Label (*i.e.* it enters into a recording contract with an artist, (an "artist contract"), or a license agreement under which it acts as a licensee for a third-party producer), it carries out the physical sales as a Principal, since it obtains control of the physical recording, makes commercial decisions, and bears the inventory risk. In this case, the Group's customer is the physical distributor.

When the Group acts as Distributor, its role is as an Agent as it does not obtain control of the physical recordings, does not and make other commercial decisions, and does not bear the inventory risk.

When the Group acts as Principal, physical sales represent sales of an intellectual property license to the musical works. This license represents a right to use intellectual property as it exists in the physical recording, *i.e.* at a point in time (static license). In this case, revenue, net of any discounts or rebates, is recognized when control of the physical recording is transferred, which generally occurs when the physical recording is delivered to physical stores or, in the event of sales on consignment, when the physical recording is sold to the end customer. In the case of sales on consignment, the physical distributor only obtains control of the physical recording when the product is sold to its customer, and it does not have an unconditional obligation to pay for the product as long as the sale to its customer does not take place.

Estimates of returns are based on historical statistics and forecasts and are deducted from revenue.

When the Group acts as Agent, sales correspond to an intermediary distribution service to the producer and, where appropriate, add-on services such as the manufacture of the different formats. In this case, the Group's customer is the producer and revenue consists only of the fees it earns on distribution. The impact of estimated returns is recognized as a deduction from revenue relating to distribution fees. Estimates of returns are based on historical statistics and forecasts, *i.e.* using the expected value method.

The Group generates revenue on other, less significant activities, including:

- activities involving the sale of derivative products and brand partnerships – corresponding to the sale of derivative products in partnership with a brand – generate revenue which is recognized at the time of entering into the license agreement, or when control of the goods is transferred to the customer. The Group acts as Principal in this arrangement as it obtains control of the goods: It makes commercial decisions, is responsible for sales to the end customer, and bears the inventory risk;
- synchronization services are where a license is granted to an extract from a musical work as it exists at the time the contract is signed, with no changes envisaged. In this case, revenue is recognized when control of the license is transferred, *i.e.* when the customer obtains the right to use the work;
- neighboring rights relate to incidental copyrights attributed to the recording artist and audiovisual producers, as well as to radio or television broadcasting bodies. The Group may be responsible for collecting payments relating to neighboring rights from the relevant authorities, and then for paying them over to the artist/producer, less a management fee, where applicable. The Group acts as Agent when it collects such payments and only its fees are recognized as revenue;
- the Group also offers additional publishing right administration services, where it collects – mainly from collective management organizations and on behalf of owners of the rights to the musical works – payments due in respect of the right to reproduce and perform these works. The Group acts as Agent when it collects such rights and only its fees are recognized as revenue.

## Cost of sales

Cost of sales includes costs directly or indirectly attributable to products and services sold. Cost of sales relates mainly to amounts paid to artists and labels, production costs and changes in inventories (mainly physical recordings), as well as expenses incurred to organize musical events.

Payments to artists and labels are expensed when proceeds from the sales of musical recordings are recognized, less any provision for returns.

## Sales and marketing expenses

Sales and marketing expenses include all costs relating to internal and external personnel involved in marketing and sales services, along with local operational and support costs attributable to marketing and sales activities. They also include depreciation and amortization charged against the corresponding non-current assets (which mainly correspond to capitalized personnel costs and consultants' expenses).

The sales and marketing expenses incurred by the Central Platform amounted to €14 million and €10 million respectively for the fiscal years ended December 31, 2022 and 2021, with the remainder being allocated to the Premium Solutions and Automated Solutions segments[1].

## Technology and product expenses

Technology and product expenses include all costs relating to internal and external personnel involved in developing technological platforms for services provided by the Group, and to other IT projects developed internally, some of which are capitalized (see Chapter 6, Note 6.2 to the Group's consolidated financial statements for the fiscal year ended December 31, 2022). They also include depreciation and amortization charged against property, plant and equipment and intangible assets.

The technology and product expenses incurred by the Central Platform represented €23 million and €18 million respectively for the fiscal years ended December 31, 2022 and 2021, with the remainder being allocated to the Premium Solutions and Automated Solutions segments[1].

## General and administrative expenses

General and administrative expenses include all costs relating to internal and external personnel in operational support and head office teams, along with overheads and miscellaneous fees relating to these support functions. General and administrative expenses also include amortization charged against intangible assets (content and platform delivery management tools, interfaces with artists and labels, data management and analysis systems, etc.) and property, plant and equipment, as well as costs related to post-employment benefits and share-based compensation plans.

The general and administrative expenses incurred by the Central Platform represented €36 million and €32 million respectively for the fiscal years ended December 31, 2022 and 2021, with the remainder being allocated to the Premium Solutions and Automated Solutions segments[1].

*(1) Costs used as included in adjusted EBITDA, i.e. operating costs before (i) depreciation, amortization and impairment, (ii) share-based payments (IFRS 2) including social security contributions and employer contributions, (iii) other operating income and expenses, and (iv) depreciation of identified assets at the acquisition date, net of deferred taxes, for the share of net income (loss) of equity-accounted companies.*

## Other operating income (expense)

In order to facilitate interpretation of the income statement and Group performance, unusual items that are material to the consolidated financial statements are presented separately within operating income (loss) under "*Other operating income (expense)*".

This item primarily includes:

- gains or losses on asset disposals;
- costs related to acquisitions;
- other operating income (expense), including in particular to expenses associated with the listing of the Company's shares for trading on the regulated market of Euronext Paris, and expenses for the Group's organizational and legal structuring.

## Operating income (loss)

Operating income (loss) represents the difference between revenue and cost of sales, sales and marketing expenses, general and administrative expenses, technology and product expenses, other operating income (expense) and the share of net income (loss) of equity-accounted companies.

## Net financial income (expenses)

Net financial income (expense) represents the cost of net debt, plus other financial income (expense), such as foreign exchange gains and losses.

The cost of net debt comprises interest expense on borrowings, interest expense on rents, the amortization of bond issue costs and the financial income from cash.

## Income tax

Income tax represents the aggregate amount of current and deferred taxes included in the calculation of net income (loss) for the period. Income tax is recognized in the statement of income unless it relates to a business combination or to items recognized directly in equity or in other comprehensive income.

Current tax is the amount of income tax payable (recoverable) in respect of taxable income (tax loss) for a given fiscal period, and must be recognized as a liability to the extent that it has not yet been paid. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess shall be recognized as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted at the reporting date in each country in which the Group does business.

As the Group considers the CVAE tax on value added in France to meet the definition of income tax as set out in IAS 12 – *Income Taxes*, CVAE tax is presented under "Income tax" in the consolidated statement of income.

Deferred taxes result from temporary differences between the carrying amounts of assets and liabilities and their tax basis.

Deferred tax assets and liabilities are assessed at the tax rates expected to apply in the year in which the asset will be realized or the liability settled and that have been enacted or substantively enacted at the reporting date. In the event of a change in tax rates, deferred taxes are adjusted to the new applicable rate and the adjustment is charged to the statement of income unless it relates to an item recognized in equity or in other comprehensive income, for example actuarial gains and losses.

Deferred taxes are reviewed at each reporting date to reflect any changes in tax laws and the prospects for recovery of deductible temporary differences. Deferred tax assets are recognized only if it is considered probable that there will be deferred tax liabilities with the same maturity or sufficient future taxable income against which the temporary differences can be utilized in the foreseeable future.

Deferred tax assets and liabilities are not discounted.

## 5.1.4 Main performance indicators

The Group uses revenue, adjusted EBITDA and Free Cash Flow as its main performance indicators. These performance indicators are monitored regularly by the Group to analyze and assess its businesses and their trends, measure performance, prepare earnings forecasts and make strategic decisions.

| *(In € million)* | Fiscal year ended December 31, 2022 | Change | Fiscal year ended December 31, 2021 |
|---|---|---|---|
| Revenue | 760.8 | 183.7 | 577.2 |
| Adjusted EBITDA | 34.7 | 11.4 | 23.3 |
| Free cash flow | 52.0 | 82.7 | (30.7) |

Adjusted EBITDA is an alternative performance indicator within the meaning of AMF position No. 2015-12. Adjusted EBITDA 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 (loss), net income or cash flows from operating activities, which are IFRS-defined measures, or even as a measure of liquidity. Other issuers may calculate adjusted EBITDA differently from the definition used by the Group.

### Adjusted EBITDA

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 (expense), and (iv) depreciation of identified assets at the acquisition date, net of deferred taxes, for the share of net income (loss) of equity-accounted companies.

**RECONCILIATION OF OPERATING INCOME (LOSS) TO ADJUSTED EBITDA**

| *(In € million)* | Fiscal year ended December 31, 2022 | Fiscal year ended December 31, 2021 |
|---|---|---|
| **Operating income (loss)** | **(22.3)** | **(19.6)** |
| Restatement of depreciation, amortization and impairment expense | 44.9 | 33.7 |
| Restatement of share-based payment including social security contributions and employer contributions | 6.5 | 2.5 |
| Restatement of other operating income (expense) | 4.9 | 6.4 |
| 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 | 0.8 | 0.3 |
| **ADJUSTED EBITDA** | **34.7** | **23.3** |

A detailed discussion of the changes in adjusted EBITDA for the fiscal year ended December 31, 2022 is provided in Section 5.2.12 of this Universal registration document.

### 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 in the definition of its investment strategy and financing policy.

Free cash flow and net cash from (used in) operating activities can be reconciled as follows with the consolidated statement of cash flows:

| *(In € million)* | Fiscal year ended December 31, 2022 | Fiscal year ended December 31, 2021 |
|---|---|---|
| **Net cash from (used in) operating activities** | **73.7** | **(7.7)** |
| Acquisitions of property, plant and equipment, and intangible assets | (25.5) | (26.7) |
| Disposals of property, plant and equipment and intangible assets | - | - |
| Restatement of acquisition related costs | 1.6 | 0.6 |
| Restatement of acquisition costs on a group of assets | 2.2 | 1.0 |
| Restatement of advances related to Distribution contracts intended specifically for the acquisition of assets (acquisition of companies, catalogs, etc.) | - | 2.0 |
| **FREE CASH FLOW** | **52.0** | **(30.7)** |

A detailed discussion of the change in free cash flow for the fiscal year ended December 31, 2022 is provided in Section 5.3.2.4 of this Universal registration document.

## 5.1.5 Selected financial information

The selected financial information presented below, relating to the fiscal years ended December 31, 2020, 2021 and 2022, is taken from the audited consolidated financial statements. This selected financial information should be read in conjunction with the Group's consolidated financial statements and management report for these fiscal years.

| | Fiscal year ended December 31 | | |
|---|---|---|---|
| *(In € million)* | 2022 | 2021 | 2020 |
| Revenue | 760.8 | 577.2 | 441.4 |
| Operating income (loss) | (22.3) | (19.6) | (22.3) |
| Net income | (25.0) | (28.6) | (26.3) |
| Adjusted EBITDA | 34.7 | 23.3 | 7.7 |
| Net cash from (used in) operating activities | 73.7 | (7.7) | (4.1) |
| Free cash flow | 52.0 | (30.7) | (37.9) |
| Statement of financial position Total | 1,004.8 | 912.8 | 660.0 |

# 5.2 Analysis of the results for the fiscal year ended December 31, 2022

The table below presents the Group's consolidated income statement (in € million) for the fiscal years ended December 31, 2022 and 2021.

**CONSOLIDATED INCOME STATEMENT**

| *(In € million)* | Year ended on December 31, 2022 | Year ended on December 31, 2021 |
|---|---|---|
| Revenue | 760.8 | 577.2 |
| Cost of sales | (508.3) | (383.5) |
| Sales and marketing expenses | (164.1) | (131.1) |
| Technology and product expenses | (56.7) | (35.7) |
| General and administrative expenses | (50.4) | (41.4) |
| Other operating income (expense) | (4.9) | (6.4) |
| Share of net income (loss) of equity-accounted companies | 1.2 | 1.4 |
| **Operating income (loss)** | **(22.3)** | **(19.6)** |
| Cost of net debt | 1.2 | (2.3) |
| Other financial income (expense) | 7.2 | (4.2) |
| **Income (loss) before tax** | **(13.9)** | **(26.1)** |
| Income tax | (11.1) | (2.5) |
| **Net income (loss)** | **(25.0)** | **(28.6)** |
| Net income from non-controlling interests | (4.8) | (1.4) |
| **NET INCOME ATTRIBUTABLE TO THE GROUP** | **(29.8)** | **(30.0)** |

## 5.2.1 Revenue

The Group's consolidated revenue increased by €183.7 million, or 31.8%, during the fiscal year ended December 31, 2022, jumping from €577.2 million for the fiscal year ended December 31, 2021 to €760.8 million for the fiscal year ended December 31, 2022.

The table below shows the reconciliation of consolidated revenue to organic revenue at constant exchange rates, as well as the growth rates for the fiscal years ended December 31, 2022 and December 31, 2021:

| *(In € million)* | Fiscal year ended December 31, 2022 | Change 2021-2022 *In € million* | Change 2021-2022 *As a %* | Fiscal year ended December 31, 2021 |
|---|---|---|---|---|
| **Consolidated revenue** | 760.8 | 183.7 | 31.8% | **577.2** |
| Change of perimeter | (4.0) | (4.0) | - | - |
| Foreign exchange effect | 8.2 | 8.2 | - | - |
| IAS 29 Hyperinflation | (2.0) | (2.0) | - | - |
| **ORGANIC REVENUE AT CONSTANT EXCHANGE RATES** | **763.0** | **185.9** | **32.2%** | **577.2** |

The breakdown between revenue generated by digital sales and by other activities (consisting primarily of physical sales and, to a lesser extent, derivative products, the organization of music events, neighboring rights, synchronization and brand partnerships) is as follows:

| *(In € million)* | Fiscal year ended December 31, 2022 | Change 2021-2022 | | Fiscal year ended December 31, 2021 |
|---|---|---|---|---|
| | | *In € million* | *As a %* | |
| Digital sales | 701.9 | 177.3 | 33.8% | 524.7 |
| Others | 58.9 | 6.4 | 12.2% | 52.5 |
| **CONSOLIDATED REVENUE** | **760.8** | **183.7** | **31.8%** | **577.2** |

The change in consolidated revenue during the fiscal year ended December 31, 2022 is mainly due to:

- organic growth at constant exchange rates[1] of 32.2%, *i.e.* €185.9 million;
- the positive impact of the acquisitions made at the end of 2021 for €4.0 million, namely the acquisition of 100% of SPI Music in December 2021, the acquisition of 51% of Jo&Co in December 2021, and the acquisition of an additional 2% stake in the share capital of 6&7, increasing this from 49% to 51% in February 2022;
- the positive impact related to the treatment of hyperinflation in Turkey for €2.0 million; and
- partially offset by the foreign exchange impact of €(8.2) million.

The Group recorded growth in digital sales of 33.8% compared to the fiscal year ended December 31, 2021, reflecting the increase in paid streaming, better monetization of advertising on free streaming services and additional market gains on the main streaming services in both mature and emerging countries.

The Group's revenue from non-digital sales increased by 12.2% during the fiscal year ended December 31, 2022, mainly due to Live Affair, which organized the sold-out concert in early June of French rap star Jul at the Vélodrome in Marseille (France).

Fiscal year ended December 31, 2022:

- France accounted for 16.9% of the Group's revenue: the development of organic and external revenue enabled Believe to position itself in second place in the ranking of new products;
- Germany accounted for 14.9% of the Group's revenue, which was impacted by the ongoing reorganization of activities to optimize digital distribution and reduce exposure to physical distribution;
- the Americas, Asia / Oceania / Pacific and Rest of Europe regions respectively accounted for 14.3%, 26.2% and 27.6% of the Group's revenue. Revenue growth was strong throughout the year in all countries. Several emerging markets, particularly in Asia and Latin America, continued their rapid growth, in line with the trends of last year thanks to the increase in streaming by subscription, better monetization of ad-funded streaming services and investments made by the Group in recent years to build strong local teams. In addition, the lower performance of Russia and Ukraine had a more limited impact than expected.

### CHANGE IN REVENUE BY OPERATING SEGMENT

| *(In € million)* | Fiscal year ended December 31, 2022 | Change 2021-2022 | | Fiscal year ended December 31, 2021 |
|---|---|---|---|---|
| | | *In € million* | *As a %* | |
| Premium Solutions | 712.6 | 171.3 | 31.6% | 541.3 |
| Automated Solutions | 48.2 | 12.4 | 34.5% | 35.8 |
| **CONSOLIDATED REVENUE** | **760.8** | **183.7** | **31.8%** | **577.2** |

*(1) Organic growth at constant exchange rates corresponds to revenue growth on a like-for-like basis, at exchange rates comparable to year N-1, i.e. adjusted for the impact of exchange rate fluctuations and the application of IAS 29 "Hyperinflation".*

### Premium Solutions

Revenue generated by the Premium Solutions segment increased by €171.3 million during the fiscal year ended December 31, 2022 or 31.6%, from €541.3 million in the fiscal year ended December 31, 2021 to €712.6 million for the fiscal year ended December 31, 2022.

This strong organic performance was driven by market trends that remained favorable throughout the year and Believe's investment in local teams whilst expanding its service offering in several key markets.

### Automated Solutions

Revenue generated by the Automated Solutions segment increased by €12.4 million during the fiscal year ended December 31, 2022 or 34.5%, or 27.1% at constant exchange rates, as TuneCore revenue is recorded in US dollars), from €35.8 million for the fiscal year ended December 31, 2021 to €48.2 million for the fiscal year ended December 31, 2022.

This improvement is mainly due to the implementation of the international business development strategy and the uptrend in business related to social networks, music publishing administration, and the launch in June of a new pricing offer.

## 5.2.2 Cost of sales

The Group's cost of sales increased by €124.8 million or 32.5%, during the fiscal year ended December 31, 2022, from €383.5 million for the fiscal year ended December 31, 2021 to €508.3 million for the fiscal year ended December 31, 2022.

The change in cost of sales during the fiscal year ended December 31, 2022 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 catalog for the reasons described in Section 5.2.1 "*Revenue*" above.

## 5.2.3 Sales and marketing expenses

The Group's sales and marketing expenses increased by €32.9 million or 25.1%, during the fiscal year ended December 31, 2022, from €131.1 million for the fiscal year ended December 31, 2021 to €164.1 million for the fiscal year ended December 31, 2022.

The change in sales and marketing expenses during the fiscal year ended December 31, 2022 is mainly due to the ongoing investments made by the Group, mainly in the form of team recruitment (full-year effect of new hires carried out in 2021 and impact of recruitments made in 2022 to a lesser extent), as well as the increase in operational and local support costs incurred as part of marketing and sales activities. However, the growth in these expenses was less significant than the growth in revenue over the period.

## 5.2.4 Technology and product expenses

The Group's technology and product expenses were up €20.9 million or 58.6%, during the fiscal year ended December 31, 2022, from €35.7 million for the fiscal year ended December 31, 2021 to €56.7 million for the fiscal year ended December 31, 2022.

The change in technology and product expenses for the fiscal year ended December 31, 2022 was driven mainly by:

- the full-year effect of substantial investments made in the development of its central technological platform in 2021, including of staff recruitment,
- a much lower capitalization rate than last year, which resulted in higher costs being recognized in adjusted EBITDA. As every year, some investments in the Central Platform have been capitalized, but the nature of the projects (in particular the focus on digital marketing and cloud data) reduced the capitalization rate during the year. Excluding capitalized costs, technology and product expenses included in EBITDA grew by only 32%.

## 5.2.5 General and administrative expenses

The Group's general and administrative expenses increased by €9.0 million or 21.7%, during the fiscal year ended December 31, 2022, from €41.4 million for the fiscal year ended December 31, 2021 to €50.4 million for the fiscal year ended December 31, 2022.

The increase in general and administrative expenses during the fiscal year ended December 31, 2022 was mainly attributable to the full-year effect of the recruitments carried out in 2021 to strengthen the support functions and support the growth of the Group's activities and by the cost of share-based remuneration.

## 5.2.6 Other operating income (expenses)

The Group's other operating income (expense) decreased by €1.5 million during the fiscal year ended December 31, 2022, from a net expense of €6.4 million for the fiscal year ended December 31, 2021 to a net expense of €4.9 million for the fiscal year ended December 31, 2022.

Other operating income (expense) for the fiscal year ended December 31, 2022 mainly include expenses related to the reorganization undertaken in certain countries for €2.4 million.

Other operating income (expense) for the fiscal year ended December 31, 2021 mainly included a €5.3 million expense related to the admission of shares to trading on the French regulated market.

## 5.2.7 Operating income (loss)

The Group's operating income (loss) fell by €2.6 million or 13.5%, during the fiscal year ended December 31, 2022, from €(19.6) million for the fiscal year ended December 31, 2021 to €(22.3) million for the fiscal year ended December 31, 2022.

The decline in the Group's operating income during the fiscal year ended December 31, 2022 is attributable to the 31.8% increase in the Group's revenue (see Section 5.2.1 *"Revenue"* above), offset by the 31.1% increase in operating expenses and cost of sales (see Sections above).

## 5.2.8 Net financial income (expense)

The Group's net financial income (expense) was €8.4 million for the fiscal year ended December 31, 2022, compared to a net financial expense of €6.5 million for the fiscal year ended December 31, 2021.

| *(In € million)* | **December 31, 2022** | December 31, 2021 |
|---|---|---|
| Cost of net debt | 1.2 | (2.3) |
| Other financial income (expense) | 7.2 | (4.2) |
| **TOTAL NET FINANCIAL INCOME (EXPENSE)** | **8.4** | **(6.5)** |

The change in net financial income (expense) during the fiscal year ended December 31, 2022 is mainly due to the change in financial income (expense) in the amount of €3.5 million, the change in foreign exchange gains and losses for €2.5 million and the effects of hyperinflation for €9.5 million.

## 5.2.9 Income (loss) before tax

The Group's income before tax increased by €12.3 million during the fiscal year ended December 31, 2022, from a loss before tax of €26.1 million for the fiscal year ended December 31, 2021 to a loss before tax of €13.9 million for the fiscal year ended December 31, 2022.

The change in income before tax for the fiscal year ended December 31, 2022 was mainly driven by changes in operating income (loss) and net financial income (expense) described in Sections 5.2.7 and 5.2.8 above.

## 5.2.10 Income tax

The Group's income tax increased by €8.6 million for the fiscal year ended December 31, 2022, from €2.5 million for the fiscal year ended December 31, 2021 to €11.1 million for the fiscal year ended December 31, 2022.

For the fiscal year ended December 31, 2022, the income tax expense is mainly due to current tax on the taxable profits of the Group's beneficiary entities, withholding taxes on internal dividends received, and deferred tax expenses on temporary differences. For the fiscal year ended December 31, 2021, the income tax expense was mainly due to current tax on taxable profits, while deferred tax expenses on temporary differences were substantially of the same order of magnitude as deferred tax income recognized on losses for the period.

## 5.2.11 Net income (loss)

As a result of the changes described in the above Sections, the Group's net income (loss) rose by €3.7 million during the fiscal year ended December 31, 2022, from a net loss of €28.6 million for the fiscal year ended December 31, 2021 to a net loss of €25.0 million for the fiscal year ended December 31, 2022.

## 5.2.12 Adjusted EBITDA

The Group's adjusted EBITDA increased by €11.4 million during the fiscal year ended December 31, 2022, from €23.3 million for the fiscal year ended December 31, 2021 to €34.7 million, *i.e.* 4.6% of revenue, for the fiscal year ended December 31, 2022.

The change in the Group's adjusted EBITDA during the fiscal year ended December 31, 2022 is mainly due to (i) the strong growth recorded by Premium Solutions and the return to a solid level of profitability for Automated Solutions thanks to the increase in revenue per subscription, and (ii) partially offset by the increase in investments made to develop the Central Platform.

The increase in the Group's adjusted EBITDA for the fiscal year ended December 31, 2022 is explained by (i) the strong growth in revenue of 31.8%, which rose from €577.2 million for the fiscal year ended December 31, 2021 to €760.8 million for the fiscal year ended December 31, 2022, and (ii) a 31.1% increase in costs, including the full-year effect of substantial investments, which rose from €553.8 million for the fiscal year ended December 31, 2021 to €726.1 million for the fiscal year ended December 31, 2022.

**CHANGE IN ADJUSTED EBITDA BY OPERATING SEGMENT**

| *(In € million)* | Fiscal year ended December 31, 2022 | Change 2021-2022 | | Fiscal year ended December 31, 2021 |
|---|---|---|---|---|
| | | *In € million* | *As a %* | |
| Premium Solutions | 101.3 | 23.3 | 29.8 % | 78.0 |
| Automated Solutions | 6.6 | 1.3 | 23.9 % | 5.3 |
| Central Platform[1] | (73.2) | (13.1) | 21.9 % | (60.0) |
| **ADJUSTED EBITDA** | **34.7** | **11.4** | **48.9 %** | **23.3** |

*(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, product 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 sales offers; and various support functions, such as the finance and human resources teams.*

## Premium Solutions

The adjusted EBITDA generated by the Premium Solutions segment was up €23.3 million or 29.8%, for the fiscal year ended December 31, 2022, from €78.0 million for the fiscal year ended December 31, 2021 to €101.3 million for the fiscal year ended December 31, 2022.

The change in adjusted EBITDA of the Premium Solutions segment during the fiscal year ended December 31, 2022 is mainly due to the strong revenue growth of this activity (see Section 5.2.1 "*Revenue*" above), partially offset by the increase in sales and marketing expenses related to the investments made in its local organizations to improve positions in key markets where the digitization of musical genres is accelerating.

## Automated Solutions

The adjusted EBITDA generated by the Automated Solutions segment was up €1.3 million or 23.9%, for the fiscal year ended December 31, 2022, from €5.3 million for the fiscal year ended December 31, 2021 to €6.6 million for the fiscal year ended December 31, 2022.

The change in adjusted EBITDA of the Automated Solutions segment during the fiscal year ended December 31, 2022 is explained by the return to a solid level of profitability thanks to the increase in revenue per subscription and by the deceleration of investments in Automated Solutions, with TuneCore focusing on the launch of the unlimited pricing offer before developing new products.

## Central Platform

The Central Platform costs included in the Group's consolidated adjusted EBITDA increased by 21.9% during the fiscal year ended December 31, 2022, from €60.0 million for the fiscal year ended December 31, 2021 to €73.2 million for the fiscal year ended December 31, 2022.

Believe continued to invest significantly in its platform to improve the Group's level of service, rolling out new solutions and further optimizing its infrastructure during the fiscal year ended December 31, 2022. Total investment in the platform decreased as a percentage of revenue in line with Believe's strategic plan. The Group recorded a lower capitalization rate than last year, which resulted in higher costs being recognized in adjusted EBITDA. Indeed, the focus in 2022 on certain types of investment (in particular the focus on digital marketing and cloud data) reduced the capitalization rate over the year.

The Central Platform's adjusted EBITDA was lower than last year as a percentage of revenue, standing at 9.6% compared to 10.4% for the fiscal year ended December 31, 2021. Excluding the capitalization effect, Central Platform costs represented 11.7% of revenue, compared to 13.9% for the fiscal year ended December 31, 2021.

# 5.3 Cash, financial debt and equity

## 5.3.1 Overview

The main financing needs of the Group include its working capital requirements, capital expenditure (especially in the context of its development and external growth strategy), loan repayments and interest payments. The Group's main sources of liquidity are as follows:

- net cash from (used in) operating activities, which amounted to €73.7 million for the fiscal year ended December 31, 2022 and €(7.7) million for the fiscal year ended December 31, 2021 (see Section 5.3.2.2 "*Net cash from (used in) operating activities*" of this Universal registration document);
- the capital increases carried out in 2021, for a total amount of €295.3 million (including share premiums), notably due to the IPO of Believe;
- five term loans subscribed with Bpifrance for a total of €10 million, maturing between 2022 and 2026, for which the principal remaining due at December 31, 2022 was €3.7 million (see Section 5.3.3.2 "*Loans from Bpifrance*" of this Universal registration document);

The Group also has a credit line for €170 million which was undrawn at December 31, 2022. 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 "*New Revolving Credit Agreement*" of this Universal registration document).

Based on the updated cash flow forecasts, the Group considers that it will be able to meet its liquidity needs during the twelve-month period following the date of this Universal registration document, as well as to make interest payments on its debt during that period.

## 5.3.2 Cash position and cash flows

### 5.3.2.1 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 "*Contracts with the artists*" 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.

Over the last two fiscal 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 sales offers *(Artist Solutions and Artist Services)*, the start-up of which resulted in the payment of advances to 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 risks*" of this Universal registration document).

The net amount of unrecouped advances to artists was €177.1 million and €166.0 million for the fiscal years ended December 31, 2022 and 2021 respectively.

#### Investment expenditure

The Group's investment expenditure can be divided into the following categories:

- investments in the development of its technological 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 fiscal years ended December 31, 2022 and December 31, 2021 amounted to €19.8 million and €23.1 million respectively. For more information on the Group's historical, ongoing and future investments, see Chapter 1, Section 1.1 "*Company history*" of this Universal registration document (see also Chapter 6, Note 6.2 to the Group's consolidated financial statements for the fiscal years ended December 31, 2022 and 2021 for information on the capitalization of development costs).

Disbursements related to the acquisition of subsidiaries, net of cash acquired, for the fiscal years ended December 31, 2022 and 2021, amounted respectively to €8.7 million and €49.9 million. For more information on the acquisitions of companies or activities carried out by the Group over the last three fiscal years, see Section 5.1.2.4 "*External growth transactions*" of this Universal registration document.

### Payment of interest and repayment of debt

The Group allocates a portion of its cash flows to the servicing and repayment of its debt. The Group received financial interest in the amount of €2.0 million, compared to a net outflow of €2.3 million for the fiscal years ended December 31, 2022 and 2021, respectively. In addition, it paid €1.5 million and €94.8 million in loan repayments during the fiscal years ended December 31, 2022 and 2021 respectively. At the time of its IPO, the Group repaid in full the Credit Agreement with the proceeds of its capital increase.

Lease payments represented €6.8 million and €5.3 million for the fiscal years ended December 31, 2022 and 2021, respectively.

## 5.3.2.2 Group consolidated cash flows

The table below summarizes the Group's cash flows for the fiscal year ended December 31, 2022:

| | Fiscal year ended December 31 | |
|---|---|---|
| *(In € million)* | **2022** | 2021 |
| Net cash from (used in) operating activities | 73.7 | (7.7) |
| Net cash from (used in) investing activities | (38.3) | (74.3) |
| Net cash from (used in) financing activities | (2.6) | 190.8 |
| **Net increase (decrease) in cash and cash equivalents before the impact of changes in foreign exchange rates** | **32.8** | **108.9** |

### (a) Net cash from (used in) operating activities

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

| | Fiscal year ended December 31 | |
|---|---|---|
| *(In € million)* | **2022** | 2021 |
| **Net income (loss)** | **(25.0)** | **(28.6)** |
| Depreciation, amortization and impairment of non-current assets | 44.9 | 33.7 |
| Share-based payment | 6.5 | 2.5 |
| Cost of net debt | (1.2) | 2.3 |
| Income tax | 11.1 | 2.5 |
| Net charges to provisions and employee benefits | (0.6) | 0.4 |
| Share of net income (loss) of equity-accounted companies (incl. dividends received) | (0.4) | (1.4) |
| Elimination of net gains or losses on disposals of assets | - | - |
| Other items with no cash impact | (7.2) | 0.2 |
| Income tax collected/paid | (7.8) | (3.8) |
| Change in operating working capital requirement | 53.4 | (15.5) |
| **NET CASH FROM (USED IN) OPERATING ACTIVITIES** | **73.7** | **(7.7)** |

Net cash from (used in) the Group's operating activities amounted to €73.7 million for the fiscal year ended December 31, 2022 and €(7.7) million for the fiscal year ended December 31, 2021.

The €81.3 million increase in net cash from (used in) the Group's operating activities during the fiscal year ended December 31, 2022 is due to the following offsetting effects: (i) the €3.7 million increase in Group net income (loss) (see Section 5.2.11 *"Net income (loss)*" of this Universal registration document), (ii) the €69.0 million increase in the Group's working capital requirement (see Section 5.3.2.5 "*Working capital requirement*" of this Universal registration document), (iii) the €11.2 million increase in depreciation, amortization and impairment of non-current assets, (iv) the €4.5 million increase in the tax expense, net of tax paid, and (v) the €(7.4) million decrease in other items with no cash impact.

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

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

| | Fiscal year ended December 31 | |
|---|---|---|
| *(In € million)* | **2022** | **2021** |
| Acquisitions of property, plant and equipment, and intangible assets | (25.5) | (26.7) |
| Acquisitions of subsidiaries, net of cash acquired | (8.7) | (49.9) |
| Decrease (increase) in loans | (3.2) | 1.0 |
| Decrease (increase) in non-current financial assets | (0.9) | 1.4 |
| **NET CASH FROM (USED IN) INVESTING ACTIVITIES** | **(38.3)** | **(74.3)** |

Net cash from (used in) the Group's investing activities amounted to €(38.3) million for the fiscal year ended December 31, 2022 and €(74.3) million for the fiscal year ended December 31, 2021.

Cash flows from (used in) investing activities decreased by €36.0 million during the fiscal year ended December 31, 2022, following the €41.2 million decrease in cash outflows related to acquisitions of subsidiaries, partially offset by the increase in loans to equity-accounted subsidiaries in the amount of €4.2 million.

Cash outflows related to the acquisition of subsidiaries, net of cash acquired, totaling €8.7 million correspond in particular to (i) the acquisition of an additional 2% stake in 6&7, (ii) the acquisition of 53% of Morning Glory Music for €3.9 million, the acquisition of 24% of Structure PY for €3.1 million (see Chapter 6, Note 2.2 - *Scope of consolidation*).

In 2021, the Group had made significant investments in the development of its technological platform to support the growth of its activities. The Group also disbursed €49.9 million net of cash acquired for (i) the acquisition of Play 2 for €12.0 million, (ii) Viva for €23.0 million, (iii) SPI Music for €11.5 million net of cash acquired (€2.8 million) and (iv) Jo&Co for €3.4 million net of cash acquired (€1.0 million) (see Chapter 6, Note 2.2 - *Scope of consolidation*).

## 5.3.2.3 Net cash from (used in) financing activities

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

| | Fiscal year ended December 31 | |
|---|---|---|
| *(In € million)* | **2022** | **2021** |
| Decrease in borrowings | (1.5) | (94.8) |
| Repayment of lease liabilities | (6.8) | (5.3) |
| Interest paid | 2.0 | (2.3) |
| Capital increase (decrease) by owners | 3.7 | 295.3 |
| Disposal (acquisition) of treasury shares | - | (2.0) |
| **NET CASH FROM (USED IN) FINANCING ACTIVITIES** | **(2.6)** | **190.8** |

The Group's net cash flows from (used in) financing activities amounted to €(2.6) million for the fiscal year ended December 31, 2022 and €190.8 million for the fiscal year ended December 31, 2021.

The Group's net cash flows from (used in) financing activities fell by €193.4 million compared to the fiscal year ended December 31, 2021, mainly due to Believe SA's capital increase for a total net amount of €294.6 million following the Company's IPO, partially offset by loan repayments totaling €94.8 million.

***Capital increases***

In 2022, the Group increased its share capital for a total amount of €3.7 million (including share premiums), by issuing shares to the Group's employees through the exercise of BSAs and BSPCEs for €1.4 million (including share premiums) and by a capital increase reserved for employees of €2.3 million (including share premiums) as part of the b.shares 2022 employee shareholding plan (see Chapter 6, Note 5.4 - *Share-based payments*).

Believe was listed on the Euronext regulated market in Paris on June 10, 2021 in order to finance its growth strategy for an offer size of approximately €300 million, less costs relating to the listing of the shares on the French regulated market; *i.e.* a total net amount of €294.6 million. The Group also increased its share capital by €0.7 million (including share premiums) by issuing shares to the Group's employees through the exercise of BSAs and BSPCEs (see Chapter 6, Note 10.1 - *Changes in share capital).*

## 5.3.2.4 Free cash flow

Free cash flow corresponds to net cash flows from (used in) 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 (loss), net income (loss) or cash flows from (used in) 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 from (used in) operating activities can be reconciled as follows with the consolidated statement of cash flows:

| | Fiscal year ended December 31 | |
|---|---|---|
| *(In € million)* | **2022** | **2021** |
| **Net cash from (used in) operating activities** | **73.7** | **(7.7)** |
| Acquisitions of property, plant and equipment, and intangible assets | (25.5) | (26.7) |
| Disposals of property, plant and equipment and intangible assets | - | - |
| Restatement of acquisition related costs | 1.6 | 0.6 |
| Restatement of acquisition costs of a group of assets | 2.2 | 1.0 |
| Restatement of advances related to Distribution contracts intended specifically for the acquisition of assets (acquisition of companies, catalogs, etc.) | - | 2.0 |
| **FREE CASH FLOW** | **52.0** | **(30.7)** |

The Group's free cash flow amounted to €52.0 million and €(30.7) million respectively for the fiscal years ended December 31, 2022 and 2021.

The change in free cash flow during the fiscal year ended December 31, 2022 is mainly due to the increase in net cash from (used in) operating activities, which totaled €81.3 million (see also Section 5.3.2.2 "*Net cash from (used in) operating activities*" of this Universal registration document.

### 5.3.2.5 Working capital requirement

The table below shows the change in working capital requirements on the Group's statement of financial position during the fiscal years ended December 31, 2022 and 2021:

| | Fiscal year ended December 31 | |
|---|---|---|
| *(In € million)* | **2022** | **2021** |
| Inventories | 5.6 | 4.6 |
| Trade receivables | 158.5 | 136.6 |
| Advances to artists and labels – current and non-current portion | 178.5 | 166.0 |
| Other current assets | 32.1 | 29.4 |
| Current financial assets | 0.9 | 0.7 |
| Current tax assets | 6.3 | 7.3 |
| Trade payables and contract liabilities | (509.3) | (411.2) |
| Other current liabilities(1) | (32.7) | (28.5) |
| Current tax liabilities | (2.0) | (1.4) |
| **WORKING CAPITAL REQUIREMENT** | **(162.1)** | **(96.5)** |

*(1) Other current liabilities include current provisions.*

The working capital requirement corresponds primarily to the value of inventories plus trade receivables, advances to artists and labels and other current assets, minus trade payables, contract liabilities and other current liabilities.

Trade receivables mainly represent the amounts due by the streaming and social media platforms to the Group, as well as the invoices to be issued in the context of estimating revenue at closing.

Advances to artists and labels represent unrecouped amounts of advances paid by the Group to selected artists and labels(1).

Other current assets are mainly tax and social security receivables that the Group holds against the tax administrations at the end of the period, including VAT receivables.

Trade payables and contract liabilities correspond mainly to:

- the amount of repayments owed by the Group to artists and labels;
- advances and guaranteed minimums received from digital platforms;
- deferred income related to subscriptions paid in full at the beginning of the contract by the artists and spread over several fiscal years, within the context of Automated Solutions.

Contract liabilities amounted to €51.0 million and €22.5 million for the fiscal years ended December 31, 2022 and 2021 respectively.

Other current liabilities include tax and social security liabilities and other debts.

Given the Group's activities, the change in its working capital requirement depends, first, on the net amount of the unrecouped advances granted to artists and labels under contracts signed with them, and second, on the difference that exists between the moment the Group receives the amounts paid by the digital service providers and the moment when the corresponding amounts (for amounts less than the payments collected from streaming and social media platforms in the case of remuneration paid in the Premium Solutions business) are then paid to the artists and labels.

The change in these two items contributes (positively or negatively) to the generation of the Group's cash flows.

Compared to 2021, the working capital requirement for the fiscal year ended December 31, 2022 was down by €65.6 million. This change is mainly due to the growth in the Group's activities, leading to an increase of €98.1 million in trade payables and contract liabilities. Offset, to a lesser extent, by the €21.9 million increase in trade receivables and €12.5 million increase in advances to artists and labels.

*(1) Under certain contracts with artists and labels, the Group makes advance payments to them. The advances are recognized as assets when they are paid and are booked as expenses as the associated rights fall due. They are reviewed at the end of each period to assess whether they are recoupable and are impaired where appropriate. Impairment, if any, is calculated on the basis of an estimate of the amount to be recouped until the end of the contract and is recorded as cost of sales. Advances shown in the statement of financial position under assets are split between a current portion (i.e. the portion that the Group expects to recoup within 12 months of the reporting date) and a non-current portion. See also Chapter 1, Section 1.2.3 "Contracts with the artists" of this Universal registration document for a description of the advance mechanism.*

## 5.3.3 Financial debt and liquidity position

### 5.3.3.1 New Revolving Credit Agreement

At the time of its IPO, the Group has proceeded, with effect from the settlement-delivery date of the Company's shares offered in connection to the admission to trading on the Euronext Paris regulated market, with the full repayment of the Credit Agreement thanks to its capital increase, concurrently with the implementation of a new syndicated credit agreement, replacing the Credit Agreement.

To this end, the Group entered into a new revolving facility agreement on May 6, 2021 entitled the "New Revolving Credit Agreement", with a syndicate of international banks (the "Lenders"), for a period of five years from the settlement-delivery date of the Company's IPO. The New Revolving Credit Agreement is governed by French law. The drawdown of the amounts made available to the Group by the Lenders under the New Revolving Credit Agreement is subject to certain conditions.

#### (a) Credit line

The New Revolving Credit Agreement provides for a revolving credit line in the amount of €170 million, each amount drawn being repayable at the end of the applicable interest period. Issue costs of €1.3 million have been recognized in the consolidated statement of financial position under "Current borrowing and debt" and "Non-current borrowing and debt". As of December 31, 2022, this credit line had not been used.

#### (b) Interest and charges

The loans under the New Revolving Credit Agreement will bear interest at a variable rate indexed to EURIBOR, plus the applicable margin in each case. The applicable margin is initially set at 0.80% per annum, with an upward or downward ratchet mechanism. The following fees will also be payable: (i) a commitment fee due in respect of each Lender's available credit commitment under the revolving credit line at a rate of 35% of the applicable margin, and (ii) a utilization fee due in respect of drawdowns under the revolving credit line above a certain threshold, at a rate of between 0.10% and 0.15% per annum and varying according to the proportion of the revolving credit line drawn.

The table below sets out the spread of the margins for each of the credit facilities based on the Group's total net debt to *pro forma* consolidated EBITDA ratio, as defined in the New Revolving Credit Agreement. The margins will be reviewed twice a year by testing the ratio at six-month intervals. The ratio will first be tested exactly six (6) months after the settlement-delivery date.

| Leverage ratio (total net debt/ *pro forma* consolidated EBITDA) | Applicable margin |
|---|---|
| Less than or equal to 0.5x | 0.80% |
| Greater than 0.5x and less than or equal to 1.0x | 0.90% |
| Greater than 1.0x and less than or equal to 1.5x | 1.15% |
| Greater than 1.5x and less than or equal to 2.0x | 1.20% |
| Greater than 2.0x and less than or equal to 2.5x | 1.35% |

Total net debt is defined in the New Revolving Credit Agreement as the Group's consolidated debt, excluding intragroup debt and obligations related to interest rate and currency hedging instruments and after deducting cash and cash equivalents. The definition of *pro forma* consolidated EBITDA provided in the New Revolving Credit Agreement is based on "Operating income (loss)" as defined in the consolidated financial statement, adjusted mainly by depreciation, amortization and impairment of the Group's assets, "Other operating income (expense)", and shared-based payments.

#### (c) Commitments and restrictive covenants

The New Revolving Credit Agreement contains certain affirmative and negative covenants, including not to:

- create security interests;
- dispose of assets;
- carry out certain mergers, spin-offs, partial contributions of assets and similar transactions; or
- change the nature of the Group's business.

In each case subject to stipulated *de minimis* amounts and/or customary exceptions for this type of financing.

The New Revolving Credit Agreement also contains covenants such as compliance with applicable laws and that the loan will rank equally with the Company's other unsecured and unsubordinated debt. Finally, the New Revolving Credit Agreement requires compliance with a financial ratio, which will limit the amount of debt that can be taken out by members of the Group. The Group will be required to maintain a leverage ratio (total net debt/*pro forma* consolidated EBITDA), tested at the end of each half-year and for the first time for the period ending December 31, 2021, of no more than 2.5x until the maturity of the New Revolving Credit Agreement.

### (d) Mandatory or voluntary prepayment events

The New Revolving Credit Agreement authorizes voluntary prepayments subject to prior notice and a minimum amount.

In addition, the New Revolving Credit Agreement provides for an early repayment and/or cancellation event if there is a change of control, at the request of any lender within 15 business days of receipt of the notification by the facilities agent from the Company of the occurrence of such an early repayment/cancellation event. The affected undrawn loans shall be canceled upon receipt by the facilities agent of the request from the lender(s) in question and the affected outstanding drawdowns shall be repaid within 15 business days of receipt by the facilities agent of the request from the affected lender(s). A change of control shall occur in the event that a person or group of persons acting in concert (other than Mr Denis Ladegaillerie, TCV Luxco BD S.à.r.l., Ventech and XAnge, the current principal shareholders of the Company or of entities controlled or investment vehicles managed by such shareholders), acquires, directly or indirectly, shares in the Company granting the right to more than 50% of the voting rights of the Company.

### (e) Accelerated prepayment events

The New Revolving Credit Agreement provides for a number of events of acceleration that are customary for this type of financing, including, in particular, payment defaults, non-compliance with the financial ratio or any other obligation or declaration, cross-acceleration events, collective proceedings and insolvency, certain pecuniary condemnations or the occurrence of significant adverse events.

## 5.3.3.2 Loans from Bpifrance

The Company entered into five loan agreements with Bpifrance for a total of €10 million, each with a maturity of seven years, spread between 2022 and 2026 (the "**BPI Loans**"). At December 31, 2022, the total amount outstanding on the Bpifrance loans was €3.7 million.

## 5.3.3.3 Credit agreement

A credit agreement was entered into on September 27, 2018 (this agreement, as modified by a first amendment dated December 9, 2019, the "Credit Agreement") between the Company, as borrower, Société Générale Corporate and Investment Banking, as arranger, Société Générale as agent, security agent and lender, and Banque Neuflize OBC, Caisse d'Epargne et de Prévoyance d'Ile-de-France and HSBC France as lenders.

### (a) Credit lines

Under the terms of the Credit Agreement, the banking syndicate granted the Company (i) a refinancing loan for a maximum principal amount of €2.8 million to refinance an existing loan (maturing on September 27, 2024) (the "**Refinancing Loan**"); (ii) a loan for a maximum principal amount of €20 million for the acquisition of Nuclear Blast GmbH (maturing on September 27, 2024) (the "**Nuclear Blast Loan**"); (iii) a loan for a maximum principal amount of €20 million for the acquisition of GoodToGo GmbH (maturing on September 27, 2024) (the "**GoodToGo Loan**"); (iv) a revolving credit agreement for a maximum principal amount of €20 million intended, *inter alia*, to finance the Group's general needs and authorized external growth transactions (maturing on December 9, 2024) (the "**2018 Revolving Credit Agreement**"); and (v) a revolving credit agreement for a maximum principal amount of €70 million to finance authorized external growth transactions (maturing on December 9, 2024) (the "**Revolving Credit Agreement**").

On September 27, 2018, the Company drew down the entire amount of the Refinancing Loan. At December 31, 2021, the refinancing loan of €2.8 million was repaid in full.

On October 23, 2018, the Company drew down the entire amount of the Nuclear Blast Loan and the GoodToGo Loan for a total amount of €40 million. As of December 31, 2021, the two loans were repaid in full.

On November 30, 2020, the Company drew down a portion of the Revolving Credit Agreement for a total amount of €64.4 million. At December 31, 2021, the Group had repaid in full the Revolving Credit Agreement.

### (b) Interest and fees

The loans taken out pursuant to the Credit Agreement bear interest at an annual rate equal to the sum of (i) the variable rate indexed to the 3-month Euribor and (ii) a margin applicable to each loan.

These margins have been adjusted every six months on the basis of a leverage ratio of the Group's consolidated net debt/consolidated EBITDA. Thus, taking into account the leverage ratio of consolidated net debt/consolidated EBITDA, calculated in accordance with the provisions of the Credit Agreement on the basis of the Group's consolidated financial statements, the applicable margins were as follows:

- for the Refinancing Loan: 1.25% per annum;
- for the Nuclear Blast Loan: 1.25% per annum;
- for the GoodToGo Loan: 1.25% per annum;
- for the 2018 Revolving Credit Agreement: 0.80% per annum; and
- for the Revolving Credit Agreement: 1.25% per annum.

Interest rate swap contracts were taken out to fix the annual rates as follows:

- for the Refinancing Loan: 0.365% per annum;
- for the Nuclear Blast Loan: 0.365% per annum;
- for the GoodToGo Loan: 0.365% per annum.

### (c) Collateral

Under the Credit Agreement, the lending banks benefited from security interests and guarantees made by the Company to guarantee its obligations, subject to the usual limitations and with respect for the corporate interests of entities concerned. Accordingly, the Company gave the following: (i) as collateral for all amounts due under the Nuclear Blast Loan and the GoodToGo Loan, a pledge of the securities of its subsidiary Believe Digital GmbH; (ii) as collateral for all amounts due under the Nuclear Blast Loan, a Dailly assignment of the intragroup loan granted by the Company to Believe Digital GmbH for the acquisition of Nuclear Blast; (iii) a Dailly assignment of the intragroup loan granted by the Company to Believe Digital GmbH for the acquisition of GoodToGo GmbH as collateral for all amounts due under the GoodToGo Loan; (iv) a first-ranking pledge of the Company's goodwill as collateral for all amounts due under the 2018 Revolving Credit Agreement and the Refinancing Loan; and (v) a second-ranking pledge of the Company's goodwill as collateral for all amounts due under of the Revolving Credit Agreement.

These security interests were definitively released upon the repayment in full of the Credit Agreement on the date of settlement-delivery of the Company's shares in the context of their admission to trading on the regulated market of Euronext Paris.

### (d) Commitments and restrictive covenants

The Credit Agreement contained certain affirmative, negative and reporting covenants (subject to the usual exceptions and exemptions) customary for this type of financing, including limitations concerning:

- the subscription of short-term or medium-term debt;
- external growth transactions;
- assignments, sales or transfers of any intangible assets, property plant and equipment or financial assets;
- property plant and equipment, intangible or financial investments for a cumulative cash amount at Group level exceeding 5% of the Group's consolidated annual revenue for each fiscal year;
- the granting or continuation of security interests in real and/or personal property;
- the granting of credit, advances or loans;
- mergers, absorptions, partial contributions of assets or any other transaction with an equivalent effect;
- the modification of its legal form, corporate purpose or the general nature of its business;
- the reduction of its share capital or the cancellation or buyback of the shares comprising its share capital;
- the relocation of its registered office to outside of France; and
- the execution of agreements for joint ventures, special partnerships or any other agreement resulting in unlimited liability.

### (e) Mandatory or voluntary prepayment events

Borrowings contracted under the Credit Agreement must be repaid in full or in part ahead of maturity (subject to certain exceptions) in the event of certain customary events, including a change in shareholding structure, an IPO, a disposal of non-current assets subject to a minimum amount, payment of insurance indemnities relating to the acquisition of Nuclear Blast and GoodToGo GmbH, and payment of indemnities under a vendor warranty granted in connection with the Nuclear Blast and GoodToGo GmbH acquisitions.

Borrowings contracted under the Credit Agreement could be repaid early in full or in part at the borrower's discretion, subject to minimum amounts and compliance with a notice period.

### (f) Accelerated prepayment events

The Credit Agreement stipulated a number of early repayment events that are customary for this type of financing, including payment defaults, non-compliance with the financial ratio or any other obligation or declaration, cross-default, collective proceedings and insolvency, certain financial convictions or the occurrence of a material adverse event.

In the context of the admission of the Company's shares to trading on the regulated market of Euronext Paris, it was planned that the Credit Agreement would be terminated and replaced with a New Revolving Credit Agreement as described in Section 5.3.3.1 "*New Revolving Credit Agreement*" above and in Chapter 6, Note 8.3 of this Universal registration document.

The repayment of the Credit Agreement and the establishment of the New Revolving Credit Agreement, as well as the release of the security interests described in Section (c) above were performed on the date of settlement-delivery of the shares offered in the context of their admission to trading on the regulated market of Euronext Paris, prior to such settlement-delivery.

## 5.3.4 Equity

On May 25, 2021, the Company carried out a two-for-one share split, reducing the par value of its ordinary shares from €0.01 to €0.005 per share. Concomitantly, it doubled the total number of shares comprising the share capital, from 40,234,421 to 80,468,842 shares as at the end of December 2020, in order for the Company's share capital to remain unchanged following this transaction.

Believe was listed on the regulated market of Euronext in Paris on June 10, 2021 to finance its growth strategy. The total number of Believe shares issued as part of the IPO was 15,384,616 new shares, for an offer size of approximately €300 million.

At December 31, 2022, the share capital of Believe SA was made up of 96,764,109 shares. All shares have a par value of €0.005 and are fully paid up.

**CHANGES IN SHARE CAPITAL AND SHARE PREMIUMS**

| Description | Share capital *(in €)* | Share premiums *(in €)* | Number of shares at €0.005 |
|---|---|---|---|
| **At January 1, 2021** | **402,344** | **169,799,138** | **80,468,842** |
| Capital increase following the IPO | 76,923 | 294,510,342 | 15,384,616 |
| Exercise of BSAs/BSPCEs | 1,004 | 665,569 | 200,744 |
| **AT DECEMBER 31, 2021**(1) | **480,271** | **464,975,049** | **96,054,202** |
| Exercise of BSAs/BSPCEs | 1,862 | 1,454,005 | 372,450 |
| Employee shareholding plan: b.shares 2022 | 1,687 | 2,286,122 | 337,457 |
| **AT DECEMBER 31, 2022** | **483,821** | **468,715,176** | **96,764,109** |

*(1) As of December 31, 2021, the number of shares included 97,100 additional shares issued in November and December 2021 following the exercise of BSAs and BSPCEs. The Board meeting of May 3, 2022 noted the corresponding capital increase. The share capital of the Company and the share premium have both been adjusted to reflect said exercises.*

# 5.4 Outlook for 2023

The forecasts for the fiscal year ending December 31, 2023 set out below are based on data, assumptions and estimates considered reasonable by the Group at the date of this Universal registration document. These data and assumptions may change or be modified as a result of uncertainties related in particular to the economic, financial, accounting, competitive, regulatory and tax environment or as a result of other factors of which the Group is not aware at the date of this Universal registration document. In addition, the materialization of certain risks described in Chapter 3 *"Risk factors and risk management"* of this Universal registration document could have an impact on the Group's business, financial position, results or outlook, and therefore call into question these forecasts. Furthermore, the achievement of the forecasts assumes the success of the Group's strategy. The Group therefore makes no commitment or guarantee that the forecasts in this Section will be achieved.

The forecasts presented below, and the assumptions underlying them, have been prepared in accordance with the provisions of Delegated Regulation (EU) 2019/980 and ESMA recommendations on forecasts.

## 5.4.1 Assumptions

The Group has developed its forecasts for the fiscal year ending December 31, 2023 in accordance with the accounting policies applied in the Group's consolidated financial statements for the fiscal year ended December 31, 2022.

These forecasts are mainly based on the following assumptions for the fiscal year ending December 31, 2023:

### Assumptions internal to the Company

- continued implementation of the Group's strategy, as described in Chapter 1, Section 1.5 "*Strategy and medium- and long-term objectives*" of this Universal registration document;
- the Group's continued market share gains in most of its key geographic areas[(1)];
- an increase in the cost of sales at a rate comparable to the increase in revenue, as was the case during the fiscal year ended December 31, 2022;
- the continuation of the Group's significant investment in the development of its commercial and marketing capabilities to support the strong growth of its activities in line with revenue growth and in its Central Platform at a slower pace than sales growth, leading to an increase in its operating expenses.

#### Major investments

The Group intends to continue the investment policy described above during the fiscal year ended December 31, 2023, with capital expenditure on property, plant and equipment and intangible assets (excluding external growth expenditure) which are expected to increase in absolute value, to support the growth of its business, and stand at approximately 4% of revenue by 2025 (compared to 4.6% for the fiscal year ended December 31, 2021 and 3.3% for the fiscal year ended December 31, 2022). This trend is expected to continue beyond 2025.

As part of its targeted acquisitions strategy, the Group also aims to carry out external growth transactions for investment amounts in the region of €100 million per year over the 2022-2025 period.

### Macro-economic and market assumptions

- the growth of the digital music market in line with the outlook presented in Section 1.3.1 of this Universal registration document and lower than in 2022;
- no significant changes in the regulatory and fiscal environment existing at the date of this Universal registration document;
- an economic environment that remains uncertain and which is reflected in the Group's digital sales activity related to free offers financed by advertising (in particular those of video platforms) being less dynamic than in the years presented;
- continued decline in physical sales;
- the estimate as of the date of this Universal registration document of the consequences of the Ukraine crisis, in particular via the economic sanctions already in place and any potential future sanctions forced against Russia and the impacts of this crisis on the growth prospects of the Russian market and their possible repercussions on global growth;
- the devaluation of the Turkish lira to which the Group is directly exposed and the foreign exchange rate risks of other major countries outside the eurozone in which the Group generates revenue (in particular the euro/dollar exchange rate), compared to those observed during the fiscal year ended December 31, 2022.

*(1) The geographic markets identified as key markets by the Group are the markets in which it has the largest local teams or in which it intends to strengthen its local teams in the future, and include France, Germany, the UK, Italy, Russia, Turkey, India, China, Mexico and Brazil.*

## 5.4.2 Group forecasts for the fiscal year ending December 31, 2023

In 2023, Believe expects to remain on a solid organic growth trajectory. Subscription-based (paid) streaming businesses demonstrated their resilience in 2022, growing in all geographical areas despite the high level of economic uncertainties, notably due to the Ukraine crisis and inflation. In addition, the shift from ad-funded streaming to paid streaming in emerging markets has also increased steadily. These trends are expected to continue in 2023 as demand for paid streaming remains strong even in a more challenging economic environment. However, the Group expects ad-funded activities to be penalized in the short term. Based on these assumptions, Believe forecasts that the Group's organic growth will be close to +18% in 2023. This would represent a weighted average organic growth rate of around +25% for the 2021-2023 period.

Believe also plans to continue to invest in the Central Platform to be at the forefront of innovation. The Group also intends to continue its significant investments in sales and local capabilities to fuel its profitable growth and seize the opportunities offered by the accelerated digitization of a wider variety of music genres. The Group has also committed to gradually increasing its adjusted EBITDA margin, and as such will monitor the pace of investment and focus on improving operational efficiency to achieve an adjusted EBITDA margin of around 5% in 2023.

The Group is expected to generate positive free cash flow for the full year of 2023. As in 2022, Believe will benefit from an annual payment of approximately €20 million in the third quarter of 2023 from one of its digital partners, as part of a contract renewed in July 2022 and changed from a quarterly payment to an annual payment in advance.

The general strategic plan aiming to build the best artist development platform is on a positive track, and the Group confirms its mid-term trajectory. The latter presents a 2021-2025 CAGR of between 22% and 25% and an adjusted EBITDA profit of between 5% and 7% for the Group by 2025. This would result in segment profits, prior to taking into account Central Platform costs of 15% to 16%, representing high-growth period profits, with revenue largely reinvested. The Group is confident in its ability to reach this long-term objective of an adjusted Group-wide EBITDA margin of 15%.

Anaïs – Artist – Germany

# 6. Financial statements

# 6.1 Consolidated financial statements at December 31, 2022

## Consolidated statement of income

| *(In € thousands)* | Notes | 2022 | 2021 |
|---|---|---|---|
| Revenue | *4.1* | 760,805 | 577,151 |
| Cost of sales | *4.2* | (508,269) | (383,463) |
| Sales and marketing expenses | *4.3* | (164,080) | (131,136) |
| Technology and product expenses | *4.3* | (56,655) | (35,727) |
| General and administrative expenses | *4.3* | (50,412) | (41,435) |
| Other operating income (expense) | *4.4* | (4,888) | (6,373) |
| Share of net income (loss) of equity-accounted companies | *2.4* | 1,233 | 1,361 |
| **Operating income (loss)** | | **(22,265)** | **(19,620)** |
| Cost of net debt | *8.6* | 1,199 | (2,318) |
| Other financial income (expense) | *8.6* | 7,185 | (4,201) |
| **Net financial income (expense)** | | **8,384** | **(6,519)** |
| **Income (loss) before tax** | | **(13,881)** | **(26,139)** |
| Income tax | *9.1* | (11,089) | (2,497) |
| **Net income (loss)** | | **(24,970)** | **(28,636)** |
| **Attributable to:** | | | |
| • Owners of the parent | | (29,762) | (30,045) |
| • Non-controlling interests | | 4,792 | 1,409 |
| **Earnings per share attributable to owners of the parent company:** | ***10.4*** | | |
| • Basic earnings (loss) per share (in €) | | (0.31) | (0.34) |
| • Diluted earnings (loss) per share (in €) | | (0.31) | (0.34) |

## Consolidated statement of comprehensive income

| *(In € thousands)* | 2022 | 2021 |
|---|---|---|
| **Consolidated net income (loss)** | **(24,970)** | **(28,636)** |
| Translation adjustments | (6,047) | (8,583) |
| **Other comprehensive income (expense) that may be reclassified subsequently to net income** | **(6,047)** | **(8,583)** |
| Remeasurement of net defined-benefit obligation | 264 | (79) |
| **Other comprehensive income (expense) that may not be reclassified subsequently to net income** | **264** | **(79)** |
| **TOTAL COMPREHENSIVE INCOME (EXPENSE)** | **(30,753)** | **(37,297)** |
| **Attributable to:** | | |
| • Owners of the parent | (33,901) | (33,559) |
| • Non-controlling interests | 3,148 | (3,739) |

## Consolidated statement of financial position

| *(In € thousands)* | Notes | December 31, 2022 | December 31, 2021 |
|---|---|---|---|
| **ASSETS** | | | |
| Goodwill | *6.1* | 107,705 | 98,875 |
| Other intangible assets | *6.2* | 121,979 | 118,118 |
| Property, plant and equipment | *6.3* | 27,087 | 31,212 |
| Advances to artists and labels – non-current portion | *4.6* | 87,780 | 77,937 |
| Investments in equity-accounted companies | *2.4* | 50,657 | 49,353 |
| Non-current financial assets | *8.1* | 6,544 | 3,898 |
| Deferred tax assets | *9.2* | 5,664 | 4,064 |
| **Total non-current assets** | | **407,417** | **383,456** |
| Inventories | *4.7* | 5,626 | 4,632 |
| Trade receivables | *4.5* | 158,456 | 136,627 |
| Advances to artists and labels – current portion | *4.6* | 90,707 | 88,021 |
| Other current assets | *4.5* | 32,087 | 29,408 |
| Current tax assets | *9.1* | 6,257 | 7,264 |
| Current financial assets | *8.1* | 947 | 726 |
| Cash and cash equivalents | *11.1* | 303,345 | 262,705 |
| **Total current assets** | | **597,425** | **529,383** |
| **TOTAL ASSETS** | | **1,004,842** | **912,839** |
| **EQUITY** | | | |
| Share capital | *10.1* | 484 | 480 |
| Share premiums | *10.1* | 468,715 | 464,975 |
| Treasury shares | | (1,358) | (1,274) |
| Reserves and retained earnings | | (78,787) | (53,278) |
| Translation reserve | | (13,143) | (8,741) |
| **Equity attributable to owners of the parent** | | **375,911** | **402,163** |
| Non-controlling interests | *10.3* | 8,951 | 2,941 |
| **TOTAL EQUITY** | | **384,862** | **405,103** |
| **LIABILITIES** | | | |
| Non-current provisions | *7* | 492 | 718 |
| Non-current borrowing and debt | *8.3* | 19,663 | 25,752 |
| Other non-current liabilities | *4.10* | 20,446 | 16,099 |
| Deferred tax liabilities | *9.2* | 22,570 | 16,502 |
| **Total non-current liabilities** | | **63,171** | **59,071** |
| Current provisions | *7* | 748 | 1,147 |
| Current borrowing and debt | *8.3* | 12,811 | 7,541 |
| Trade payables and contract liabilities | *4.8* | 509,336 | 411,197 |
| Other current liabilities | *4.9* | 31,943 | 27,354 |
| Current tax liabilities | *9.1* | 1,970 | 1,425 |
| **Total current liabilities** | | **556,809** | **448,664** |
| **TOTAL EQUITY AND LIABILITIES** | | **1,004,842** | **912,839** |

## Consolidated statement of cash flows

| *(In € thousands)* | Notes | 2022 | 2021 |
|---|---|---|---|
| **OPERATING ACTIVITIES** | | | |
| **Net income (loss)** | | **(24,970)** | **(28,636)** |
| Depreciation, amortization and impairment of non-current assets | | 44,857 | 33,700 |
| Share-based payment | | 6,464 | 2,515 |
| Cost of net debt | | (1,199) | 2,318 |
| Income tax | | 11,089 | 2,497 |
| Net charges to provisions and employee benefits | | (622) | 360 |
| Share of net income (loss) of equity-accounted companies (incl. dividends received) | | (383) | (1,361) |
| Elimination of net gains or losses on disposals of assets | | 20 | - |
| Other items with no cash impact | | (7,210) | 232 |
| Income tax collected/paid | | (7,818) | (3,761) |
| Change in operating working capital | | 53,427 | (15,534) |
| **Net cash from (used in) operating activities** | ***11.2*** | **73,655** | **(7,670)** |
| **INVESTING ACTIVITIES** | | | |
| Acquisitions of property, plant and equipment and intangible assets | | (25,450) | (26,699) |
| Disposals of property, plant and equipment and intangible assets | | - | - |
| Acquisitions of subsidiaries, net of cash acquired | | (8,717) | (49,934) |
| Decrease (increase) in loans | | (3,246) | 963 |
| Decrease (increase) in non-current financial assets | | (875) | 1,399 |
| **Net cash from (used in) investing activities** | ***11.3*** | **(38,288)** | **(74,271)** |
| **FINANCING ACTIVITIES** | | | |
| Increase in borrowings | | - | - |
| Decrease in borrowings | | (1,519) | (94,772) |
| Repayment of lease liabilities | | (6,836) | (5,338) |
| Interest paid | | 2,006 | (2,348) |
| Capital increase (decrease) by owners | | 3,744 | 295,254 |
| Disposal (acquisition) of treasury shares | | - | (2,000) |
| **Net cash from (used in) in financing activities** | ***11.4*** | **(2,605)** | **190,796** |
| **Cash and cash equivalents, net of bank overdrafts, at beginning of period** | | **262,694** | **152,331** |
| Net increase (decrease) in cash and cash equivalents net of bank overdrafts, before the impact of changes in foreign exchange rates | | 32,762 | 108,855 |
| Impact of changes in foreign exchange rates | | 7,889 | 1,508 |
| **Cash and cash equivalents, net of bank overdrafts, at end of period** | ***11.1*** | **303,345** | **262,694** |
| Of which: | | | |
| ● *Cash and cash equivalents* | | 303,345 | 262,705 |
| ● *Bank overdrafts* | | - | (11) |

## Consolidated statement of changes in equity

| | Attributable to owners of the parent | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| *In € thousands, except share data* | Number of shares(1) | Share capital | Share premiums | Treasury shares | Reserves and retained earnings | Translation reserve(2) | Equity attributable to owners of the parent(3) | Non-controlling interests(4) | TOTAL EQUITY |
| **EQUITY AT JANUARY 1, 2021** | **80,468,842** | **402** | **169,799** | **-** | **(19,974)** | **(5,306)** | **144,922** | **6,609** | **151,530** |
| Remeasurement of net defined-benefit obligation | | | | | (79) | | (79) | | (79) |
| Translation adjustments | | | | | | (3,435) | (3,435) | (5,148) | (8,583) |
| **Other comprehensive income** | | **-** | **-** | **-** | **(79)** | **(3,435)** | **(3,514)** | **(5,148)** | **(8,662)** |
| Net income (loss) for the year | | | | | (30,045) | | (30,045) | 1,409 | (28,636) |
| **Total comprehensive income** | | **-** | **-** | **-** | **(30,124)** | **(3,435)** | **(33,559)** | **(3,739)** | **(37,297)** |
| Capital increase | 15,585,360 | 78 | 295,176 | | | | 295,254 | | 295,254 |
| Net change in treasury shares | | | | (1,274) | | | (1,274) | | (1,274) |
| Share-based payments | | | | | 2,364 | | 2,364 | | 2,364 |
| Changes in the scope of consolidation | | | | | (5,695) | | (5,695) | 300 | (5,395) |
| Others | | | | | 151 | | 151 | (229) | (78) |
| **EQUITY AT DECEMBER 31, 2021** | **96,054,202** | **480** | **464,975** | **(1,274)** | **(53,278)** | **(8,741)** | **402,163** | **2,941** | **405,103** |
| Impact of change in accounting method due to the application of IAS 29 | | | | | 2,223 | | 2,223 | 1,482 | 3,706 |
| **EQUITY AT JANUARY 1, 2022** | **96,054,202** | **480** | **464,975** | **(1,274)** | **(51,054)** | **(8,741)** | **404,386** | **4,423** | **408,809** |
| Remeasurement of net defined-benefit obligation | | | | | 264 | | 264 | | 264 |
| Translation adjustments | | | | | | (4,403) | (4,403) | (1,644) | (6,047) |
| **Other comprehensive income** | | **-** | **-** | **-** | **264** | **(4,403)** | **(4,139)** | **(1,644)** | **(5,783)** |
| Net income (loss) for the year | | | | | (29,762) | | (29,762) | 4,792 | (24,970) |
| **Total comprehensive income** | | **-** | **-** | **-** | **(29,498)** | **(4,403)** | **(33,901)** | **3,148** | **(30,753)** |
| Capital increase | 709,907 | 4 | 3,740 | | | | 3,744 | | 3,744 |
| Net change in treasury shares | | | | (83) | (495) | | (578) | | (578) |
| Share-based payments | | | | | 5,045 | | 5,045 | 3 | 5,048 |
| Changes in the scope of consolidation | | | | | (3,171) | | (3,171) | 375 | (2,796) |
| Others | | | | | 386 | | 386 | 1,002 | 1,387 |
| **EQUITY AT DECEMBER 31, 2022** | **96,764,109** | **484** | **468,715** | **(1,358)** | **(78,787)** | **(13,143)** | **375,911** | **8,951** | **384,862** |

*(1) The number of shares on January 1, 2021 was adjusted following two-for-one share split carried out by Believe SA on May 25, 2021 (see Note 10.1 – Changes in share capital). At December 31, 2021, the number of shares, the share capital and the share premiums were adjusted following the issue of new shares through the exercise of BSAs and BSPCEs. On May 3, 2022, the Board of Directors recorded the corresponding capital increase (see Note 10.1 – Changes in share capital).*

*(2) Changes in translation reserve reflect the impact of exchange rate fluctuations on the equity of foreign operations denominated in currencies other than the euro. In 2022, the change in translation reserve is mainly attributable to our companies based in Russia and Turkey, partially offset by those in the United States, and in 2021 to our companies based in Turkey.*

*(3) For "Equity attributable to owners of the parent":*

- *in 2022, the "Changes in the scope of consolidation" item corresponds to the valuation of the call-put option for the remaining 47% of Morning Glory Music (see Note 2.2 – Scope of consolidation and Note 2.3 – Business combinations);*
- *in 2021, the "Changes in the scope of consolidation" item corresponded to the valuation of the call-put option for the remaining 49% of Jo&Co (see Note 2.2 – Scope of consolidation and Note 2.3 – Business combinations).*

*(4) For "Non-controlling interests":*

- *in 2022, the "Changes in the scope of consolidation" item corresponds mainly to the acquisition of an additional 2% stake in the share capital of 6&7, previously consolidated using the equity method at 49%. The company is now fully consolidated at 51% (see Note 2.2 – Scope of consolidation, Note 2.3 – Business combinations and Note 10.3 – Non-controlling interests). The "Other" item corresponds to the allocation of the final acquisition price of the company Jo&Co acquired in 2021;*
- *in 2021, the "Changes in the scope of consolidation" item corresponded to the acquisition of Jo&Co (see Note 2.2 – Scope of consolidation, Note 2.3 – Business combinations, and Note 10.3 – Non-controlling interests).*

## 6.1.1 Notes to the consolidated financial statements

### 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 one of the leaders in the digital music market for independent labels and local artists, with extensive experience in digital artist development and catalog performance optimization. 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. The Group is organized as a global digital platform developing high value-added technological solutions for all artists, adapted to each stage of their career development, whether they are music creators, emerging artists, established artists or top artists. Believe has also built strong local teams, trained to use tools and solutions to their best advantage to serve artists.

With 1,651 employees at December 31, 2022 and a presence in more than 50 countries, the Group benefits from cutting-edge technological capabilities and places its expertise in music, digital marketing and data analysis at the service of artists all over the world. This organization enables the Group to help music creators, artists and labels expand their digital audience, at each stage of their career and in all local markets, with respect, expertise, fairness and transparency. Believe offers its various solutions through a portfolio of commercial brands including Believe, TuneCore, Nuclear Blast, Naïve, Groove Attack, AllPoints, Ishtar and Byond.

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

The Group's consolidated financial statements include the Company and its subsidiaries (hereafter referred to as the "Group").

### Significant events of the 2022 fiscal year

#### Consequences of the Russia-Ukraine crisis

The Russian and Ukrainian activities recorded a slowdown in revenue growth compared to 2021. The strength of the ruble and increased monetization from local digital service providers (DSPs) helped to maintain positive growth of 11% in 2022 compared to last year.

#### Hyperinflation in Turkey

Following the inclusion of Turkey in the list of hyperinflationary economies on April 30, 2022, the Group was required to apply IAS 29 – Hyperinflation to its activities in Turkey in its financial statements at December 31, 2022. The application of this standard requires the remeasurement of non-monetary assets and liabilities, equity and the income statement to reflect changes in purchasing power in the local currency. These remeasurements may result in a gain or loss on the net monetary position included in the net financial income (expense).

As of December 31, 2022, the impacts on the main aggregates of the statement of financial position and income statement are as follows:

| *(In € thousand)* | **2022** |
|---|---|
| Revenue | 2,036 |
| Operating income (loss) | (1,219) |
| Other financial income (expense) | 9,531 |
| **NET INCOME (LOSS)** | **7,983** |

| *(In € thousand)* | **December 31, 2022** |
|---|---|
| Total non-current assets | 12,996 |
| Total non-current liabilities | 1,308 |
| **TOTAL EQUITY** | **11,689** |

## Detailed summary of the notes to the financial statements

## NOTE 1 ACCOUNTING POLICIES

### 1.1. Accounting standards applied and statement of compliance

#### Background to the publication of the consolidated financial statements

The consolidated financial statements for the fiscal years ended December 31, 2022 and 2021 were prepared in accordance with International Financial Reporting Standards (IFRS) as published by the International Accounting Standards Board (IASB) and adopted by the European Union at December 31, 2022.

International standards include IFRS (International Financial Reporting Standards), IAS (International Accounting Standards), as well as their SIC (Standing Interpretations Committee) interpretations and IFRIC (International Financial Reporting Interpretations Committee) interpretations. All standards adopted by the European Union (EU) can be consulted on the European Commission's website: https://eur-lex.europa.eu/eli/reg/2008/1126/2022-01-01.

The 2022 consolidated financial statements were approved by the Board of Directors on March 15, 2023.

With regard to events after the reporting period, only events occurring between December 31, 2022 and March 15, 2023, the date on which the financial statements were approved, are accounted for in accordance with IAS 10 – Events After the Reporting Period). These events are described in Note 12.4 – *Subsequent events*, which details the significant events that occurred during the aforesaid period.

#### Standards, amendments and interpretations applied by the Group

The Group applies the standards and amendments published in the Official Journal of the European Union and effective for reporting periods beginning on or after January 1, 2022. The following new amendments are effective or may be adopted early for the consolidated financial statements as at January 1, 2022:

- amendments to IFRS 3 – Reference to the Conceptual Framework;
- amendments to IAS 16 – Property, Plant and Equipment – Proceeds before Intended Use;
- amendments to IAS 37 – Onerous Contracts: Cost of Fulfilling a Contract;
- annual improvements to IFRS (2018 – 2020 Cycle).

These amendments, standards and interpretations do not have a material impact on the consolidated financial statements for the year ended December 31, 2022.

#### Standards, amendments and interpretations adopted by the IASB but not yet adopted by the European Union and not adopted early by the Group at December 31, 2022

The Group has not decided to apply early any standards, amendments or interpretations for the 2022 fiscal year. The following published standards, amendments and interpretations that will be effective after December 31, 2022 may have an impact on the Group's financial statements:

- amendments to IAS 1 and to the IFRS Practice Statement 2 – Disclosure of Accounting Policies;
- amendments to IAS 8 – Definition of Accounting Estimates;
- amendments to IAS 12 – Income Taxes – Deferred taxes related to Assets and Liabilities arising from a Single Transaction.

### 1.2. Basis of preparation

Unless otherwise indicated, financial information is presented in thousands of euros without decimal places, and the Group's presentation currency is the euro. Rounding to the nearest thousand euros may lead to non-material differences in the totals and subtotals of the tables. The consolidated financial statements have been prepared on a historical cost basis, with the exception of certain categories of assets and liabilities measured in accordance with IFRS.

Believe presents its consolidated income statement by function: operating expenses are split between "Cost of sales", "Sales and marketing expenses", "Technology and product expenses", "General and administrative expenses" and "Other operating income (expense)".

The consolidated financial statements provide comparative information with respect to the previous period. The notes to the consolidated financial statements set out the accounting policies applied in each note, along with comments on the figures, in order to enhance the readability of the financial statements.

### 1.3. Use of judgment 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 in light of 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 uses estimates and judgments to:

- determine the term and discount rate of leases;
- determine whether or not to recognize deferred taxes;
- 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;
- measure pension obligations and share-based payments.

### Leases

The Group assesses each contract to determine whether it is, or contains, a lease.

In applying IFRS 16, the Group uses estimates and judgments to:

- determine the lease term: the lease term adopted represents the non-cancellable term of the lease, plus any periods covered by an extension option if the Group is reasonably certain to exercise that option, plus any periods covered by a termination option if the Group is reasonably certain not to exercise that option. These estimates take account of the IFRIC's November 2019 agenda decision on lease terms;
- determine the discount rate: where the interest rate implicit in the lease cannot be readily determined, the discount rate used corresponds to the incremental borrowing rate at the lease commencement date. This rate is determined using the Group's incremental borrowing rate plus a spread in order to reflect the specific economic environment of the country concerned and, where applicable, the risk associated with the entity or leased asset. The discount rates used are adopted so as to reflect the interest rate that the Group would have to pay to borrow money under similar terms, *i.e.* a rate that reflects the lease term.

### Recognition of deferred taxes

Deferred taxes are only recognized to the extent that it is probable that sufficient taxable income will be available or that losses carried forward can be utilized against the taxable temporary differences. Where appropriate, deferred tax assets are only recognized to the extent of any limits imposed by the tax laws applicable to the entity concerned.

### Recoverable amount of advances paid to artists and labels

Under certain contracts signed with artists and labels, the Group agrees to pay advances that will be recouped against the amounts payable to those artists and labels at a future date. These advances are recognized as assets when they are paid and are recognized as expenses as the corresponding amounts are paid to the artists and labels.

At each reporting date, the Group determines the probability that it will recoup these advances, based on estimates of the future performance of the artists and labels that will be used to calculate the amounts due. Future performance is measured by (i) projecting advances recovered for the last three months over the remaining term of the initial agreement, thereby identifying artists and labels for whom the recoverability of advances may be doubtful, and (ii) meetings with operational management to factor in qualitative inputs (*e.g.* a recent album release that is not yet reflected in the revenues generated over the past quarter, or the launch of a catalog promotional campaign).

The carrying amount of the advances is written down if the Group no longer expects to recoup them in full against the future performance of the artists or labels. Advances shown in the statement of financial position are split between a current portion (*i.e.* the portion that the Group expects to recoup within 12 months of the reporting date) and a non-current portion.

Outstanding advances still to be collected are split between a current and a non-current portion using the same method as that used to determine the recoverable amount, *i.e.* by projecting advances recovered in the last three months. For contracts signed in the year for which no historical recovery statistics exist, the Group applies an average recoup rate based on trends observed over the past three fiscal years. This analysis is updated annually to take account of actual amounts recouped. The current/non-current split is also updated for material advances, taking into account the analysis described above.

### Revenue estimates

Based on past experience, the Group estimates revenue for sales made for which final sales reports are pending at the reporting date. This mainly concerns revenue from digital activities for all platforms working with the Group.

Revenue is estimated using the weighted average monthly growth of each platform over the past three years, and also takes into account any relevant known factors specific to a given platform. At the reporting date, the Group has additional information allowing it to corroborate the estimates made, consisting of (i) sales reports being provide the days preceding or following the reporting date, for which invoices have not yet been issued but for which the invoice amount is already known, and (ii) tools that report estimates from the platforms of revenue financed by advertising. These inputs enable the Group to ensure that its estimates are reliable.

### Asset impairment tests

In testing its assets for impairment, the Group uses assumptions that are revised at least annually, relative to cash-generating units (CGUs), future cash flows and discount rates. The assumptions used and the results of sensitivity tests of recoverable amounts are described in Note 6.4 – *Impairment tests on non-current assets*.

**Measurement of intangible assets acquired as part of a business combination, and estimates of any earn-out liabilities**

Business combinations are accounted for using the acquisition method in accordance with IFRS 3 – Business Combinations.

The Group recognizes intangible assets acquired as part of a business combination at fair value. These intangible assets are measured using valuation models requiring cash flow assumptions. The intangible assets recognized and the basis of measurement used are described in Note 6.2 – *Other intangible assets*.

The liabilities assumed in connection with earn-out arrangements are recognized at their fair value at the date of the combination.

## NOTE 2 SCOPE OF CONSOLIDATION

### 2.1. Basis of consolidation

#### Consolidation methods

The consolidated financial statements include the financial statements of companies acquired as from the date on which the Group acquired control, and those of companies sold up to the date on which the Group relinquished control, as well as investments in associates and joint ventures accounted for using the equity method. All companies are consolidated on the basis of their positions as at the annual closing dates presented and restated, where necessary, to comply with the Group's accounting principles. All intragroup transactions and balances are eliminated in full on consolidation, as well as gains and losses on transactions between controlled companies.

***Controlled companies***

Companies controlled directly or indirectly by the Group are consolidated. The Group controls a company when all of the following conditions are met:

- it has power over the entity;
- it is exposed, or has rights, to variable returns from its involvement with the entity;
- it has the ability to affect the amount of those returns through its power over the entity.

***Equity-method accounting for joint ventures and associates***

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control is the contractually-agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

An associate is a company over which the Group exercises significant influence, defined as the power to participate in the operating and financial policy decisions of an entity, but does not have control or joint control over those policies. Significant influence is presumed to exist when the Group holds, directly or indirectly, 20% or more of the voting rights of the entity, unless it can be clearly demonstrated that this is not the case.

Investments in joint ventures and associates are accounted for by the equity method. This method consists in initially recording the investment in joint ventures and associates in the consolidated statement of financial position at acquisition cost, adjusted thereafter for any post-acquisition change in the Group's share of the entity's net assets. Goodwill relating to equity-accounted companies is included as part of the carrying amount of the investments and is not presented separately. As a result, it is not separately tested for impairment in accordance with IAS 36.

The Group's share of the post-acquisition net income (loss) of equity-accounted companies is recognized on a separate line of the consolidated income statement, under "Operating income (loss)".

## Foreign currency translation

***Translation of subsidiaries' foreign currency financial statements***

The financial statements of each of the Group's consolidated companies are prepared in the functional currency, *i.e.* in the currency of the economic environment in which the company operates. The Group has two subsidiaries in Turkey, a country considered to be hyperinflationary from April 30, 2022.

The functional currency of foreign companies is the country's local currency. The financial statements of companies denominated in foreign currencies are translated into euros at the closing exchange rate for assets and liabilities on the statement of financial position and at the average exchange rate for the period for income statement and cash flow items, in the absence of significant changes in exchange rates. The financial statements of subsidiaries located in hyperinflationary countries are an exception to this rule and are translated into euros at the closing exchange rate, in accordance with IAS 21 and IAS 29.

Any resulting translation adjustments are initially recognized within other comprehensive income and maintained within the "Translation reserve" within equity.

***Foreign currency transactions***

Transactions carried out by a company in a currency other than its functional currency are translated at the exchange rate prevailing at the time of the transaction. Monetary assets and liabilities expressed in foreign currencies are translated at the closing exchange rate. Non-monetary assets and liabilities denominated in a foreign currency are recognized at the historical exchange rate prevailing at the transaction date.

Foreign exchange gains and losses are recognized in net financial income (expense).

***Net investment in a foreign operation***

Certain foreign currency loans and borrowings are considered in substance to be an integral part of the net investment in a subsidiary whose functional currency is not the euro when settlement is neither planned nor likely to occur in the foreseeable future.

The foreign currency gains and losses arising on these loans and borrowings are recorded under "Translation adjustments" in other comprehensive income for their net-of-tax amount. This specific accounting treatment applies until the disposal of the net investment, or when partial or full repayment of these loans or borrowings is highly probable.

In the event that the repayment of a loan results in it no longer being classified as a net investment in a foreign operation, the translation adjustments generated after the date its classification changes are taken to the consolidated income statement as other financial income (expense). Translation adjustments recognized before that date in other comprehensive income are only reclassified to income when the foreign operation is sold in part (resulting in a loss of control) or in full, *i.e.* when the gain or loss on this disposal is recognized. The Group examines whether these partial or full repayments of loans or borrowings equate to a partial or full disposal of the subsidiary.

## Transactions involving non-controlling interests

Transactions involving non-controlling interests that do not result in a change of control are recognized in equity. They are considered as transactions between owners, and do not affect goodwill or income. Transactions involving non-controlling interests are shown within cash flows from (used in) financing activities in the statement of cash flows.

## 2.2. Scope of consolidation

### Information on consolidated companies

The Group has control or joint control of, or exercises significant influence over, all of the companies in its scope of consolidation. The table below shows the Group's fully-consolidated and equity-accounted companies:

| | | December 31, 2022 | | December 31, 2021 | |
|---|---|---|---|---|---|
| Company | Country | Consolidation method(1) | % interest | Consolidation method(1) | % interest |
| Believe SA | France | Parent company | | Parent company | |
| Believe Digital GmbH | Germany | FC | 100% | FC | 100% |
| GoodToGo GmbH | Germany | FC | 100% | FC | 100% |
| Groove Attack GmbH | Germany | FC | 100% | FC | 100% |
| Justbridge Entertainment GmbH | Germany | FC | 100% | FC | 100% |
| Nuclear Blast GmbH | Germany | FC | 99% | FC | 99% |
| Rough Trade Distribution GmbH | Germany | FC | 100% | FC | 100% |
| Soulfood Music Distribution GmbH | Germany | FC | 100% | FC | 100% |
| Madizin Music GmbH | Germany | FC | 51% | - | - |
| Believe Digital Canada Inc. | Canada | FC | 100% | FC | 100% |
| Believe Music (Shanghai) Company Ltd | China | FC | 100% | FC | 100% |
| Believe Digital Holdings Inc. | United States | FC | 100% | FC | 100% |
| Believe International Holding Inc. | United States | FC | 100% | FC | 100% |
| Believe Music America LLC | United States | FC | 100% | FC | 100% |
| Nuclear Blast America Inc. | United States | FC | 99% | FC | 99% |
| TuneCore Inc. | United States | FC | 100% | FC | 100% |
| 6&7 SAS | France | FC | 51% | EM | 49% |
| Jo and Co SAS | France | FC | 51% | FC | 51% |
| Lili Louise Musique SAS(2) | France | EM | 49% | EM | 49% |
| Play 2 SAS | France | EM | 25% | EM | 25% |
| Morning Glory Music SAS | France | FC | 53% | - | - |
| Structure PY SAS (2) | France | EM | 24% | - | - |
| Believe Digital Private Ltd | India | FC | 100% | FC | 100% |
| Canvas Talent Private Ltd | India | FC | 100% | FC | 100% |
| Entco Music Private Ltd | India | FC | 100% | FC | 100% |
| Ishtar Music Private Ltd | India | FC | 100% | FC | 100% |
| SPI Music Private Limited | India | FC | 100% | FC | 100% |
| PT Believe Music Indonesia | Indonesia | FC | 100% | - | - |
| Believe Digital SRL | Italy | FC | 100% | FC | 100% |
| TuneCore Japan KK | Japan | FC | 55% | FC | 55% |
| Believe International SARL | Luxembourg | FC | 100% | FC | 100% |
| Viva Music and Artists Group Inc.(2) | Philippines | EM | 15% | EM | 15% |
| Believe Direct Ltd | UK | FC | 100% | FC | 100% |
| GS Believe LLP | UK | EM | 50% | EM | 50% |
| Nuclear Blast (UK) Ltd | UK | FC | 99% | FC | 99% |
| Believe Digital OOO | Russia | FC | 100% | FC | 100% |
| Believe Music Sea Pte Ltd | Singapore | FC | 100% | FC | 100% |
| Believe Taiwan Inc. | Taiwan | FC | 100% | - | - |
| Doğan Müzik Yapım ve Ticaret A.Ş. | Turkey | FC | 60% | FC | 60% |
| Netd Müzik Video Dijital Platform ve Ticaret A.Ş. | Turkey | FC | 60% | FC | 60% |

*(1) FC: Full consolidation; EM: Equity-accounted companies.*
*(2) These entities, consolidated in the Group's financial statements, include companies directly controlled by them.*

The consolidated financial statements have a reporting date of December 31. The reporting date of all Group companies is December 31 and they all have a 12-month fiscal year, with the exception of companies based in India, for which the reporting date is March 31. The Indian companies prepare accounts at December 31, in connection with the preparation of the Group's consolidated financial statements.

All German subsidiaries listed above and included in the consolidated statement of financial position are exempt from the obligation to publish parent company and consolidated financial statements for the 2022 fiscal year, in accordance with Articles 264, 264b and 291 of the German Commercial Code (*Handelsgesetzbuch* – HGB) and the obligation to publish (Group) management reports for the 2022 fiscal year, in accordance with Article 325 of said code.

### Information on non-consolidated companies

| | | December 31, 2022 | December 31, 2021 |
|---|---|---|---|
| Company | Country | % interest | |
| Chimperator Productions Verwaltungs GmbH(1) | Germany | - | 30.0% |
| Chimperator Productions GmbH & Co. KG(1) | Germany | - | 30.0% |
| Phononet GmbH | Germany | 0.6% | 0.6% |
| Triller Acquisition LLC | United States | 0.3% | 0.3% |
| IRCAM Amplify SAS | France | 6.7% | 6.7% |
| Uni-T SAS | France | 24.4% | 24.4% |
| Rapsodie SAS | France | 2.8% | - |

*(1) The Group sold its stake in Chimperator Productions Verwaltungs GmbH and Chimperator Productions GmbH & Co. KG on January 1, 2022 for an insignificant amount.*

The value of investments in non-consolidated companies is presented under "Non-current financial assets" in the statement of financial position, and described in further detail in Note 8.1 – *Financial assets and liabilities*.

### Changes in the scope of consolidation in 2022

- On January 1, 2022, the Group sold its stake in Chimperator Productions Verwaltungs GmbH and Chimperator Productions GmbH & Co. KG for an insignificant amount.
- On February 4, 2022, the Group exercised its call option for the acquisition of an additional 2% stake in the share capital of 6&7, previously consolidated using the equity method at 49%. The company has been fully consolidated at 51% since January 1, 2022.
- On July 13, 2022, the Group subscribed to the capital increase of Rapsodie SAS and now holds 2.8% of the company's share capital. The company is not consolidated.
- On October 7, 2022, the Group created Madizin Music GmbH with partners in Germany. The company has been fully consolidated at 51% since that date.
- On November 16, 2022, the Group acquired a majority stake of 53% in the share capital of Morning Glory Music SAS ("MGM"). A call-put option on the remaining shares exists with two tranches over two distinct exercise periods. Since that date, the company has been fully consolidated at 53%.
- On December 19, 2022, the Group subscribed to the capital increase of Structure PY SAS and now holds 24% of the company's share capital. The company has been consolidated using the equity method since December 31, 2022.
- In addition, in 2022, the Group created Believe Taiwan Inc. and PT Believe Music Indonesia, which have been fully consolidated since their creation.

### Changes in the scope of consolidation in 2021

- On May 25, 2021, by decision of the Combined General Meeting, Believe SAS, incorporated as a French simplified joint-stock company (*Société par Actions Simplifiée*), was transformed into a public limited company (*Société Anonyme*) with a Board of Directors and became Believe SA.
- On November 4, 2021, the Group acquired a 25% stake in Play 2 SAS ("Play 2"), one of the leading French independent music labels and subsidiary of the TF1 group (see Note 2.4 – *Equity-accounted companies*). The company has been consolidated using the equity method since that date.
- On December 2, 2021, the Group established a strategic partnership with the acquisition of a 15% stake in Viva Music and Artists Group Inc. ("Viva"). It is the largest label in the Philippines and one of the largest labels in South-east Asia (see Note 2.4 – *Equity-accounted companies*). The company has been consolidated using the equity method since that date.

- On December 10, 2021, the Group strengthened its position in the fast-growing Indian market with the acquisition of the Think Music label, one of the leaders in the movie soundtrack segment in South India. The Group acquires control of SPI Music Private Limited ("SPI Music") with an initial stake of 76% and a forward contract for the acquisition of the remaining 24% expiring in 2025 (see Note 2.3 – *Business combinations*). The company has been fully consolidated since that date.
- On December 21, 2021, the Group acquired a majority stake of 51% in the share capital of Jo and Co SAS ("Jo&Co"), a major independent label specializing in pop and variety in France (see Note 2.3 – *Business combinations).* A call-put option on the remaining shares exists. The company has been fully consolidated at 51% since December 31, 2021.

## 2.3. Business combinations

### Accounting policies

IFRS 3 defines a business combination as a transaction or other event in which an acquirer obtains control of one of more businesses. A business is defined as an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing goods or services to customers, generating investment income (such as dividends or interest) or generating other income from ordinary activities. A business is composed of inputs and processes that, when applied to these inputs, create outputs. The Group recognizes business combinations in accordance with the acquisition method:

- identifiable assets acquired and liabilities assumed are measured at their acquisition-date fair value;
- non-controlling interests in the acquiree are measured either at fair value or at the Group's share in the acquiree's net identifiable assets. This option is available for all business combinations based on a case-by-case analysis of each transaction.

Goodwill is determined at the acquisition date as the difference between:

- the fair value of the consideration transferred, including any contingent consideration (earn-out), plus the amount of any non-controlling interests;
- the net of the acquisition-date fair value amounts of the identifiable assets acquired and the liabilities assumed.

Acquisition-related costs are recorded under "Other operating income (expense)" in the period in which they are incurred. Any earn-outs linked to the business combination are measured at fair value on the acquisition date. After the acquisition date, the contingent consideration is remeasured to fair value at each reporting date, unless it relates to an equity instrument.

After expiry of the measurement period for allocating the purchase price (*i.e.* no more than one year from the acquisition date), any changes in the fair value of the contingent consideration are taken to income. Any changes in the fair value of contingent consideration during the measurement period that are expressly attributable to events that occurred after the acquisition date, are shown within "Other operating income (expense)" in the income statement. Other changes are recognized against goodwill.

### Assets and liabilities identified

In allocating the purchase price, the Group may recognize:

- an asset in respect of the relationship with artists and labels generally valued using the excess earnings method. This method estimates the present value of the net cash flows expected to be derived from these relationships held by the business acquired, excluding cash flows relating to corporate assets;
- a catalog generally valued using the excess earnings method. This method estimates the present value of the net cash flows expected to be derived from the catalog owned by the acquiree, excluding cash flows relating to corporate assets;
- a brand generally valued using the royalty relief method. This method estimates the present value of royalties expected to be avoided as a result of the acquisition.

The table below shows the provisional and final purchase accounting, net of deferred taxes, for entities acquired during the 2021 and 2022 fiscal years:

| | Acquisitions in 2022 | | | Acquisitions in 2021 | | |
|---|---|---|---|---|---|---|
| *(In € thousands)* | **6&7** | **Morning Glory Music** | **Total** | SPI Think Music | Jo&Co(1) | **Total** |
| Brands, net of deferred tax | 846 | - | 846 | 3,394 | 2,045 | 5,439 |
| Catalogs, net of deferred tax | 291 | - | 291 | 1,954 | - | 1,954 |
| Other assets (liabilities) identified | - | (169) | (169) | 3,874 | 611 | 4,485 |
| **TOTAL NET ASSETS ACQUIRED (BASED ON 100%) [A]** | **1,137** | **(169)** | **968** | **9,222** | **2,657** | **11,879** |
| Share attributable to Believe (= % x A) [B] | 577 | (90) | 487 | 9,222 | 1,355 | 10,577 |
| Acquisition price [C] | 2,101 | 3,942 | 6,043 | 26,186 | 4,463 | 30,649 |
| **Goodwill [C]-[B]** | **1,524** | **4,032** | **5,556** | **16,964** | **3,108** | **20,072** |

*(1) The acquisition of Jo&Co during the 2021 fiscal year resulted in goodwill of €3,108 thousand following the allocation of the final acquisition price. Goodwill as presented and recognized in the consolidated financial statements at December 31, 2021 was €4,150 thousand.*

## Acquisitions in 2022

### *MGM*

As the acquisition of the company was completed at the end of the year, the allocation of the purchase price could not be reflected in the consolidated financial statements at December 31, 2022 (valuation in 2023).

The Believe Group acquired 53% of the share capital of Morning Glory Music for €3,942 thousand. A call-put option on the remaining 47% exists with two tranches over two separate exercise periods, in 2026 and 2029. The option is valued in the financial statements for an amount of €3.2 million at December 31, 2022. No earn-out is recognized in connection with this acquisition.

Cash acquired as part of the acquisition of the company is non-material.

### *Contribution of acquisitions*

MGM's contributions to the Group's revenue and consolidated net income at December 31, 2022 are €55 thousand and €(119) thousand, respectively. If the company had been acquired on January 1, 2022, its contribution to the Group's revenue and consolidated net income for at December 31, 2022 would have been €499 thousand and €(423) thousand, respectively.

### *6&7*

A brand was valued using the royalty relief method. A catalog was also recognized. The investment in 6&7 breaks down as follows:

- **initial equity investment** (October 18, 2019): initial stake of 49% concomitantly with the subscription to a capital increase, for a total amount of €1.5 million;
- **additional equity investment** (February 4, 2022): exercise of the call option on an additional 2% stake for an amount of €0.6 million.

Cash acquired as part of the acquisition of 6&7 amounted to €479 thousand.

### *Contribution of acquisitions*

6&7's contributions to the Group's revenue and consolidated net income at December 31, 2022 are €248 thousand and €513 thousand respectively. The contribution to the Group's revenue does not include the revenue generated by Believe under the distribution agreement existing prior to the acquisition. These data reflect a contribution to the Group over a 12-month period, as the company has been fully consolidated since January 1, 2022.

### Acquisitions in 2021

***SPI Music (Think Music)***

A brand was valued using the royalty relief method. A catalog was also recognized. SPI Think Music's equity investment breaks down as follows:

- **tranche 1** (December 10, 2021): initial stake of 76%, for an amount of €15.8 million;
- **tranche 2** (2025): forward contract for the acquisition of the remaining 24%, valued at €10.4 million at December 31, 2021. The final price will be determined on the basis of the future performance of the Company.

Cash acquired as part of the acquisition of SPI Think Music amounts to €2,825 thousand.

The goodwill reflects in particular SPI Think Music's reputation and its connection with the local music and film industry as well as the synergies expected to derive from integrating the company into the Group.

***Contribution of acquisitions***

SPI Think Music's contributions to the Group's revenue and consolidated net income at December 31, 2021 were €161 thousand and €97 thousand respectively. If the company had been acquired on January 1, 2021, its contribution to the Group's revenue and consolidated net income at December 31, 2021 would have been €2,944 thousand and €2,080 thousand, respectively.

***Jo&Co***

A brand was valued using the royalty relief method.

The Believe Group acquired 51% of the share capital of Jo&Co, one of the main independent labels specializing in pop and variety in France, for an amount of €4,463 thousand. A call-put option on the remaining 49% exists and was valued in the financial statements for an amount of €5.7 million at December 31, 2021. No earn-out was recognized in connection with this acquisition.

Cash acquired as part of the acquisition of the company amounted to €1,047 thousand.

***Contribution of acquisitions***

It made no contribution net income at December 31, 2021.

If the company had been acquired on January 1, 2021, its contribution to the Group's revenue and consolidated net income at December 31, 2021 would have been €3,313 thousand and €171 thousand, respectively.

## 2.4. Equity-accounted companies

### Accounting policies

The Group's share of the post-acquisition net income (loss) of equity-accounted companies is recognized on a separate line of the consolidated income statement, under "Operating income (loss)".

### Changes in investments in equity-accounted companies

| *(In € thousands)* | December 31, 2022 | December 31, 2021 |
|---|---|---|
| **Investments in equity-accounted companies at January 1** | **49,353** | **12,812** |
| Share of net income (loss) from equity-accounted companies | 1,233 | 1,361 |
| Dividends | (850) | - |
| Changes in the scope of consolidation | 1,582 | 34,928 |
| Translation adjustments and others | (660) | 252 |
| **INVESTMENTS IN EQUITY-ACCOUNTED COMPANIES AT DECEMBER 31** | **50,657** | **49,353** |

In 2022, the item "Changes in the scope of consolidation" corresponds to:

- the acquisition of an additional 2% stake in the share capital of 6&7, previously consolidated using the equity method at 49%. The company is now fully consolidated at 51% (see Note 2.2 – *Scope of consolidation* and Note 2.3 – *Business combinations*);
- the acquisition of Structure PY (see Note 2.2 – *Scope of consolidation*).

In 2021, the item "Changes in the scope of consolidation" related to the acquisitions of Play 2 and VIVA Music Group (see Note 2.2 – *Scope of consolidation*).

The Group did not identify any evidence that its equity-accounted investments may be impaired.

### Information regarding equity-accounted companies

| *(In € thousands, except % interests)* | Country | December 31, 2022 Carrying amount | December 31, 2022 % interests | December 31, 2021 Carrying amount | December 31, 2021 % interests |
|---|---|---|---|---|---|
| Lili Louise Group[(1)] | France | 11,174 | 49% | 11,677 | 49% |
| 6&7 SAS | France | - | - | 1,538 | 49% |
| Play 2 SAS | France | 12,633 | 25% | 12,184 | 25% |
| Structure PY SAS | France | 3,120 | 24% | - | - |
| Viva Music and Artists Group Inc. | Philippines | 22,976 | 15% | 23,330 | 15% |
| GS Believe LLP | UK | 754 | 50% | 625 | 50% |
| **TOTAL** | | **50,657** | | **49,353** | |

*(1) The Lili Louise Group includes Lili Louise Musique SAS, Tôt ou Tard Films SA, VF Musiques SAS and Zouave SAS.*

### Financial information regarding equity-accounted companies

The condensed financial information on equity-accounted companies corresponds to the amounts reported in the financial statements of the joint venture or associate. They break down as follows:

| *(In € thousands)* | 2022 Lili Louise group[(1)] | 2022 Viva | 2022 Play 2 | 2022 Others | 2022 Total | 2021 Lili Louise group[(1)] | 2021 Viva | 2021 Play 2 | 2021 Others | 2021 Total |
|---|---|---|---|---|---|---|---|---|---|---|
| Revenue | 15,112 | 15,333 | 24,525 | - | **54,971** | 14,732 | 1,484 | 8,342 | 3,236 | **27,794** |
| Net income (loss) | (224) | 3,251 | 2,747 | 337 | **6,111** | 1,437 | 755 | 687 | 753 | **3,633** |
| **SHARE OF NET INCOME (LOSS)** | **(110)** | **488** | **687** | **169** | **1,233** | **704** | **113** | **172** | **372** | **1,361** |

| *(In € thousands)* | December 31, 2022 Lili Louise group[(1)] | December 31, 2022 Viva[(2)] | December 31, 2022 Play 2[(2)] | December 31, 2022 Others | December 31, 2022 Total | December 31, 2021 Lili Louise group[(1)] | December 31, 2021 Viva[(2)] | December 31, 2021 Play 2[(2)] | December 31, 2021 Others | December 31, 2021 Total |
|---|---|---|---|---|---|---|---|---|---|---|
| Non-current assets | 25,533 | 157,360 | 56,286 | 13,000 | **252,179** | 26,903 | 150,247 | 56,863 | 3,459 | **237,471** |
| Current assets | 15,109 | 20,553 | 65,136 | 1,621 | **102,419** | 15,698 | 19,275 | 69,603 | 12,804 | **117,380** |
| Non-current liabilities | 1,886 | 13,594 | 8,062 | - | **23,542** | 2,214 | 492 | 8,358 | - | **11,064** |
| Current liabilities | 13,575 | 11,146 | 62,828 | 113 | **87,662** | 14,180 | 13,499 | 69,371 | 11,600 | **108,651** |

*(1) The Lili Louise Group includes Lili Louise Musique SAS, Tôt ou Tard Films SA, VF Musiques SAS and Zouave SAS.*

### Transactions with equity-accounted companies (as related parties)

The consolidated financial statements include transactions carried out by the Group in the ordinary course of business with equity-accounted companies. These transactions are carried out at arm's length.

| *(In € thousands)* | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Loans | 3,246 | 659 |
| Advances to artists and labels | - | 4,000 |
| Trade receivables | 386 | - |
| Trade payables and contract liabilities | 6,198 | 1,843 |

| *(In € thousands)* | 2022 | 2021 |
|---|---|---|
| Amounts paid to artists and producers | (18,056) | (4,417) |
| Sales and marketing expenses | 386 | - |

## NOTE 3 SEGMENT INFORMATION

### 3.1. Identification of operating segments

#### Accounting policies

Segment financial information is presented in accordance with IFRS 8 – Operating Segments and is based solely on the internal reporting used by Believe's Board of Directors, considered to be the Company's chief operating decision maker within the meaning of IFRS 8, to make decisions about resources to be allocated to the segments and assess their performance. These segments reflect the basis on which management analyzes the business.

The Group has identified two operating segments corresponding to Believe's two businesses, which form the basis of its reporting to the Board of Directors.

- **Premium Solutions:** this consists mainly of the sale, promotion and delivery of digital content provided by artists and labels for which the Group is responsible for developing their catalog on digital platforms and social media, as appropriate, using a split revenue model. To a lesser extent, it also includes services supporting the development of artists in terms of physical sales, derivative products, synchronization services, neighboring rights and music publishing;
- **Automated Solutions,** whereby the Group enables artists, via its TuneCore digital platform, to distribute their audio content in an automated manner to streaming and social media platforms in return for a subscription fee or margin. Alongside this platform, artists can also choose complementary publishing or synchronization solutions.

The "Central Platform" does not meet the definition of an operating segment under IFRS 8, but is included in internal reporting and regularly monitored and analyzed by the Board of Directors of Believe. It includes certain centralized operating functions:

- IT, Product and Operations teams, who develop and operate the Group's technology platform, comprising content management and platform delivery tools, interfaces with artists and labels, and data management and analysis systems;
- marketing teams, who develop and leverage promotional tools for artists;
- teams developing and designing sales offers;
- and the various support functions.

### 3.2. Key segment data

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 expenses, and (iv) depreciation of identified assets at the acquisition date, net of deferred taxes, for the share of net income (loss) of equity-accounted companies.

No statement of financial position data broken down by operating segment is presented to the chief operating decision maker.

| | 2022 | | 2021 | |
|---|---|---|---|---|
| *(In € thousands)* | **Revenue** | **Adjusted EBITDA** | **Revenue** | **Adjusted EBITDA** |
| Premium Solutions | 712,641 | 101,270 | 541,340 | 78,007 |
| Automated Solutions | 48,165 | 6,609 | 35,812 | 5,334 |
| Other – Central Platform | - | (73,172) | - | (60,024) |
| **TOTAL** | **760,805** | **34,707** | **577,151** | **23,317** |

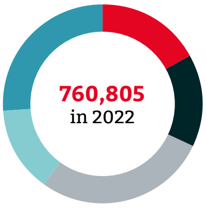
## 3.3. Reconciliation with Group financial data

The table below reconciles adjusted EBITDA with operating income (loss):

| *(In € thousands)* | 2022 | 2021 |
|---|---|---|
| **Operating income (loss)** | **(22,265)** | **(19,620)** |
| Restatement of depreciation, amortization and impairment expense | 44,857 | 33,700 |
| Restatement of share-based payment including social security contributions and employer contributions | 6,464 | 2,515 |
| Restatement of other operating income (expense) | 4,888 | 6,373 |
| 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 | 763 | 350 |
| **ADJUSTED EBITDA** | **34,707** | **23,317** |

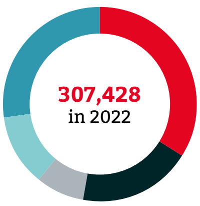
## 3.4. Information by geographic area

In accordance with IFRS 8.33, revenue generated in France and abroad is presented below based on the location of the Group's operations:




| *(In € thousands)* | 2022 | 2021 |
|---|---|---|
| 17% France | 128,604 | 95,983 |
| 15% Germany | 113,599 | 102,375 |
| 28% Europe excluding France and Germany | 210,177 | 164,734 |
| 14% Americas | 109,168 | 83,534 |
| 26% Asia/Oceania/Pacific | 199,258 | 130,525 |
| **TOTAL REVENUE** | **760,805** | **577,151** |

The breakdown of non-current assets (excluding non-current financial assets, non-current portion of advances to artists and labels, deferred tax assets) in France and abroad is presented below on the basis of the location of the legal entity carrying the assets:




| *(In € thousands)* | 2022 | 2021 |
|---|---|---|
| 34% France | 104,725 | 101,354 |
| 19% Germany | 57,852 | 59,704 |
| 8% Europe excluding France and Germany | 26,104 | 16,900 |
| 12% Americas | 37,499 | 36,540 |
| 27% Asia/Oceania/Pacific | 81,248 | 83,059 |
| **TOTAL NON-CURRENT ASSETS** | **307,428** | **297,557** |

## 3.5. Major customers

At December 31, 2022, the Group's three largest customers respectively accounted for 30%, 28% and 10% of total revenue; they represented 33%, 23% and 10% of total revenue at December 31, 2021.

## NOTE 4 OPERATING DATA

### 4.1. Revenue

#### Accounting policies

The Group derives most of its revenue from:

- digital sales;
- other: mainly consisting of physical sales and, to a lesser extent, revenue derived from derivative products, music publishing, synchronization, brand partnerships and neighboring rights.

Revenue is recognized when the performance obligation is satisfied, at the amount of consideration to which the Group expects to be entitled.

***Digital sales:***

The Group's digital sales are made under two business models:

- Premium Solutions;
- Automated Solutions.

Digital sales in the Premium Solutions segment consist of sales of an intellectual property license to the catalog of musical works to which the Group has the rights. The catalog is defined as all of the works to which the Group has the rights during its contract with the platform (including works to which it will acquire the rights after signing the contract and excluding works to which the Group will no longer hold rights). This license therefore represents a right to access intellectual property as it exists throughout the license period (dynamic license). The Group enters into contracts spanning several years with digital service providers which pay in exchange for the use of its musical catalog. Revenue therefore takes the form of remuneration based on the use of the license by the platforms' end customers. Such remuneration in this case is based on the revenue generated by the platform, both from advertising and from subscriptions. Revenue is recognized as and when the catalog is used, based on reports compiled by the digital platforms.

Some contracts with platforms may provide for the payment of a minimum guarantee. This is non-refundable but can generally be recouped, and is similar to an advance received by the Group. Minimum guarantees are recognized in the same way as the payments to which they relate or are recognized *prorata temporis* over the term of the contract if the related payments are not sufficient or if pertinent information is not available. Minimum guarantees or advances not yet recognized in revenue represent contract liabilities.

As part of its digital sales activities in its Premium Solutions offering, the Group acts as Principal in its dealings with the digital platform, as it obtains control of the works comprising the catalog through the distribution licenses granted to it. The Group effectively controls the catalog and has the ability to direct its use. Its activity also involves incorporating works into its catalog.

For Automated Solutions, digital sales constitute an intermediation service enabling the producer to distribute its catalog on the platforms of its choice. This service also includes collecting and paying producers amounts attributable to them during the term of their subscription. In this arrangement, the Group acts as Agent and revenue corresponds to subscriptions paid by artists or to the margin if revenue is shared, as it does not obtain control of the works delivered to the platform; the producer has discretion in establishing the price and making other commercial decisions. Revenue is recognized on a straight-line basis over the subscription period, since the producer receives and consumes the benefits as and when the services are provided and the necessary inputs are consumed in a uniform manner over the service period.

***Others:***

In the course of its business, and depending on the contractual provisions agreed with artists or producers, in the case of physical sales the Group may act as either Agent or Principal.

When the Group acts as a label (*i.e.* it enters into a recording contract with an artist, or an "artist contract", or a license agreement under which it acts as a licensee for a third-party producer), it carries out the physical sales as a Principal, since it obtains control of the physical recording, makes commercial decisions, and bears the inventory risk. In this case, the Group's customer is the physical distributor.

When the Group acts as distributor, its role is as an Agent as it does not obtain control of the physical recordings, does not and make other commercial decisions, and does not bear the inventory risk.

When the Group acts as Principal, physical sales constitute sales of intellectual property licenses for musical works. This license represents a right to use the intellectual property as it exists in the physical recording, *i.e.* at a point in time (static license). In this case, revenue, net of any discounts or rebates, is recognized when control of the physical recording is transferred, which generally occurs when the physical recording is delivered to physical stores or, in the event of sales on consignment, when the physical recording is sold to the end customer. In the case of sales on consignment, the physical distributor only obtains control of the physical recording when the product is sold to its customer, and it does not have an unconditional obligation to pay for the product as long as the sale to its customer does not take place.

Estimates of returns are based on historical statistics and forecasts and are deducted from revenue.

When the Group acts as Agent, sales correspond to an intermediary distribution service to the producer and, where appropriate, add-on services such as the manufacture of the different formats. In this case, the Group's customer is the producer and revenue consists only of the fees it earns on distribution. The impact of estimated returns is recognized as a deduction from revenue relating to distribution fees. Estimates of returns are based on historical statistics and forecasts, *i.e.* using the expected value method.

The Group generates revenue on other, more incidental, activities, namely:

- activities involving the sale of derivative products and brand partnerships – corresponding to the sale of derivative products in partnership with a brand – generate revenue which is recognized at the time of entering into the license agreement, or when control of the goods is transferred to the customer. The Group acts as Principal in this arrangement as it obtains control of the goods: it makes commercial decisions, is responsible for sales to the end customer, and bears the inventory risk;
- synchronization services are where a license is granted to an extract from a musical work as it exists at the time the contract is signed, with no changes envisaged. In this case, revenue is recognized when control of the license is transferred, *i.e.* when the customer obtains the right to use the work;
- neighboring rights relate to incidental copyrights returned to the recording artist and audiovisual producers, as well as to radio or television broadcasting bodies. The Group may be responsible for collecting payments relating to neighboring rights from the competent authorities, and then for paying them over to the artist/producer, less a management fee, where applicable. The Group acts as Agent when it collects such payments and only its fees are recognized as revenue;
- the Group also offers additional publishing right administration services, where it collects – mainly from collective management organizations and on behalf of owners of the rights to the musical works – payments due in respect of the right to reproduce and perform these works. The Group acts as Agent when it collects such rights and only its fees are recognized as revenue.

**BREAKDOWN OF REVENUE BY TYPE**

| *(In € thousands)* | 2022 | | 2021 | |
|---|---|---|---|---|
| Digital sales | 701,948 | 92.3% | 524,689 | 90.9% |
| Others[1] | 58,857 | 7.7% | 52,463 | 9.1% |
| **TOTAL REVENUE** | **760,805** | **100%** | **577,151** | **100%** |

*(1) The amounts shown on under "Others" essentially relate to physical sales.*

## 4.2. Cost of sales

### Accounting policies

Cost of sales includes costs directly or indirectly attributable to products and services sold. Cost of sales relates mainly to amounts paid to artists and labels, production costs and changes in inventories (mainly physical recordings), as well as expenses incurred to organize musical events.

Payments to artists and labels are expensed when proceeds from the sales of musical recordings are recognized, less any provision for returns.

## 4.3. Operating income (expense)

### Accounting policies

***Sales and marketing expenses***

Sales and marketing expenses include all costs relating to internal and external personnel involved in marketing and sales services, along with local operational and support costs attributable to marketing and sales activities. They also include depreciation and amortization charged against the corresponding non-current assets (which mainly comprise capitalized personnel expenses and consultants' fees).

***Technology and product expenses***

Technology and product expenses include all costs relating to internal and external personnel involved in developing technology platforms for services provided by the Group, and to other internally-developed IT projects, part of which being capitalized. They also include depreciation and amortization charged against property, plant and equipment and intangible assets.

***General and administrative expenses***

General and administrative expenses include all costs relating to internal and external personnel in operational support and head office teams, along with overheads and miscellaneous fees relating to these support functions. General and administrative expenses also include amortization charged against intangible assets (content and platform delivery management tools, interfaces with artists and labels, data management and analysis systems, etc.) and property, plant and equipment, as well as costs related to post-employment benefits and share-based compensation plans.

**Operating income (expense) by nature**

***Personnel expenses and employee benefits***

Personnel expenses and employee benefits are detailed in Note 5.2 – *Employee benefits*.

***Depreciation, amortization and impairment expenses***

Depreciation, amortization and impairment expenses recognized in the income statement as operating income and expense items are described in Note 6.2 – *Other intangible assets* and in Note 6.3 – *Property, plant and equipment*.

## 4.4. Other operating income (expenses)

### Accounting policies

In order to facilitate interpretation of the income statement and Group performance, unusual items that are material to the consolidated financial statements are presented separately as operating income (expense) under "Other operating income (expenses)".

The Group's other operating income (expenses) is comprised of the following:

| *(In € thousands)* | 2022 | 2021 |
|---|---|---|
| Gains (losses) on asset disposals | (20) | - |
| Acquisition-related costs | (2,173) | (849) |
| Other operating income (expense) | (2,695) | (5,524) |
| **TOTAL OTHER OPERATING INCOME (EXPENSES)** | **(4,888)** | **(6,373)** |

At December 31, 2022, the "Other operating income (expenses)" item mainly includes expenses related to the reorganization undertaken in certain countries for €(2.4) million.

At December 31, 2021, the "Other operating income (expenses)" item mainly included expenses related to the initial public offering (IPO) of shares on the regulated market in France for €(5.3) million.

## 4.5. Trade receivables and other current assets

### Accounting policies

Trade receivables are initially recognized at their transaction price (within the meaning of IFRS 15); there is no significant financing component owing to the short settlement periods. Trade receivables are measured at amortized cost less expected losses over the life of the receivable according to the simplified model provided for by IFRS 9.

Expected credit losses are estimated taking into account historical loss experience, the age of the receivables and a detailed risk assessment. If there is objective evidence of a credit loss at the reporting date (*e.g.* litigious receivables or difficulties in terms of collection), an additional write down may be recognized on a case-by-case basis in light of information available at the reporting date.

Invoices not yet issued (included in the estimated revenue) at the reporting date pending the final reports from the digital platforms are presented with trade receivables. These relate to revenue recognized when a performance obligation has been satisfied but not yet billed. As well as the estimates made, the Group also receives daily activity reports from major platforms which include key revenue inputs (*e.g.* listening volume, for example by artist/stream/genre/country). Based on these inputs, the Group considers that it has an unconditional right to consideration since only the passage of time is required before payment of that consideration is due. Furthermore, the payment and amount of these invoices do not depend on the future provision of services.

Trade receivables break down as follows:

| *(In € thousands)* | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Trade receivables(1) | 166,960 | 142,791 |
| Impairment of trade receivables | (8,504) | (6,164) |
| **TOTAL TRADE RECEIVABLES, NET** | **158,456** | **136,627** |

*(1) The amount of invoices not yet issued included in "Trade receivables" represents €86.5 million at December 31, 2022 and €73.6 million at December 31, 2021. Changes in trade receivables reflect the increase in the Group's business.*

### Age of trade receivables

The table below provides an aged analysis of trade receivables:

| | December 31, 2022 | | | December 31, 2021 | | |
|---|---|---|---|---|---|---|
| *(In € thousands)* | Trade recei-vables | Impairment of trade receivables | Trade receivables, net | Trade receivables | Impairment of trade receivables | Trade receivables, net |
| Not yet due(1) | 140,375 | - | 140,375 | 122,647 | - | 122,647 |
| Less than 90 days past due | 11,281 | (360) | 10,921 | 9,639 | - | 9,639 |
| Between 90 and 180 days past due | 2,514 | (18) | 2,496 | 1,603 | (337) | 1,266 |
| More than 180 days past due | 12,791 | (8,127) | 4,664 | 8,903 | (5,828) | 3,075 |
| **TOTAL TRADE RECEIVABLES, NET** | **166,960** | **(8,504)** | **158,456** | **142,791** | **(6,164)** | **136,627** |

*(1) The amount of invoices to be issued is included in the "Not yet due" line.*

### Other current assets

Other current assets break down as follows:

| *(In € thousands)* | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Tax and social security receivables(1) | 19,086 | 17,458 |
| Prepaid expenses | 10,461 | 9,511 |
| Other receivables | 2,540 | 2,440 |
| **TOTAL OTHER CURRENT ASSETS** | **32,087** | **29,408** |

*(1) Tax and social security receivables relate mainly to amounts due to the Group in respect of VAT.*

## 4.6. Advances to artists and labels

### Accounting policies

Under certain contracts signed with artists and labels, the Group agrees to pay advances, which will be recouped against the amounts payable to those artists and labels at a future date. These advances are recognized as assets when they are paid and are expensed as and when the corresponding amounts are paid to the artists and labels.

At each reporting date, the Group determines the probability that it will recoup these advances, based on estimates of the future performance of the artists and labels that will be used to calculate the amounts due. The carrying amount of the advances is written down if the Group no longer expects to recoup them in full against the future performance of the artists or labels. Any impairment is recognized in cost of sales.

Advances shown in the statement of financial position are split between a current portion (*i.e.* the portion that the Group expects to recoup within 12 months of the reporting date) and a non-current portion.

Advances to artists and labels can be analyzed as follows:

| *(In € thousands)* | **December 31, 2022** | December 31, 2021 |
|---|---|---|
| Advances to artists and labels – current portion | 90,707 | 88,021 |
| Advances to artists and labels – non-current portion | 87,780 | 77,937 |
| **TOTAL ADVANCES TO ARTISTS AND LABELS, NET** | **178,487** | **165,958** |
| *Portion of advances paid in less than one year* | *52%* | *68%* |

## 4.7. Inventories

### Accounting policies

Inventories are initially measured at cost. The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The Group's inventories mainly consist of physical music recordings held in connection with its label business.

At each reporting date, inventories are measured at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. Inventories are written down by means of an impairment loss if their net realizable value is lower than their cost. Any such impairment is reversed as soon as the net realizable value of the inventories once again exceeds their cost.

Inventories break down as follows:

| *(In € thousands)* | **December 31, 2022** | December 31, 2021 |
|---|---|---|
| Gross inventories | 8,157 | 5,800 |
| Impairment | (2,531) | (1,168) |
| **TOTAL INVENTORIES, NET** | **5,626** | **4,632** |

## 4.8. Trade payables and contract liabilities

### Accounting policies

Trade payables and contract liabilities are measured at fair value on initial recognition, and subsequently at amortized cost. All these payables are classified as liabilities in the statement of financial position with a maturity of less than one year. Contract liabilities represent consideration received for performance obligations that have not yet been satisfied or have only partly been satisfied. They correspond mainly to:

- advances and minimum guarantees received from digital platforms;
- prepaid income relating to subscriptions paid in full by artists on inception of contracts in the Automated Solutions business but recognized over several reporting periods.

Trade payables and contract liabilities break down as follows:

| *(In € thousands)* | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Trade payables | 458,377 | 388,729 |
| Contract liabilities(1) | 50,960 | 22,468 |
| **TOTAL TRADE PAYABLES AND CONTRACT LIABILITIES** | **509,336** | **411,197** |

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

## 4.9. Other current liabilities

Other current liabilities break down as follows:

| *(In € thousands)* | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Tax and social security liabilities | 28,935 | 23,311 |
| Other payables | 3,008 | 4,043 |
| **TOTAL OTHER CURRENT LIABILITIES** | **31,943** | **27,354** |

## 4.10. Other non-current liabilities

Other non-current liabilities break down as follows (see Note 2.3 – *Business combinations*):

| *(In € thousands)* | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Forward contract for the acquisition of the remaining 24% of SPI Music | 12,149 | 10,404 |
| Call-put option for the acquisition of the remaining 49% of Jo&Co | 5,120 | 5,695 |
| Call-put option for the acquisition of the remaining 47% of MGM | 3,176 | - |
| **TOTAL OTHER NON-CURRENT LIABILITIES** | **20,446** | **16,099** |

## NOTE 5 PERSONNEL EXPENSES AND EMPLOYEE BENEFITS

### 5.1. Headcount

The table below shows the Group's average full-time equivalent headcount, including external consultants in the countries in which the Group does business:

| *(Full-time equivalent)* | 2022 | 2021 |
|---|---|---|
| Average headcount over the year | 1,846 | 1,564 |

### 5.2. Employee benefits

#### Accounting policies

Employee benefits are compensation in any form granted by the Group for services rendered by its employees or for the termination of their employment. These benefits, measured in accordance with IAS 19 – Employee benefits, can be broken down into four categories:

- short-term benefits (paid leave, paid sick leave, bonuses, etc.);
- post-employment benefits (pension benefits, social security benefits and supplementary benefits);
- other long-term benefits (long-service awards, long-service leave, etc.);
- termination benefits.

Short-term benefits are those expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees provide the related services. They are recognized in current liabilities and recorded as expenses when the employee provides the service. Post-employment benefits are described in Note 5.3 – *Pensions and other employee benefit obligations*.

Termination benefits are expensed at the earlier of the following dates: when the Group can no longer withdraw the offer of those benefits, and (ii) when the Group recognizes costs for a restructuring plan that is within the scope of IAS 37 and involves the payment of termination benefits.

Personnel expenses are broken down as follows, by type:

| *(In € thousands)* | 2022 | 2021 |
|---|---|---|
| Wages, salaries and payroll taxes(1) | (124,400) | (98,371) |
| Post-employment benefit expenses | (131) | (138) |
| Share-based payments | (6,464) | (2,515) |
| Other employee benefits(2) | (4,412) | (3,847) |
| **TOTAL PERSONNEL EXPENSES** | **(135,407)** | **(104,871)** |
| Consultants' fees | (20,546) | (22,757) |
| Capitalized personnel expenses and consultants' fees(3) | 17,033 | 19,601 |
| **TOTAL PERSONNEL EXPENSES, INCLUDING CONSULTANTS AND NET OF CAPITALIZED PERSONNEL COSTS** | **(138,919)** | **(108,027)** |

*(1) The "Wages salaries and payroll taxes" item includes bonuses, incentives and profit-sharing payments.*
*(2) The "Other employee benefits" item includes employer contributions to benefit plans and supplementary health insurance plans.*
*(3) The "Capitalized personnel expenses and consultants' fees" item includes staff in the IT, Product and Operations teams who develop and leverage the Group's technological platform.*

## 5.3. Pensions and other employee benefit obligations

### Accounting policies

There are two types of post-employment benefits:

- defined contribution plans, where the Group pays fixed contributions into external funds. Under defined contribution plans, the Group is under no legal or constructive obligation to make further payments if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. Payments to defined contribution plans are expensed in the period in which the related services are provided;
- defined benefit plans, under which the Group's obligation is to provide the agreed benefits to current and former employees. These obligations are recognized in liabilities at their present value, where appropriate less the fair value of plan assets in the funds allocated to finance such benefits.

The benefit obligations are assessed by an independent actuary who calculates the present value of the Group's future obligations at each reporting date using the projected unit credit method. Future payments are calculated based on assumptions with respect to salary increases, retirement age, mortality and employee turnover. They are then discounted to their present value based on the yield on high-quality corporate bonds with a term consistent with the estimated average term of the plan in question. The assumptions used for the periods presented are described in this section.

Actuarial gains and losses resulting from changes to the calculation assumptions and experience adjustments are recognized in other comprehensive income.

The net expense for the period, corresponding to current service cost plus past service cost where appropriate, is recognized in operating expenses. The interest cost on the net defined-benefit liability (or asset) is included in net financial income (expense) and corresponds to the impact of unwinding the discount on the obligations.

The Group has defined benefit obligations in four countries: France, Italy, Germany and India. The commitment recognized for post-employment benefit obligations net of plan assets amounted to €638 thousand and €822 thousand at December 31, 2022 and 2021, respectively.

The benefit obligations and plan assets break down as follows:

| *(In € thousands)* | **December 31, 2022** | December 31, 2021 |
|---|---|---|
| **Post-employment benefit obligation at January 1** | **2,092** | **1,939** |
| Current service cost | 105 | 133 |
| Interest cost (impact of unwinding the discount) | 26 | 14 |
| Changes in the scope of consolidation | (5) | - |
| Actuarial losses (gains) | (283) | 52 |
| • *Of which resulting from experience adjustments* | *140* | *192* |
| • *Of which resulting from changes in assumptions* | *(423)* | *(140)* |
| Benefits paid | (53) | (46) |
| **POST-EMPLOYMENT BENEFIT OBLIGATION AT DECEMBER 31** | **1,882** | **2,092** |

### Plan assets

In Germany, companies partially cover their pension obligations with funds outsourced to insurance companies, the present value of which is as follows:

| *(In € thousands)* | **December 31, 2022** | December 31, 2021 |
|---|---|---|
| **Value of plan assets at January 1** | **1,269** | **1,274** |
| Actual return on plan assets | - | 21 |
| Contributions paid | - | 14 |
| New plans/acquisitions/disposals | - | - |
| Benefits paid | (26) | (39) |
| **VALUE OF PLAN ASSETS AT DECEMBER 31** | **1,244** | **1,269** |

#### Defined benefit expense recognized in the income statement

| *(In € thousands)* | 2022 | 2021 |
|---|---|---|
| Current service cost | 105 | 133 |
| Interest cost | 26 | 14 |
| Notional return on plan assets | - | (9) |
| Impact of the asset ceiling | - | - |
| **DEFINED BENEFIT EXPENSE RECOGNIZED IN THE INCOME STATEMENT** | **131** | **138** |

#### Maturity of benefits payable

Estimated benefits payable in 2023 are not material.

#### Actuarial assumptions

| | December 31, 2022 | | December 31, 2021 | |
|---|---|---|---|---|
| | France-Italy | Germany | France-Italy | Germany |
| Discount rate/rate of return on plan assets | 3.68% | not available | 0.87% | 1.10% |
| Inflation rate | 2.4% | - | 0.35% | - |
| Salary increase rate | 2.0% to 8.0% | - | 2.0% to 8.0% | - |
| Average duration | 29.5 years | not available | 29.9 years | 17.6 years |

#### Sensitivity analysis

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Impact of a 0.5% increase or decrease in employee turnover | -7.5%/2.4% | -8.7%/6.6% |
| Impact of a 0.5% increase or decrease in the salary increase rate | 6.3%/-6.0% | 8.7%/-8.0% |
| Impact of a 0.5% increase or decrease in the discount rate | -6.9%/7.6% | -8.2%/9.2% |

## 5.4. Share-based payments

### Accounting policies

Believe SA has granted to some of its employees and senior executives (i) founders' share subscription warrants (BSPCE), (ii) share subscription warrants (BSA) and (iii) Performance Shares (AP). These transactions are settled in equity instruments. In accordance with IFRS 2 – Share-based payment, these plans are recognized as expenses over the vesting period of the rights by reference to their fair value determined on the grant date. This expense is included in personnel expenses with a matching entry to equity.

### Description of share-based payment arrangements and measurement of the fair value of benefits

***Founder's share subscription warrants (BSPCE) and share subscription warrants (BSA).***

The terms and conditions for issuing BSAs and BSPCEs are as follows:

| Plan | Date of authorization | Issue/ grant date | Per-option exercise price | Number of options authorized | Number of options granted | Number of options not granted | Number of options canceled | Date of GM for cancellation | Expiry of exercise period[1] |
|---|---|---|---|---|---|---|---|---|---|
| **BSPCE 2011** | 05/31/2011 | 07/01/2011 | €0.8884 | 1,560,020 | 668,600 | - | 891,420 | 12/18/2012 | 07/01/2023, 2024 or 2025, depending on the tranche |
| **BSA 2011** | 05/31/2011 | 07/01/2011 | €0.8884 | 668,580 | 334,290 | - | 334,290 | 12/18/2012 | |
| **BSPCE 2012** | 12/18/2012 | 11/07/2014 | €1.224 | 891,420 | 735,420 | - | 156,000 | 11/25/2014 | 11/07/2024 |
| **BSA 2012** | 12/18/2012 | 11/07/2014 | €1.224 | 334,290 | 266,540 | - | 67,750 | 11/25/2014 | 11/07/2024 |
| **BSPCE 2016-1** | 06/30/2016 | 06/30/2016 | €5.40 | 853,750 | 260,000 | 7,240 | - | - | 06/30/2026 |
| **BSPCE 2016-2** | 06/30/2016 | 06/30/2016 | €5.40 | | 155,000 | | - | - | 06/30/2026 |
| **BSA 2016-1** | 06/30/2016 | 12/31/2016 | €8.57 | | 13,000 | | - | - | 12/31/2026 |
| **BSA 2016-2** | 06/30/2016 | 06/30/2016 | €5.40 | | 393,210 | | - | - | 06/30/2026 |
| **BSPCE 2017** | 06/30/2016 | 09/04/2017 | €8.57 | | 10,300 | | - | - | 09/04/2027 |
| **BSA 2017** | 06/30/2016 | 09/04/2017 | €8.57 | | 15,000 | | - | - | 09/04/2027 |
| **BSPCE 2018-1** | 10/15/2018 | 10/19/2018 | €9.18 | 1,951,033 | 845,000 | 396,033 | - | - | 10/19/2028 |
| **BSA 2018-1** | 10/15/2018 | 10/19/2018 | €9.18 | | 480,000 | | - | - | 10/19/2028 |
| **BSPCE 2019-1** | 10/15/2018 | 05/03/2019 | €14.75 | | 190,000 | | - | - | 05/03/2029 |
| **BSA 2019-1** | 10/15/2018 | 07/31/2019 | €14.75 | | 40,000 | | - | - | 07/31/2029 |

*(1) Unless otherwise stated, the exercise deadline is 10 years from the grant date of the warrants.*

The main data and assumptions underpinning the fair value measurement of benefits awarded under share-based payment arrangements are as follows:

| Plan | Grant date | Number of options granted | Exercise price *(in €)* | Maximum vesting period in years | Value of underlying share *(in €)* | 10-year risk-free rate at maturity | Average target volatility over the period |
|---|---|---|---|---|---|---|---|
| **BSPCE 2016-1** | 06/30/2016 | 260,000 | 5.40 | 4 | 5.40 | 0.05% | 52.6% |
| **BSPCE 2016-2** | 06/30/2016 | 155,000 | 5.40 | 3 | 5.40 | 0.05% | 52.6% |
| **BSA 2016-1** | 12/31/2016 | 13,000 | 8.57 | 4 | 8.57 | 0.42% | 49.7% |
| **BSA 2016-2** | 06/30/2016 | 393,210 | 5.40 | 3 | 5.40 | 0.05% | 52.6% |
| **BSPCE 2017** | 09/04/2017 | 10,300 | 8.57 | 4 | 8.57 | 0.51% | 47.8% |
| **BSA 2017** | 09/04/2017 | 15,000 | 8.57 | 3 | 8.57 | 0.51% | 47.8% |
| **BSPCE 2018-1** | 10/19/2018 | 845,000 | 9.18 | 4 | 9.18 | 0.63% | 44.2% |
| **BSA 2018-1** | 10/19/2018 | 480,000 | 9.18 | 4 | 9.18 | 0.63% | 44.2% |
| **BSPCE 2019-1** | 05/03/2019 | 190,000 | 14.75 | 4 | 15.52 | 0.19% | 40.0% |
| **BSA 2019-1** | 07/31/2019 | 40,000 | 14.75 | 4 | 15.52 | -0.25% | 39.8% |

The instruments are valued using a Black-Scholes-type model. Due to the Company's profile, the expected dividend rate was zero, but the calculation took into account a sub-optimal early exercise probability. Expected volatility was determined based on an industry sample of comparable companies using a multi-criteria approach. The risk-free rate used is based on the yield on 10-year eurozone government bonds.

The change in these options over 2022 and 2021 is detailed below:

| | | December 31, 2022 | | | | December 31, 2021 | | | |
|---|---|---|---|---|---|---|---|---|---|
| Plan | Number of options granted | Number of options lapsed | Number of options exercised | Number of options out-standing | Total subscription amount paid for warrants exercised *(in €)* | Number of options lapsed | Number of options exercised | Number of options out-standing | Total subscription amount paid for warrants exercised *(in €)* |
| **BSPCE 2011** | 668,600 | - | 668,600 | - | €593,984 | - | 668,600 | - | €593,984 |
| **BSA 2011** | 334,290 | - | 334,290 | - | €296,983 | - | 334,290 | - | €296,983 |
| **BSPCE 2012** | 735,420 | 22,280 | 378,880 | 334,260 | €463,749 | 22,280 | 378,880 | 334,260 | €463,749 |
| **BSA 2012** | 266,540 | - | 266,540 | - | €326,245 | - | 220,800 | 45,740 | €270,259 |
| **BSPCE 2016-1** | 260,000 | 1,042 | 8,958 | 250,000 | €48,373 | 1,042 | 8,958 | 250,000 | €48,373 |
| **BSPCE 2016-2** | 155,000 | 3,813 | 72,687 | 78,500 | €392,510 | 3,813 | 61,037 | 90,150 | €329,600 |
| **BSA 2016-1** | 13,000 | 7,000 | 5,000 | 1,000 | €42,850 | 7,000 | 5,000 | 1,000 | €42,850 |
| **BSA 2016-2** | 393,210 | 183,000 | 167,496 | 42,714 | €904,478 | 183,000 | 151,897 | 58,313 | €820,244 |
| **BSPCE 2017** | 10,300 | - | 10,300 | - | €88,271 | - | 200 | 10,100 | €1,714 |
| **BSA 2017** | 15,000 | 15,000 | - | - | - | 15,000 | - | - | - |
| **BSPCE 2018-1** | 845,000 | 79,272 | 90,728 | 675,000 | €832,883 | 74,688 | 55,312 | 715,000 | €507,764 |
| **BSA 2018-1** | 480,000 | 107,293 | 82,707 | 290,000 | €759,250 | 105,625 | 54,375 | 320,000 | €499,163 |
| **BSPCE 2019-1** | 190,000 | 70,000 | 8,555 | 111,445 | €126,186 | 70,000 | - | 120,000 | - |
| **BSA 2019-1** | 40,000 | 9,167 | 30,833 | - | €454,787 | - | - | 40,000 | - |

**Reconciliation of options on shares in issue**

The number and weighted average price of stock options under stock option plans and replacement awards are as follows:

| | December 31, 2022 | | December 31, 2021 | |
|---|---|---|---|---|
| *(In € thousands)* | Number of stock options | Weighted average exercise price | Number of stock options | Weighted average exercise price |
| **In issue at January 1** | **1,984,563** | **€7.3** | **2,231,268** | **€7.6** |
| Lapsed during the period | (15,419) | €12.5 | (146,333) | €11.1 |
| Exercised during the period | (186,225) | €7.8 | (100,372) | €6.6 |
| Granted during the period | - | - | - | - |
| **IN ISSUE AT DECEMBER 31** | **1,782,919** | **€7.2** | **1,984,563** | **€7.3** |
| Exercisable at December 31 | 1,770,417 | €7.2 | 1,710,591 | €6.9 |

***Performance Shares (AP)***

The terms and conditions of the Performance Share issues are presented below:

- On December 9, 2022, the Board of Directors decided to grant 100,000 free shares subject to performance conditions to one Group employee. This number may be increased to a maximum of 113,333 in the event of outperformance. These free shares, subject to performance conditions, will vest in three tranches in September 2025 after the Board of Directors has duly noted that the performance conditions have been met;
- On May 3, 2022, the Board of Directors decided to grant 697,322 free shares subject to performance conditions to certain Group employees. This number may be increased to a maximum of 790,298 in the event of outperformance. These free shares, subject to performance conditions, will vest in three tranches in May 2025 after the Board of Directors has duly noted that the performance conditions have been met;
- On September 15, 2021, the Board of Directors decided to grant 692,254 free shares subject to performance conditions to certain Group employees. This number may be increased to a maximum of 784,543 in the event of outperformance. These free shares, subject to performance conditions, will vest in three tranches in September 2024 after the Board of Directors has duly noted that the performance conditions have been met.

The main data and assumptions underpinning the fair value measurement of benefits awarded under share-based payment arrangements are as follows:

| Plan | Grant date | Maximum number of free shares granted subject to performance conditions | Estimated achievement of performance conditions | Fair value per share at the grant date *(in €)* | Fair value per share valued on the basis of a Monte Carlo model *(in €)* |
|---|---|---|---|---|---|
| **AP 2021 - tranche 1** | 09/15/2021 | 230,751 | 120% | 18.25 | - |
| **AP 2021 - tranche 2** | 09/15/2021 | 230,751 | N/A | - | 13.58 |
| **AP 2021 - tranche 3** | 09/15/2021 | 230,751 | 50% | 18.25 | - |
| **AP 2022 - tranche 2** | 05/03/2022 | 232,441 | N/A | - | 8.13 |
| **AP 2022 - tranche 1 and 3** | 05/03/2022 | 464,881 | 100% | 11.34 | - |
| **AP 2022 - tranche 2** | 12/09/2022 | 33,333 | N/A | - | 6.05 |
| **AP 2022 - tranche 1 and 3** | 12/09/2022 | 66,667 | 100% | 10.60 | - |

The change in these options over 2022 and 2021 is detailed below:

| | | | December 31, 2022 | | | | December 31, 2021 | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Plan | Number of options granted | Maximum number of options | Number of options lapsed | Number of options exercised | Number of options out-standing | Maximum number of options in issue | Number of options lapsed | Number of options exercised | Number of options out-standing | Maximum number of options in issue |
| **AP 2021** | 692,254 | 784,543 | 98,696 | - | 685,847 | 685,847 | - | - | 784,543 | 784,543 |
| **AP 2022** | 797,322 | 903,631 | - | - | 903,631 | 903,631 | - | - | - | - |

***Employee shareholding plan: b.shares 2022***

In countries that meet the Group's eligibility and local feasibility criteria, the Group offers its employee beneficiaries of the offer to become shareholders through a special capital increase reserved for them. An employee shareholding plan was offered to employees in the second half of 2022. This plan allows them to subscribe for Believe shares through a company mutual fund (FCPE) at a subscription price of €6.90, corresponding to the average of the opening prices of Believe shares on the 20 trading sessions preceding the date of the decision, minus a 20% discount. These shares are unavailable for a period of five years (except in the event of early release provided for by applicable local regulations). Employees bear the risk of a change in the share value in relation to the subscription price. The subscription of shares under the Group savings plan (PEG) allows employees to benefit from a matching contribution from their employer.

In total, 337,457 shares were subscribed at a nominal price of €0.005, *i.e.* a capital increase of €1.7 thousand and an increase in the issue premium of €2,286 thousand on November 3, 2022 (see Note 10.1 – *Changes in share capital*). The total cost of the b.shares plan amounted to €1,658 thousand, recognized in personnel expenses for the fiscal year ended December 31, 2022, including social security contributions and employer contributions. Excluding social security contributions and employer contributions, the b.shares plan stands at €578 thousand.

### Expenses recognized in the income statement in respect of share-based payments

Expenses recognized in the income statement in respect of the Group's share-based payment arrangements, excluding social security and employer matching contributions, can be analyzed as follows:

| *(In € thousands)* | 2022 | 2021 |
|---|---|---|
| BSPCE 2017 | - | 1 |
| BSPCE 2018-1 | 246 | 887 |
| BSA 2018-1 | 174 | 257 |
| BSPCE 2019-1 | 42 | 103 |
| BSA 2019-1 | (20) | 101 |
| AP 2021 | 2,484 | 1,015 |
| AP 2022 | 1,543 | - |
| b.shares 2022 | 578 | - |
| **TOTAL SHARE-BASED PAYMENTS** | **5,048** | **2,364** |

## 5.5. Executive compensation

The compensation of the Group's main executives corresponds to the compensation of corporate officers and independent directors' fees. From January to May 2021, the Group had three corporate officers. Since then, the Group has only one corporate officer.

The compensation figures presented below and recognized in the consolidated income statement relate to compensation paid for their offices. The key executives have not been granted any post-employment benefits.

| *(In € thousands)* | **2022** | **2021** |
|---|---|---|
| Compensation in respect of employment | 534 | 724 |
| Benefits in kind | - | - |
| Share-based payments | - | 36 |
| Compensation in respect of corporate officer positions | 206 | 101 |
| **TOTAL EXECUTIVE COMPENSATION** | **739** | **861** |

# NOTE 6 INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

## 6.1. Goodwill

### Accounting policies

Goodwill represents the excess of the consideration paid for an acquisition over the fair value of the Group's share of the acquired entity's net identifiable assets at the acquisition date. Goodwill is accounted for as described in Note 2.3 – *Business combinations*.

It is measured at cost less any accumulated impairment losses. Goodwill is not amortized but is tested for impairment at least once a year and whenever there is evidence that it may be impaired, in accordance with IAS 36 (see Note 6.4 – *Impairment tests on non-current assets*). Impairment charged against goodwill cannot be reversed.

Changes in goodwill can be analyzed as follows:

| *(In € thousands)* | **December 31, 2022** | December 31, 2021 |
|---|---|---|
| **Goodwill at January 1** | **98,875** | **80,449** |
| Changes in the scope of consolidation[(1)] | 5,556 | 21,114 |
| Translation adjustments and others | 3,274 | (2,688) |
| **GOODWILL AT DECEMBER 31** | **107,705** | **98,875** |

*(1) Amounts shown under "Changes in the scope of consolidation" relate to acquisitions carried out (See Note 2.3 – Business combinations).*

## 6.2. Other intangible assets

### Accounting policies

Intangible assets are initially measured:

- at cost when they are separately acquired;
- at fair value, separately from goodwill, when they are acquired as part of a business combination.

The Group's intangible assets include the following items:

- software;
- internally developed software;
- relationships with artists and labels;
- brands;
- catalogs.

Start-up and research costs are expensed as incurred.

Development costs are recognized within intangible assets if the Group can demonstrate all of the following:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- its intention to complete the intangible asset and use or sell it;
- its ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset;
- its ability to measure reliably the expenditure attributable to the intangible asset during its development.

If the above cannot be demonstrated, the development costs are expensed.

After initial recognition, intangible assets are recognized using the amortized cost model and amortized on a straight-line basis over their estimated useful lives, as follows:

- software 1 year;
- internally developed software 3 years;
- relationships with artists and labels 10 years;
- catalogs 3 to 10 years.

Since brands have an indefinite useful life, they are not amortized but are tested for impairment at least each year or whenever there is evidence that they may be impaired (see Note 6.4 – *Impairment tests on non-current assets*).

### Other intangible assets

Other intangible assets are broken down as follows:

| | December 31, 2022 | | | December 31, 2021 | | |
|---|---|---|---|---|---|---|
| *(In € thousands)* | Gross value | Depreciation and impairment | Carrying amount | Gross value | Depreciation and impairment | Carrying amount |
| Catalogs | 38,074 | (21,905) | 16,169 | 34,087 | (19,433) | 14,654 |
| Concessions, patents and similar rights | 2,409 | (1,713) | 695 | 1,936 | (1,557) | 379 |
| Software[(1)] | 92,420 | (57,780) | 34,641 | 69,212 | (34,702) | 34,510 |
| Brands[(2)] | 24,909 | - | 24,909 | 19,968 | - | 19,968 |
| Relationships with artists and labels[(3)] | 52,633 | (23,317) | 29,316 | 48,152 | (17,187) | 30,964 |
| Other intangible assets | 3,127 | (1,684) | 1,444 | 2,804 | (1,438) | 1,366 |
| Intangible assets in progress[(4)] | 14,804 | - | 14,804 | 16,276 | - | 16,276 |
| **TOTAL OTHER INTANGIBLE ASSETS** | **228,378** | **(106,399)** | **121,979** | **192,435** | **(74,317)** | **118,118** |

*(1) The increase in software is mainly attributable to the commissioning of capitalized development costs.*

*(2) The increase in brands is mainly related to the definitive allocation of the acquisition price of Jo&Co and 6&7 (see Note 2.3 – Business combinations) and the favorable impact of hyperinflation in Turkey (see Significant events of the fiscal year).*

*(3) The change in relationships with artists and labels is mainly attributable to amortization over the period and the favorable impact of hyperinflation in Turkey.*

*(4) The remainder primarily relates to capitalized development costs associated with the Group's technology platform.*

### Changes in other intangible assets

Changes in intangible assets can be analyzed as follows:

| *(In € thousands)* | December 31, 2022 | December 31, 2021 |
|---|---|---|
| **At January 1** | **118,118** | **110,965** |
| Purchase price allocation[(1)] | 4,291 | 7,528 |
| Capitalized development costs[(2)] | 19,826 | 23,087 |
| Other acquisitions/additions | 6,030 | 2,407 |
| Changes in the scope of consolidation | 170 | 477 |
| Depreciation | (33,412) | (23,898) |
| Disposals/decreases | - | - |
| Translation adjustments and others[(3)] | 6,956 | (2,447) |
| **AT DECEMBER 31** | **121,979** | **118,118** |

*(1) Amounts shown under "Purchase price allocation" relate to acquisitions carried out as described in Note 2.3 – Business combinations.*

*(2) Capitalized development costs primarily relate to the Group's technology platform.*

*(3) Including restatement related to hyperinflation.*

## 6.3. Property, plant and equipment

### Reconciliation of carrying amounts

| *(In € thousands)* | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Property, plant and equipment owned outright | 6,987 | 8,811 |
| Property, plant and equipment – right-of-use assets | 20,101 | 22,400 |
| **TOTAL PROPERTY, PLANT AND EQUIPMENT** | **27,087** | **31,212** |

### Property, plant and equipment owned outright

#### Accounting policies

Property, plant and equipment acquired are initially measured at cost, including all expenses directly attributable to the acquisition. Any subsequent costs incurred in respect of property, plant and equipment are expensed as incurred, unless they are designed to extend the asset's useful life. Property, plant and equipment acquired as part of a business combination are recognized at fair value, separately from goodwill.

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. These are as follows:

- fixtures 1 to 10 years;
- IT equipment 3 years;
- furniture 1 to 10 years.

Property, plant and equipment owned outright are broken down as follows:

| | December 31, 2022 | | | December 31, 2021 | | |
|---|---|---|---|---|---|---|
| *(In € thousands)* | Gross value | Depreciation and impairment | Carrying amount | Gross value | Depreciation and impairment | Carrying amount |
| Fixtures, fittings, general and technical installations | 8,444 | (3,754) | 4,690 | 8,338 | (2,562) | 5,775 |
| Office equipment | 4,159 | (2,729) | 1,429 | 4,154 | (2,122) | 2,032 |
| IT equipment | 2,818 | (2,260) | 559 | 2,356 | (1,653) | 702 |
| Other property, plant and equipment | 930 | (683) | 248 | 700 | (435) | 264 |
| Property, plant and equipment in progress | 61 | - | 61 | 38 | - | 38 |
| **TOTAL PROPERTY, PLANT AND EQUIPMENT OWNED OUTRIGHT** | **16,412** | **(9,426)** | **6,987** | **15,584** | **(6,773)** | **8,811** |

#### Table of changes in property, plant and equipment owned outright

Changes in property, plant and equipment can be analyzed as follows:

| *(In € thousands)* | December 31, 2022 | December 31, 2021 |
|---|---|---|
| **At January 1** | **8,811** | **9,905** |
| Acquisitions/additions | 580 | 1,162 |
| Changes in the scope of consolidation | 64 | 168 |
| Depreciation | (2,560) | (2,372) |
| Disposals/decreases | (20) | - |
| Translation adjustments and others | 111 | (53) |
| **AT DECEMBER 31** | **6,987** | **8,811** |

#### Leases: right-of-use assets

## Accounting policies (Group as lessee)

Any lease that grants the lessee the right to control the use of an identified asset for a period of time in exchange for consideration falls within the scope of IFRS 16. The Group's lessee companies recognize a right-of-use asset and a corresponding lease liability in the statement of financial position for all leases except short-term leases (*i.e.* with a term of less than 12 months), in accordance with the exemption set out in the standard. The lease liability is initially measured at the present value of the lease payments outstanding at this date, discounted using either the interest rate implicit in the lease if that rate can be readily determined, or the incremental borrowing rate for the relevant country, in accordance with the terms and conditions and using the currency of the lease, plus a risk premium specific to the lessee or the leased asset, where applicable. Lease payments include fixed payments, variable payments that depend on an index or a rate, and payments under any options that the Group is reasonably certain to exercise.

Following initial measurement, the lease liability is reduced by the lease payments made and increased by the interest expense. It is remeasured to reflect any modifications to future lease payments in the event of renegotiation with the lessor, a change in the index or the rate or the reassessment of the options. The amount of any remeasurement of the lease liability is recognized as an adjustment to the right-of-use asset or in the income statement if the carrying amount of the right-of-use asset has already been reduced to zero following a decrease in the scope of the lease. The right-of-use asset determined at the commencement date of the lease includes the initial lease liability, any initial direct costs and any obligations to restore the asset, less any lease incentives granted by the lessor. The right-of-use asset is depreciated over the term of the lease. A depreciation expense is recognized in the income statement under operating income (loss), while the interest expense is recognized within financial items. To reflect the tax impact of this consolidation adjustment, deferred taxes are recognized.

The lease term used corresponds to the non-cancelable period, together with periods covered by an extension option if the lessee is reasonably certain to exercise that option and by a termination option if the lessee is reasonably certain not to exercise that option.

Property, plant and equipment held in the form of right-of-use assets can be analyzed as follows:

| | December 31, 2022 | | | December 31, 2021 | | |
|---|---|---|---|---|---|---|
| *(In € thousands)* | Gross value | Depreciation and impairment | Carrying amount | Gross value | Depreciation and impairment | Carrying amount |
| Buildings | 32,423 | (18,162) | 14,261 | 29,833 | (12,537) | 17,296 |
| IT equipment | 10,100 | (4,544) | 5,556 | 6,900 | (2,019) | 4,881 |
| Vehicles | 578 | (294) | 284 | 330 | (105) | 224 |
| **PROPERTY, PLANT AND EQUIPMENT – RIGHT-OF-USE ASSETS** | **43,101** | **(23,000)** | **20,101** | **37,062** | **(14,662)** | **22,400** |

### Table of changes in right-of-use assets

Right-of-use assets comprise leased premises (primarily the commercial lease of Believe's registered office premises in France), vehicles and IT equipment. Changes in right-of-use assets can be analyzed as follows:

| *(In € thousands)* | December 31, 2022 | December 31, 2021 |
|---|---|---|
| **At January 1** | **22,400** | **24,801** |
| New leases | 6,212 | 5,117 |
| Termination and early termination of leases | - | (369) |
| Depreciation and impairment | (8,885) | (7,430) |
| Changes in the scope of consolidation | - | - |
| Translation adjustments and others | 374 | 281 |
| **AT DECEMBER 31** | **20,101** | **22,400** |

### Amounts recognized in the income statement in respect of leases

The amounts recognized in the income statement in respect of leases can be analyzed as follows:

| *(In € thousands)* | 2022 | 2021 |
|---|---|---|
| Amortization of lease rights | (8,885) | (7,430) |
| Interest expense on lease liabilities | (529) | (544) |
| **TOTAL RECOGNIZED IN THE INCOME STATEMENT** | **(9,414)** | **(7,974)** |

### Amounts recognized in the statement of cash flows

Cash outflows attributable to leases represented €6,836 thousand at December 31, 2022 and €5,338 thousand at December 31, 2021.

## 6.4. Impairment tests on non-current assets

### Accounting policies

IAS 36 – Impairment of Assets specifies that an asset is to be impaired when its carrying amount is higher than its recoverable amount, the recoverable amount of an asset or group of assets being the higher of its fair value less disposal costs and its value in use. Value in use is determined on the basis of future cash flow projections (the discounted cash flows or DCF method), discounted at a rate that reflects the time value and any risks specific to the asset or cash-generating unit being tested. Impairment tests compare the recoverable amount of a non-current asset with its carrying amount. If the carrying amount is higher than the recoverable amount, an impairment loss is recognized for the amount of the difference.

Non-current assets are grouped into cash-generating units (CGUs) for the purpose of the tests. A CGU is the smallest group of assets that includes the asset and generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The CGUs or groups of CGUs to which goodwill has been allocated are tested for impairment at least once a year, or whenever there is evidence that they may be impaired.

#### CGUs and groups of CGUs tested by the Group

| IFRS 8 – Operating segments | CGUs/groups of CGUs |
|---|---|
| Premium Solutions | Premium Solutions group of CGUs |
| Automated Solutions | Automated Solutions CGU |

#### Impairment tests

The Group considers that there is no evidence of impairment of property, plant and equipment, intangible assets, right-of-use assets or investments in equity-accounted companies between January 1, 2022 and December 31, 2022.

#### Impairment testing approach and assumptions used

The Group tests goodwill for impairment each year, generally at the end of the reporting period. For the 2022 reporting period, the recoverable amount of the CGUs and groups of CGUs was determined based on their value in use. This required the Group to make use of assumptions, notably concerning the discount rate, perpetuity growth rate and expected cash flows, depending on the economic environment in which the Group operates.

Cash flow projections are based on five-year financial budgets approved by management. Cash flows beyond this period are extrapolated using the estimated growth rates indicated below. These growth rates are consistent with the forecasts included in the reports for the industries in which the Group does business.

The discount rate relates to the industry's weighted average cost of capital (WACC) for each CGU and group of CGUs, and depends on the region(s) in which business is conducted. The change in the WACC of the Premium Solutions group of CGUs between 2021 and 2022 reflects the exposure to emerging countries, in particular the APAC region.

The following table summarizes the key assumptions used, along with the carrying amount of the goodwill and brands tested for impairment as part of the CGU or group of CGUs to which they were allocated (corresponding to the same level as the operating segments):

| CGU (or group of CGUs) tested | Key assumptions and carrying amounts *(in € thousands)* | December 31, 2022 | December 31, 2021 |
|---|---|---|---|
| **Premium Solutions group of CGUs** | Discount rate | 14.3% | 11.6% |
| | Perpetuity growth rate | 3.7% | 3.7% |
| | Carrying amount of goodwill | 89,226 | 81,473 |
| | Carrying amount of brands | 18,346 | 13,787 |
| **Automated Solutions CGU** | Discount rate | 10.6% | 9.1% |
| | Perpetuity growth rate | 2.8% | 2.8% |
| | Carrying amount of goodwill | 18,479 | 17,402 |
| | Carrying amount of brands | 6,563 | 6,180 |

### Results of the impairment tests

Between January 1, 2021 and December 31, 2022, no impairment losses were recognized against assets taken individually, or against CGUs or groups of CGUs.

### Sensitivity of impairment tests

At the date of each impairment test (2021 and 2022), the Group analyzed the test's sensitivity to changes in the main assumptions used to determine the recoverable amount of the CGUs and groups of CGUs being tested. An increase or decrease of 1 percentage point in the discount rate and 0.5 percentage points in the perpetuity growth rate, and of 1 percentage point in the EBITDA margin, and 0.5 percentage points in the revenue growth rate (over the period of the business plan), would not lead to the recognition of any impairment loss.

## NOTE 7 PROVISIONS AND CONTINGENT LIABILITIES

### Accounting policies

The Group recognizes a provision whenever it has a present legal or constructive obligation arising as a result of a past event which is likely or certain to result in an outflow of resources embodying economic benefits to third parties and can be estimated reliably. Provisions are shown as either current or non-current liabilities, depending on when the underlying event is expected to occur and taking into account the assumptions deemed most likely at the reporting date. A contingent liability is:

- a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group;
- a present obligation that arises from past events but is not recognized because (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or (ii) the amount of the obligation cannot be measured with sufficient reliability.

### Description of the main provisions and contingent liabilities

As of December 31, 2022 and 2021, provisions mainly consist of provisions for retirement benefit obligations as detailed in Note 5.3 – *Pensions and other employee benefit obligations*. There was no significant provision for litigation at December 31, 2022 or 2021.

***Dispute between the Group and Round Hill:***

In July 2020, proceedings were brought against certain Group companies before a federal court of the State of New York by music publishing companies Round Hill Music LLP and Round Hill Music LP. These companies alleged that the Group used, reproduced and distributed 219 musical works in the course of its business (in particular the Group making available works covered by Round Hill to platforms for downloading), without having previously secured a license to the song rights (known as "mechanical royalties" under US law) owned by Round Hill. An out-of-court agreement signed between the parties on June 9, 2022 brought an end to the dispute.

# NOTE 8 FINANCING AND FINANCIAL INSTRUMENTS

## 8.1. Financial assets and liabilities

### Accounting policies

The Group recognizes a financial asset or liability when it becomes a party to the contractual provisions of the instrument in accordance with IFRS 9 – Financial Instruments. A financial asset (except a trade receivable with no significant financing component) or a financial liability is initially measured at fair value plus or minus, in the case of items not at fair value through net income, transaction costs that are directly attributable to the acquisition or issue of the financial asset or liability. Trade receivables with no significant financing component are initially measured at their transaction price as defined by IFRS 15.

***Financial assets***

On initial recognition, financial assets are classified in one of the three following categories:

- amortized cost;
- fair value through other comprehensive income, separating debt instruments from equity instruments;
- fair value through net income.

This classification depends on:

- the contractual cash flow characteristics of the financial asset;
- the Group's business model for managing the financial asset.

A financial asset is measured at amortized cost and not designated at fair value through net income if both of the following conditions are met:

- it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows;
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

This is the case of the Group's security deposits and trade receivables. Security deposits are included in non-current assets as they fall due more than 12 months after the reporting date. Trade receivables are included in current assets because they are due within 12 months of the reporting date. To date, the Group does not hold any financial assets at fair value through other comprehensive income.

All financial assets which are not classified at amortized cost or at fair value through other comprehensive income are carried at fair value through net income. This applies to the Group's investments in non-consolidated companies.

***Financial liabilities***

In accordance with IFRS 9, financial liabilities are classified at amortized cost or at fair value through net income.

Currently, all other financial liabilities are initially recognized at fair value less transaction costs, and subsequently at amortized cost using the effective interest method. They are shown as current or non-current liabilities depending on their maturity. The amount of interest recognized in financial expenses is calculated by multiplying the liability's effective interest rate by its carrying amount. Current financial liabilities include trade payables.

The Group derecognizes a financial liability when its contractual obligation is discharged or cancelled or expires. A financial liability is also derecognized when there is a substantial modification of its terms which also significantly modify its cash flows, in which case a new financial liability is recognized at fair value. When the terms of a financial liability measured at amortized cost are modified, but not to the extent that the liability is derecognized, a gain or loss is recognized in income. The gain or loss reflects the difference between the initial contractual cash flows and the present value of the modified cash flows discounted at the original effective interest rate.

### Non-current financial assets

The Group's non-current financial assets can be analyzed as follows:

| *(In € thousands)* | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Investments in non-consolidated companies | 656 | 683 |
| Loans, deposits and other financial receivables – non-current portion(1) | 5,888 | 3,215 |
| **TOTAL NON-CURRENT FINANCIAL ASSETS** | **6,544** | **3,898** |

*(1) Loans, deposits and other financial receivables consist mainly of security deposits paid under property leases and to loans granted to the Group's associates.*

### Current financial assets

Current financial assets held by the Group mainly correspond to the liquidity contract and escrow accounts related to Believe's Live productions.

Believe has appointed NATIXIS and ODDO BHF SCA to implement a liquidity and market screening contract on its ordinary shares, starting on July 13, 2021, for a period of one year tacitly renewable. This contract, renewed in 2022, complies with the decision of the French Financial Markets Authority (*Autorité des marchés financiers* - AMF) No. 2021-01 of June 22, 2021. It complies with the Code of Ethics of the *Association française des marchés financiers* (AMAFI). This contract covers the management by ODDO BHF SCA of BELIEVE shares on the regulated market of Euronext Paris.

### Fair value of financial assets and liabilities

## Accounting policies

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in a normal transaction between market participants at the measurement date. Fair value is based on market data and on common measurement techniques, and for complex instruments can be corroborated by prices supplied by independent financial institutions.

***Fair value measurement hierarchy***

IFRS 13 – Fair Value Measurement establishes a hierarchy of measurement techniques for financial instruments. The categories are defined as follows:

- Level 1: inputs directly based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3: prices established using valuation techniques drawing on unobservable inputs for the asset or liability.

***Interest rate hedge***

The interest rate hedging instrument (swap) contracted by the Group at the end of 2018 and eligible for hedge accounting under IFRS 9 was a cash flow hedge, whose main characteristics matched the loans hedged. The swap was set up on December 27, 2018 and took effect as from January 28, 2019. It hedged the three tranches of the syndicated bank loan totaling €42.8 million.

Drawdowns on these bank loans, which bear floating-rate interest, were hedged by an interest rate swap on a notional amount of €42.8 million (repayable at the same time as the three tranches of the bank loan), allowing the Group to swap its Euribor 3-month floating rate floored at 0% for a fixed rate of 0.365%.

Following its IPO and the full repayment of the Credit Agreement with the proceeds of its capital increase, the Group terminated the interest rate swap contract on June 11, 2021.

*Carrying amount and fair value of financial assets and liabilities by category*

| | December 31, 2022 | | | | | | December 31, 2021 |
|---|---|---|---|---|---|---|---|
| *(In € thousands)* | Fair value hierarchy | Carrying amount | Fair value | Fair value through net income | Fair value through other comprehensive income | Assets and liabilities at amortized cost | Carrying amount |
| Investments in non-consolidated companies | - | 656 | 656 | 656 | - | - | 683 |
| Loans, deposits and other financial receivables – non-current portion | - | 5,888 | - | - | - | 5,888 | 3,215 |
| Trade receivables | - | 158,456 | - | - | - | 158,456 | 136,627 |
| Current financial assets | level 1 | 947 | 800 | 800 | - | 147 | 726 |
| Cash and cash equivalents | level 1 | 303,345 | 303,345 | 303,345 | - | - | 262,705 |
| **TOTAL FINANCIAL ASSETS** | | **469,292** | **304,801** | **304,801** | **-** | **164,491** | **403,955** |
| Bank borrowings and debt – non-current portion | - | 1,178 | - | - | - | 1,178 | 2,351 |
| Other non-current liabilities | level 3 | 20,446 | 20,446 | 20,446 | - | - | 16,099 |
| Bank borrowings and debt – current portion, including bank overdrafts | - | 1,727 | - | - | - | 1,727 | 1,806 |
| Derivative financial instruments with a negative fair value | level 2 | 559 | 559 | 559 | - | - | 217 |
| Trade payables | - | 458,377 | - | - | - | 458,377 | 388,729 |
| **TOTAL FINANCIAL LIABILITIES** | | **482,287** | **21,005** | **21,005** | **-** | **461,282** | **409,202** |

There were no changes in fair value measurements in 2021-2022.

## 8.2. Management of financial risks

### Counterparty risks

The Group may be exposed to the default of one of the bank counterparties that manages its cash or currency swaps.

The Group is a creditor of streaming and social media platforms, which must pay for the content it makes available to them. The payment period for amounts due under the Group's main contracts is generally between 30 and 60 days following receipt of the invoice or the end of the calendar month of the current period.

***Risk control and mitigation measures***

The Group uses leading financial institutions for its cash investments and swaps. It therefore considers that it does not bear any significant counterparty risk on its cash or financial instruments. The Group regularly monitors receivables from streaming and social media platforms.

***Potential impacts on the Group***

The Group is also exposed to the risk of default of one or more streaming and social media platforms. These platforms may not pay the amounts due or may pay them outside the deadlines provided for in the contract entered into with the Group.

### Liquidity risk

Liquidity risk is the risk of not having funds needed to meet commitments at maturity. This includes, on the one hand, the risk that, if necessary, advances to certain artists may not be recovered quickly. On the other hand, it includes the risk of early repayment of commitments to producers or the risk of an inability to access credit on satisfactory terms.

The Group grants (non-interest-bearing) advances to certain producers, which are recovered in the longer or shorter term from the repayments to be made by the Group. The Group is thus exposed to the risk of not being able to recover these sums if sales volumes are insufficient. Sales volumes are reflected in the number of streams generated by the content of these producers made available on the platforms. These advances, which are recognized as assets on the statement of financial position when they are paid, may also be subject to impairment. If there is any doubt as to their recoverability, an impairment loss is calculated on the basis of an estimate of the amount to be recovered until the end of the contract.

Advances retained as assets are broken down into a current portion and a non-current portion. The current portion corresponds to the portion that the Group expects to recover within the 12 months following the reporting date. The increase in the amount of unrecovered advances over the last three fiscal years is due to the growth of the Group's activities.

This increase is also due to its strategy to offer artists and labels more services. Advance payments are one of the services offered to artists to support their career development. The Group intends to continue to apply this strategy in the future, which will have the effect of increasing the amount of advances and amplifying the risk described above.

The Group is required to pay to artists and labels a percentage of the amounts paid by the digital service providers in exchange for delivering content. There is an uncertainty as to the timing and frequency of producers' demands for payment of these amounts. The assumptions made by the Group for cash management are based on the relative stability of the working capital requirement. The Group's assumptions are based on the historical observation of payment deadlines and the frequency of payment requests to artists, which are relatively constant over time.

In a crisis context, the Group may not be able to obtain (or obtain under unacceptable terms) the financing or refinancing necessary for its growth.

***Risk control and mitigation measures***

Advances to artists and labels are subject to a strict analysis and validation process. The objective of this process is to ensure the validity and consistency of the amount to be granted. The Group also monitors the recovery of advances granted to artists and labels on a regular basis.

***Potential impacts on the Group***

If the Group were not able to grant a volume of advances in line with the demand from artists and labels, this could affect its ability to attract new producers. The Group has no contractual obligation towards the artists and labels to grant advances. The occurrence of these risks could call into question the attractiveness of the Group's offering and have a material adverse effect on its results and outlook.

### Risks related to foreign exchange rates

The Group conducts a significant portion of its business on the international stage. As a result of its exposure to currencies other than the euro, it is therefore subject to foreign exchange risk mainly in respect of its operations. The euro is the functional currency of the Company and is used for the presentation of the Group's consolidated financial statements.

***Transaction risk***

This risk arises from the existence within Group companies of receivables or payables denominated in a currency different from the functional currency of the subsidiary.

In order to assess this risk globally, short-term payables (liabilities) and receivables (assets) (including cash pooling) in currencies other than the functional currency of the subsidiary.

***Financial exchange rate risk***

As no subsidiaries carry substantial external bank debt denominated in a currency other than their functional currency, this risk is not considered material.

Fluctuations in exchange rates could also have an impact on the amounts paid to the Group by digital service providers. The digital service providers invoice their end-users for subscriptions in local currencies and this amount is then converted (*e.g.* into euros) in accordance with the applicable contractual provisions. The exchange rates applied for conversions are regularly reviewed against market rates. The local currencies in which subscriptions are charged by the digital service providers to their users could depreciate against the contractual currency (*e.g.* the euro). As a result, the converted revenue base used to calculate the amounts to be paid to the Group would be reduced. Such a situation would reduce the amount of payments received by the Group and consequently its revenue.

***Risk control and mitigation measures***

Since the second half of 2021 as part of its transactional currency risk management, the Group has set up a risk hedging policy by establishing mirror asset/liability positions for certain currencies, thus limiting its exposure to risk.

***Analysis of the sensitivity of the net foreign currency risk exposure***

The tables below present the net position, as at December 31, 2022, in the Group's main foreign currencies, along with the impact of a 5% increase or decrease in each currency against the euro:

| *(in thousands of currency units)* | CAD | CNY | GBP | INR | JPY | TRY | USD |
|---|---|---|---|---|---|---|---|
| Current assets | 10,088 | 20,270 | 11,933 | 1,034,118 | 4,509,156 | 81,461 | 74,770 |
| Current and non-current liabilities | (16,676) | (5,340) | (12,074) | (503,010) | (4,165,691) | (103,056) | (184,584) |
| Net position before hedging | (6,588) | 14,930 | (141) | 531,108 | 343,465 | (21,595) | (109,814) |
| Off-balance sheet position(1) | - | - | 2,100 | - | - | - | 110,000 |
| **Net position after hedging at December 31, 2022** | **(6,588)** | **14,930** | **1,959** | **531,108** | **343,465** | **(21,595)** | **186** |
| Rate at December 31, 2022 | 1.4440 | 7.3582 | 0.8869 | 88.1710 | 140.6600 | 19.9649 | 1.0666 |
| Value *(in € thousands)* | (4,562) | 2,029 | 2,209 | 6,024 | 2,442 | (1,082) | 174 |
| **5% increase** | | | | | | | |
| Rate assuming 5% increase | 1.3752 | 7.0078 | 0.8447 | 83.9724 | 133.9619 | 19.0142 | 1.0158 |
| Value *(in € thousands)* | (4,790) | 2,130 | 2,320 | 6,325 | 2,564 | (1,136) | 183 |
| Impact of a 5% *increase (in € thousands)* | (228) | 101 | 110 | 301 | 122 | (54) | 9 |
| **5% decrease** | | | | | | | |
| Rate assuming 5% decrease | 1.5200 | 7.7455 | 0.9336 | 92.8116 | 148.0632 | 21.0157 | 1.227 |
| Value *(in € thousands)* | (4,334) | 1,928 | 2,099 | 5,722 | 2,320 | (1,028) | 165 |
| Impact of a 5% decrease *(in € thousands)* | 228 | (101) | (110) | (301) | (122) | 54 | (9) |

*(1) The Group only uses currency swaps as part of its cash management policy.*

## Risks related to interest rates

***Risk management***

The Group's exposure to interest rate risk is due to the existence of floating-rate debt, the cost of which may vary over the medium term in line with fluctuations in interest rates. Believe has no floating-rate debt and is therefore not exposed to interest rate risk.

## 8.3. Gross debt

### Definition of gross debt

Gross debt includes bank borrowings and debt net of deferred financing costs, lease liabilities, accrued interest not yet due, and bank overdrafts. The Group's gross debt is broken down as follows:

| *(In € thousands)* | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Bank borrowings and debt – non-current portion | 1,800 | 3,231 |
| Lease liabilities – non-current portion | 18,485 | 23,402 |
| Deferred financing costs | (622) | (880) |
| **TOTAL NON-CURRENT BORROWING AND DEBT** | **19,663** | **25,752** |
| Bank borrowings and debt – current portion | 1,937 | 2,025 |
| Lease liabilities – current portion | 10,497 | 5,471 |
| Currency swap (1) | 559 | 217 |
| Deferred financing costs | (255) | (255) |
| Accrued interest | 73 | 72 |
| Bank overdrafts | - | 11 |
| **TOTAL CURRENT BORROWING AND DEBT** | **12,811** | **7,541** |
| **TOTAL GROSS DEBT** | **32,474** | **33,293** |

*(1) The Group only uses currency swaps as part of its cash management policy. These swaps do not qualify as hedging contracts.*

### Bank borrowings and debt and lease liabilities by maturity

The tables below present bank borrowings and debt and lease liabilities by maturity. Deferred financing costs, swaps, bank overdrafts and accrued interest are not included in the table below.

| | December 31, 2022 | | | | December 31, 2021 | | | |
|---|---|---|---|---|---|---|---|---|
| *(In € thousands)* | Due in less than one year | Due between one and five years | Due in more than five years | Total | Due in less than one year | Due between one and five years | Due in more than five years | Total |
| BPI loans | 1,937 | 1,800 | - | **3,738** | 2,025 | 3,231 | - | **5,256** |
| Lease liabilities | 10,497 | 18,209 | 276 | **28,982** | 5,471 | 23,039 | 362 | **28,873** |
| **TOTAL** | **12,435** | **20,009** | **276** | **32,720** | **7,496** | **26,270** | **362** | **34,129** |

## Description of bank borrowings and debt

Certain borrowings and debt are subject to covenants. Where applicable, these were complied with in the periods in which the borrowings in question were drawn.

### *New Revolving Credit Agreement*

At the time of its IPO, the Group has proceeded, with effect from the settlement-delivery date of the Company's shares offered in connection to the admission to trading on the Euronext Paris regulated market, with the full repayment of the Credit Agreement thanks to its capital increase, concurrently with the implementation of a new syndicated credit agreement, replacing the Credit Agreement.

To this end, the Group entered into a New Revolving Credit Agreement on May 6, 2021 (the "New Revolving Credit Agreement") with a syndicate of international banks (the "Lenders"), for a term of five years from the settlement-delivery date of the Company's IPO. The New Revolving Credit Agreement is governed by French law. The drawdown of the amounts made available to the Group by the Lenders under the New Revolving Credit Agreement is subject to certain conditions.

#### Credit line

The New Revolving Credit Agreement provides for the provision of a revolving credit line in the amount of €170 million, each drawn amount being repayable at the end of the applicable interest period. Issue costs of €1.3 million were recognized in the consolidated statement of financial position under "Current borrowing and debt" and "Non-current borrowing and debt". As of December 31, 2022, this credit line is undrawn.

#### Interest and charges

The loans under the New Revolving Credit Agreement will bear interest at a variable rate indexed to Euribor, plus the applicable margin in each case. The applicable margin is initially set at 0.80% *per annum*, with an upward or downward ratchet mechanism. The following fees will also be payable: (i) a commitment fee due in respect of each Lender's available credit commitment under the revolving credit line at a rate of 35% of the applicable margin and (ii) a utilization fee due in respect of drawings under the revolving credit line above a certain threshold at a rate of between 0.10% *per annum* and 0.15% *per annum* and varying according to the proportion of the revolving credit line drawn.

The table below sets out the spread of the margins for each of the credit facilities based on the Group's total net debt to *pro forma* consolidated EBITDA ratio, as defined in the New Revolving Credit Agreement. The margins will be reviewed twice a year by testing the ratio at six-month intervals. The ratio will first be tested exactly six (6) months after the settlement date.

| Leverage ratio (total net debt/ *pro forma* consolidated EBITDA) | Applicable margin |
|---|---|
| Less than or equal to 0.5x | 0.80% |
| Greater than 0.5x and less than or equal to 1.0x | 0.90% |
| Greater than 1.0x and less than or equal to 1.5x | 1.15% |
| Greater than 1.5x and less than or equal to 2.0x | 1.20% |
| Greater than 2.0x and less than or equal to 2.5x | 1.35% |

Total net debt is defined in the New Revolving Credit Agreement as the Group's consolidated debt, excluding intragroup debt and obligations related to interest rate and currency hedging instruments and after deducting cash and cash equivalents. The definition of *pro forma* consolidated EBITDA provided in the New Revolving Credit Facility Agreement is based on "Operating income (loss)", adjusted mainly for depreciation, amortization and impairment of the Group's assets, "Other operating income (expense)", and shared-based payments.

### *Credit agreement*

Bank borrowings and debt were taken out in September 2018 with a banking syndicate comprising Neuflize OBC, Caisse d'Épargne et de Prévoyance Île-de-France, HSBC France and Société Générale.

Borrowings contracted under the Credit Agreement must be repaid in full or in part ahead of maturity (subject to certain exceptions) in the event of certain customary events, including a change in shareholding structure, an IPO, a disposal of non-current assets subject to a minimum amount, payment of insurance indemnities relating to the acquisition of Nuclear Blast and GoodToGo GmbH, and payment of indemnities under a vendor warranty granted in connection with the Nuclear Blast and GoodToGo GmbH acquisitions.

Borrowings contracted under the Credit Agreement could be repaid early in full or in part at the borrower's discretion, subject to minimum amounts and compliance with a notice period. The following credit facilities and loans have been granted to the Company:

#### Refinancing loan for €2.8 million

In September 2018, the Company was granted a loan in respect of the Credit Agreement for a maximum principal amount of €2.8 million to refinance its 2015 Neuflize OBC loan. The refinancing loan falls due on September 27, 2024 and bears interest at 3-month Euribor plus a margin. This financing is secured by a first-ranking pledge on the Company's business goodwill.

On September 27, 2018, the Company drew down the full amount of the loan and repaid the principal outstanding on the Neuflize OBC loan, granted at an initial amount of €5.0 million.

An interest rate swap was taken out on December 27, 2018 in order to fix the annual interest rate at 0.365%.

At December 31, 2021, the refinancing loan of €2.8 million had been repaid in full.

**Nuclear Blast loan for €20.0 million and GoodToGo loan for €20.0 million**

In September 2018, the Company was granted two loans in respect of the Credit Agreement, each for a maximum principal amount of €20.0 million. These loans fall due on September 27, 2024 and bear interest at 3-month Euribor plus a margin. The loans were used to fund the acquisition of the Nuclear Blast group and Groove Attack through the Germany subsidiary Believe Digital GmbH; an Intragroup Loan was set up in respect of each of the loans and aligned to the financing agreement. These loans were secured by the following:

- a first-ranking pledge on all of the shares of Believe Digital GmbH held by the Company;
- (for the Nuclear Blast loan only) a transfer of receivables relating to amounts due to the Company by Believe Digital GmbH in connection with the intragroup loan granted by the Company to Believe Digital GmbH for the acquisition of Nuclear Blast; and
- (for the GoodToGo loan only) a transfer of receivables relating to amounts due to the Company by Believe Digital GmbH in connection with the intragroup loan granted by the Company to Believe Digital GmbH for the acquisition of GoodToGo GmbH.

On October 23, 2018, the Company drew down the full amount of these loans for a total of €40.0 million.

An interest rate swap was taken out on December 27, 2018 in order to fix the annual interest rate at 0.365%.

At December 31, 2021, the two loans had been repaid in full.

In addition to these loans, the following two credit facilities were also set up:

**2018 Revolving Credit Facility for €20.0 million**

In September 2018, the Company benefited from a revolving credit facility under the Credit Agreement for a maximum principal amount of €20.0 million to replace the 2017 Revolving Credit Facility for the same amount. This facility falls due on December 9, 2024 and bears interest at 3-month Euribor plus a margin. It was secured by a first-ranking pledge on the Company's goodwill.

On September 27, 2018, the Company drew down €20.0 millions of this facility and repaid the 2017 Revolving Credit Facility.

On December 20, 2018, the Company repaid the full amount of its 2018 Revolving Credit Facility.

As of December 31, 2021, the credit line no longer exists.

**Revolving Credit Facility for €70.0 million**

On December 9, 2019, under rider no. 1 to the Credit Agreement, the Company was granted a Revolving Credit Facility for a maximum principal amount of €70.0 million. This facility falls due on December 9, 2024 and bears interest at 3-month Euribor plus a margin.

The availability of this facility as amended by rider no. 1 was subject to compliance with a financial covenant in terms of the leverage ratio. Accordingly, the ratio of consolidated net debt to consolidated EBITDA (defined as consolidated recurring operating income + consolidated depreciation and amortization expense + consolidated asset impairment expense and charges to provisions for contingencies and expenses) must be below 2.50 at all times. This financing was secured by a second-ranking pledge on the Company's goodwill.

At December 31, 2020, the facility had been drawn down in an amount of €64.4 million.

At December 31, 2021, the Group had repaid in full the Revolving Credit Facility.

### *BPI loans*

**BPI loan (€5.0 million, 2.82%, due 2022)**

In December 2015, the Group was granted a loan from the BPI for €5 million and a term of seven years (the maturity schedule has an initial amortization period of eight quarters), with a fixed annual effective interest rate of 2.82%. This loan is subject to the following financial covenants:

- a guarantee under the French National Guarantee Fund (*Fonds National de Garantie*) for equity loans, representing 70% of the amount outstanding;
- a life insurance policy taken out by Denis Ladegaillerie for €1.6 million;
- an amount of €250,000 has been retained by the Lender as cash collateral on the amount loaned and will be remunerated at the CNO TEC 5 (Constant Maturity Treasury) rate for the month prior to the payment.

**BPI loan (€1.0 million, 4.03%, due 2024)**

In April 2017, the Group was granted a loan from the BPI for €1.0 million and a term of seven years (the maturity schedule has an initial amortization period of eight quarters), with a fixed annual effective interest rate of 4.03%. This loan is subject to the following financial covenants:

- a guarantee under the French National Guarantee Fund for Innovation Loans, representing 30% of the amount outstanding;
- a European Investment Fund (EIF) guarantee representing 50% of the amount outstanding;
- an amount of €50,000 has been retained by the Lender as cash collateral on the amount loaned and will be remunerated at the CNO TEC 5 (Constant Maturity Treasury) rate for the month prior to the payment.

**BPI loan (€500 thousand, interest-free, due 2022)**

In April 2017, the Group was granted an interest-free innovation loan by the BPI for €500 thousand and a term of 23 quarters, including an additional grade period.

**BPI loan (€1.5 million, 1.86%, due 2025)**

In December 2018, the Group was granted a loan from the BPI for €1.5 million and a term of seven years (the maturity schedule has an initial amortization period of eight quarters), with a fixed annual effective interest rate of 1.86%. This loan is subject to the following financial covenants:

- a guarantee under the French National Guarantee Fund for Equity Loans, representing 50% of the amount outstanding;
- an amount of €75,000 has been retained by the Lender as cash collateral on the amount loaned and will be remunerated at the CNO TEC 5 (Constant Maturity Treasury) rate for the month prior to the payment.

**BPI loan (€2.0 million, 1.86%, due 2025)**

In December 2018, the Group was granted a loan from the BPI for €2.0 million and a term of seven years (the maturity schedule has an initial amortization period of eight quarters), with a fixed annual effective interest rate of 1.86%. This loan is subject to the following financial covenants:

- a guarantee under the French National Guarantee Fund Loans Designed to Boost Industry Growth (*Prêts Croissance Industrie 2*), representing 80% of the amount outstanding;
- an amount of €100,000 has been retained by the Lender as cash collateral on the amount loaned and will be remunerated at the CNO TEC 5 (Constant Maturity Treasury) rate for the month prior to the payment.

### Bank borrowings and debt and lease liabilities by contractual maturity

At December 31, 2022, undiscounted contractual cash flows relating to these instruments can be analyzed as follows:

| | | Contractual cash flows | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | Less than 1 year | More than 1 year and less than 5 years | | | | More than 5 years | |
| *(In € thousands)* | Carrying amount | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 and beyond | **Total** |
| Bank borrowings and debt | - | - | - | - | - | - | - | - |
| BPI loans | 3,738 | 2,005 | 925 | 710 | 201 | - | - | **3,840** |
| Lease liabilities | 28,982 | 10,900 | 9,011 | 9,049 | 387 | 99 | 287 | **29,733** |
| **TOTAL** | **32,720** | **12,905** | **9,936** | **9,759** | **588** | **99** | **287** | **33,573** |

### Off-balance sheet commitments relating to Group debt

There were no off-balance sheet items relating to long-term Group debt except for those described in the section discussing loans.

### Bank borrowings and debt by currency and interest rate

All banks borrowings and debt are in euros. They can be analyzed as follows by interest rate:

| *(In € thousands)* | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Fixed-rate bank borrowings and debt | 3,738 | 5,256 |
| Floating-rate bank borrowings and debt | - | - |
| • *Of which the floating interest rate is hedged* | - | - |
| • *Of which the floating interest rate is not hedged* | - | - |
| **TOTAL BANK BORROWINGS AND DEBT** | **3,738** | **5,256** |

**Reconciliation of changes in gross debt with net cash from (used in) financing activities**

Changes in borrowings and debt can be analyzed as follows:

| *(In € thousands)* | December 31, 2022 | December 31, 2021 |
|---|---|---|
| **At January 1** | **33,293** | **128,302** |
| Increase in borrowings | - | - |
| Decrease in borrowings | (1,519) | (94,772) |
| Repayment of lease liabilities | (6,836) | (5,338) |
| Interest received (paid) | 2,006 | (2,348) |
| **Net cash from (used in) financing activities (debt)** | **(6,349)** | **(102,458)** |
| Cost of net debt | (1,199) | 2,318 |
| Changes in bank overdrafts | (11) | 9 |
| Increase in lease liabilities | 6,212 | 5,117 |
| Terminations and early terminations of lease liabilities | - | (369) |
| Changes in the scope of consolidation | - | - |
| Translation adjustments and others | 527 | 375 |
| **AT DECEMBER 31** | **32,474** | **33,293** |

## 8.4. Net debt

**Definition of net debt**

The Group's net debt corresponds to gross debt less cash and cash equivalents. Cash and cash equivalents comprise marketable securities as well as cash at bank and on hand.

| *(In € thousands)* | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Non-current borrowing and debt | 19,663 | 25,752 |
| Current borrowing and debt | 12,811 | 7,541 |
| **Gross debt** | **32,474** | **33,293** |
| Cash and cash equivalents | (303,345) | (262,705) |
| **Net debt** | **(270,871)** | **(229,412)** |
| ● *In euros* | *(195,274)* | *(148,205)* |
| ● *In US dollars* | *(31,453)* | *(40,317)* |
| ● *In other currencies* | *(44,144)* | *(40,890)* |

## 8.5. Lease liabilities

### Lease liabilities by type

| *(In € thousands)* | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Leases of buildings | 23,142 | 23,768 |
| Leases of IT equipment | 5,556 | 4,881 |
| Leases of vehicles | 284 | 224 |
| **TOTAL LEASE LIABILITIES** | **28,982** | **28,873** |
| ● *Out of which current portion* | *10,497* | *5,471* |
| ● *Out of which non-current portion* | *18,485* | *23,402* |

### Changes in lease liabilities

Changes in the carrying amount of lease liabilities can be analyzed as follows:

| *(In € thousands)* | December 31, 2022 | December 31, 2021 |
|---|---|---|
| **At January 1** | **28,873** | **28,683** |
| Lease payments | (6,836) | (5,338) |
| Interest expense on lease liabilities | 529 | 544 |
| New leases | 6,212 | 5,117 |
| Termination and early termination of leases | - | (369) |
| Changes in the scope of consolidation | - | - |
| Translation adjustments and others | 205 | 235 |
| **AT DECEMBER 31** | **28,982** | **28,873** |

## 8.6. Net financial income (expense)

Net financial income (expense) can be analyzed as follows:

| *(In € thousands)* | 2022 | 2021 |
|---|---|---|
| Interest expense | (607) | (1,001) |
| Interest expense on lease liabilities | (529) | (544) |
| Amortization of bond issue costs and others (1) | (256) | (957) |
| Financial income from cash investments (2) | 2,592 | 184 |
| **Cost of net debt** | **1,199** | **(2,318)** |
| Other financial income (expenses) (3) | 7,185 | (4,201) |
| **TOTAL NET FINANCIAL INCOME (EXPENSE)** | **8,384** | **(6,519)** |

*(1) In 2021, the "Amortization of bond issue costs and others" line notably included the accelerated amortization of debt issuance costs following the repayment in full of the Credit Agreement with the proceeds of its capital increase (see Note 8.4 – Net debt).*

*(2) The "Financial income from cash investments" item includes interest on term accounts and the terms of currency swaps.*

*(3) The "Other financial income (expenses)" item in 2021 mainly corresponds to foreign exchange gains and losses and, in 2022, to the effects of hyperinflation following the classification of Turkey in the list of hyperinflationary economies on April 30, 2022 (see significant events of the fiscal year).*

# NOTE 9 INCOME TAX

## 9.1. Income tax

### Accounting policies

Income tax represents the aggregate amount of current and deferred taxes included in the calculation of net income (loss) for the period. Income tax is recognized in the income statement unless it relates to a business combination or to items recognized directly in equity or in other comprehensive income.

Current tax is the amount of income tax payable (recoverable) in respect of taxable income (tax loss) for a given fiscal period, and must be recognized as a liability to the extent that it has not yet been paid. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess shall be recognized as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date in each country in which the Group does business.

As the Group considers the CVAE tax on value added in France to meet the definition of income tax as set out in IAS 12 – Income Taxes, CVAE tax is presented on the "Income tax" line in the consolidated income statement.

**Breakdown of income tax recognized in net income (loss)**

| *(In € thousands)* | 2022 | 2021 |
|---|---|---|
| Current Tax | (8,928) | (2,084) |
| Deferred taxes | (2,161) | (413) |
| **TOTAL TAX RECOGNIZED IN NET INCOME (LOSS)** | **(11,089)** | **(2,497)** |

**Reconciliation between the effective tax rate and the applicable tax rate – Analysis of income tax**

| *(In € thousands)* | 2022 | 2021 |
|---|---|---|
| **Income (loss) before tax** | **(13,881)** | **(26,139)** |
| Statutory income tax rate | 25.83% | 28.41% |
| **Theoretical income tax benefit (expense)** | **3,585** | **7,426** |
| Effect of differences in income tax rates | 1,102 | 334 |
| Permanent differences | (1,680) | 559 |
| Effect of changes in tax rates | 146 | (40) |
| Unrecognized deferred tax assets | (12,048) | (10,610) |
| Other taxes not levied on a specific tax base | (2,349) | (516) |
| Adjustment for prior periods | 155 | 349 |
| Others | - | - |
| **TOTAL TAX RECOGNIZED IN NET INCOME (LOSS)** | **(11,089)** | **(2,497)** |
| Effective tax rate | -79.89% | -9.55% |

## 9.2. Deferred taxes

### Accounting policies

Deferred taxes result from temporary differences between the carrying amounts of assets and liabilities and their tax basis. Deferred tax assets and liabilities are assessed at the tax rates expected to apply in the year in which the asset will be realized or the liability settled and that have been enacted or substantively enacted at the reporting date. In the event of a change in tax rates, deferred taxes are adjusted to the new applicable rate and the adjustment is charged to the income statement unless it relates to an item recognized in equity or in other comprehensive income, for example actuarial gains and losses.

Deferred taxes are reviewed at each reporting date to reflect any changes in tax laws and the prospects for recovery of deductible temporary differences. Deferred tax assets are recognized only if it is considered probable that there will be deferred tax liabilities with the same maturity or sufficient future taxable income against which the temporary differences can be utilized in the foreseeable future.

Deferred tax assets and liabilities are not discounted.

**Changes in deferred tax balances by category of temporary difference**

| *(In € thousands)* | January 1, 2022 | Reco-gnized in income | Recognized in reserves | Fair value through other comprehensive income | Changes in the scope of consoli-dation | Translation adjustments and others | December 31, 2022 |
|---|---|---|---|---|---|---|---|
| Employee benefits | 94 | (138) | - | (42) | - | 147 | 62 |
| Lease liabilities[(1)] | 5,504 | 889 | - | - | 127 | (144) | 6,376 |
| Intangible assets and property, plant and equipment | - | (418) | - | - | - | 4,002 | 3,584 |
| Other working capital | 378 | 512 | - | - | - | 1,420 | 2,311 |
| Tax loss carryforwards | 3,779 | (3,287) | - | - | - | (212) | 280 |
| Offsetting of deferred tax assets/deferred tax liabilities | (5,692) | (1,256) | - | - | - | - | (6,948) |
| **TOTAL DEFERRED TAX ASSETS** | **4,064** | **(3,697)** | **-** | **(42)** | **127** | **5,214** | **5,664** |
| Intangible assets[(2)] | 16,663 | (2,463) | - | - | 1,108 | 4,855 | 20,163 |
| Property, plant and equipment[(1)] | 5,491 | (1,214) | - | - | 119 | (109) | 4,286 |
| Employee benefits | - | (79) | - | 56 | - | 141 | 117 |
| Other working capital | (13) | 3,107 | - | - | 7 | 1,452 | 4,553 |
| Others | 53 | 330 | - | - | - | 16 | 398 |
| Offsetting of deferred tax assets/deferred tax liabilities | (5,692) | (1,256) | - | - | - | - | (6,948) |
| **TOTAL DEFERRED TAX LIABILITIES** | **16,502** | **(1,576)** | **-** | **56** | **1,234** | **6,355** | **22,570** |
| **TOTAL DEFERRED TAX LIABILITIES, NET** | **(12,438)** | **(2,121)** | **-** | **(98)** | **(1,108)** | **(1,141)** | **(16,906)** |

| *(In € thousands)* | January 1, 2021 | Recogniz ed in income | Recognized in reserves | Fair value through other comprehensive income | Changes in the scope of consoli-dation | Translation adjustments and others | December 31, 2021 |
|---|---|---|---|---|---|---|---|
| Employee benefits | 372 | (249) | - | (33) | 1 | 2 | 94 |
| Lease liabilities[(1)] | 7,569 | (1,164) | - | - | - | (901) | 5,504 |
| Other working capital | (97) | (683) | - | - | 14 | 1,145 | 378 |
| Tax loss carryforwards | 3,407 | 337 | - | - | - | 35 | 3,779 |
| Offsetting of deferred tax assets/deferred tax liabilities | (6,899) | 1,207 | - | - | - | - | (5,692) |
| **TOTAL DEFERRED TAX ASSETS** | **4,353** | **(551)** | **-** | **(33)** | **15** | **280** | **4,064** |
| Intangible assets[(2)] | 14,981 | (15) | - | - | 1,987 | (290) | 16,663 |
| Property, plant and equipment[(1)] | 6,742 | (1,343) | - | - | (2) | 94 | 5,491 |
| Other working capital | 22 | (55) | - | - | - | 20 | (13) |
| Others | (16) | 67 | - | - | - | 2 | 53 |
| Offsetting of deferred tax assets/deferred tax liabilities | (6,899) | 1,207 | - | - | - | - | (5,692) |
| **TOTAL DEFERRED TAX LIABILITIES** | **14,830** | **(138)** | **-** | **-** | **1,985** | **(175)** | **16,502** |
| **TOTAL DEFERRED TAX LIABILITIES, NET** | **(10,477)** | **(413)** | **-** | **(33)** | **(1,970)** | **455** | **(12,438)** |

*(1) Relating mainly to the IFRS 16 adjustment to the "Lease liabilities" item and to the corresponding right-of-use assets within "Property, plant and equipment".*
*(2) The "Intangible assets" item relates mainly to intangible assets identified and recognized as part of business combinations.*

#### Unrecognized tax assets

| *(In € thousands)* | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Relating to temporary differences | 5,866 | 2,637 |
| Relating to tax loss carryforwards | 27,122 | 16,495 |
| **TOTAL UNRECOGNIZED DEFERRED TAX ASSETS** | **32,988** | **19,132** |

At December 31, 2022, the unrecognized deferred tax assets, due to the lack of visibility on the future taxable profits of the entities concerned, are mainly related to the tax loss carryforwards of Believe SA, Believe Digital GmbH, Believe Music America LLC, Believe Digital OOO and Believe Digital SRL. In 2022, Believe SA recorded a tax loss of €9.1 million. These tax losses may be carried forward indefinitely, with the exception of those relating to Indian entities, *i.e.* €1.5 million, which expire between 2028 and 2030.

At December 31, 2021, the unrecognized deferred tax assets, due to the lack of visibility on the future taxable profits of the entities concerned, were mainly related to the tax loss carryforwards of Believe SA, Believe Digital GmbH, Nuclear Blast America Inc., Believe Music America LLC, and Soulfood Music Distribution GmbH. Believe SA recorded a €32.0 million tax loss in 2021. These tax losses may be carried forward indefinitely, with the exception of those relating to Indian entities for €1.0 million, which expire in 2025.

#### Tax loss carryforwards recognized

Tax loss carryforwards recognized can be analyzed as follows:

| *(In € thousands)* | December 31, 2022 | December 31, 2021 |
|---|---|---|
| France | - | - |
| Germany | - | 3,347 |
| Canada | - | - |
| United States | 201 | 5,070 |
| Luxembourg | - | 388 |
| Others | 90 | 23 |
| **TOTAL TAX LOSS CARRYFORWARDS RECOGNIZED** | **290** | **8,828** |

The estimated recovery date for deferred tax assets on tax loss carryforwards is 2023-2025.

### 9.3. Uncertain income tax treatments

#### Accounting policies

In accordance with the IFRIC 23 interpretation – Uncertainty over Income Tax Treatments, tax assets or liabilities should be recognized if there is uncertainty over their income tax treatment. The Group recognizes a tax liability whenever it considers the relevant tax authorities are unlikely to accept a given tax treatment and does not take into account the probability that this would not be detected by the tax authorities. Conversely, a tax receivable is recognized if the Group considers the relevant tax authorities are likely to refund tax paid. Assets and liabilities for which tax treatments are uncertain are estimated on a case-by-case basis depending on the most likely amount.

The Group did not identify any material uncertain tax treatments at either December 31, 2022 or December 31, 2021.

## NOTE 10 EQUITY AND EARNINGS PER SHARE

### 10.1. Changes in share capital

On May 25, 2021, the Company carried out a two-for-one share split, reducing the par value of the Believe share from €0.01 to €0.005 per share. Concomitantly, it doubled the total number of shares comprising the Company's share capital, from 40,234,421 to 80,468,842 shares, in order for the share capital to remain unchanged further to the share split.

Believe was listed on the regulated market of Euronext in Paris on June 10, 2021 to finance its growth strategy. The total number of Believe shares issued as part of the IPO is 15,384,616 new shares, for an offer size of approximately €300 million.

At December 31, 2022, the share capital of Believe SA is made up of 96,764,109 shares. All shares have a par value of €0.005 and are fully paid up.

#### Changes in share capital and share premiums

| Description | Share capital *(in €)* | Share premiums *(in €)* | Number of shares at €0.005 |
|---|---|---|---|
| **At January 1, 2021** | **402,344** | **169,799,138** | **80,468,842** |
| Capital increase following the IPO | 76,923 | 294,510,342 | 15,384,616 |
| Exercise of BSAs/BSPCEs | 1,004 | 665,569 | 200,744 |
| **AT DECEMBER 31, 2021[(1)]** | **480,271** | **464,975,049** | **96,054,202** |
| Exercise of BSAs/BSPCEs | 1,862 | 1,454,005 | 372,450 |
| Employee shareholding plan: b.shares 2022 | 1,687 | 2,286,122 | 337,457 |
| **AT DECEMBER 31, 2022** | **483,821** | **468,715,176** | **96,764,109** |

*(1) At December 31, 2021, the number of shares included 97,100 additional shares issued in November and December 2021 following the exercise of BSAs and BSPCEs. The Board of Directors recorded the corresponding capital increase on May 3, 2022. The share capital of the Company and the share premium have both been adjusted to reflect said exercises.*

### 10.2. Dividends

No dividends were paid in respect of the 2022 or 2021 fiscal years.

## 10.3. Non-controlling interests

Non-controlling interests can be analyzed as follows:

| | | December 31, 2022 | | December 31, 2021 | |
|---|---|---|---|---|---|
| **Company** | **Country** | **Equity – portion of non-controlling interests** *(In € thousands)* | **Percentage of non-controlling interests** *(In %)* | Equity – portion of non-controlling interests *(In € thousands)* | Percentage of non-controlling interests *(In %)* |
| Madizin Music GmbH | Germany | (40) | 49% | - | - |
| 6&7 SAS | France | 682 | 49% | - | - |
| Jo and Co SAS | France | 981 | 49% | 300 | 49% |
| Morning Glory Music SAS | France | (134) | 47% | - | - |
| TuneCore Japan KK | Japan | 593 | 45% | 470 | 45% |
| Dogan Müzik Yapim ve Ticaret A.S. | Turkey | 6,002 | 40% | 1,733 | 40% |
| Netd Müzik Video Dijital Platform ve Ticaret A.S. | Turkey | 875 | 40% | 429 | 40% |
| Others – not material | - | (8) | - | 8 | - |
| **TOTAL NON-CONTROLLING INTERESTS** | | **8,951** | | **2,941** | |

## 10.4. Earnings per share

### Accounting policies

Basic earnings per share are calculated by dividing net income attributable to owners by the weighted average number of ordinary shares in issue, excluding treasury shares, during the period.

Diluted earnings per share are calculated by adjusting the weighted average number of ordinary shares in issue, excluding treasury shares, to reflect the conversion of dilutive potential ordinary shares.

#### Earnings (losses) attributable to holders of ordinary shares

| | **2022** | 2021 |
|---|---|---|
| **Net income (loss) attributable to holders of ordinary shares** *(in € thousands)* | **(29,762)** | **(30,045)** |
| Basic earnings (loss) per share *(in €)* | (0.31) | (0.34) |
| Diluted earnings (loss) per share *(in €)*[1] | (0.31) | (0.34) |

*(1) In 2022 and 2021, diluted earnings (loss) per share were equal to basic earnings (loss) per share, as the earnings attributable to holders of ordinary shares represented a loss.*

#### Weighted average number of ordinary shares

| | **December 31, 2022** | December 31, 2021 |
|---|---|---|
| **Weighted average number of ordinary shares in issue** | **96,092,137** | **88,989,798** |
| Impact of dilutive instruments on the number of ordinary shares: | | |
| Potential number of dilutive shares relating to BSAs and BSPCEs | - | - |
| Potential number of dilutive shares relating to Performance Shares | - | - |
| **Weighted average number of ordinary shares in issue (diluted)** | **96,092,137** | **88,989,798** |

## NOTE 11 CASH FLOW

### Accounting policies

The Group's statement of cash flows is prepared in accordance with IAS 7 – Statement of Cash Flows. It identifies cash flows from (used in) operating activities separately from cash flows from (used in) investing activities and cash flows from (used in) financing activities:

- cash flows from (used in) operating activities are presented using the indirect method, whereby net income (loss) is adjusted for the effects of changes in inventories and operating receivables and payables (working capital) during the period, as well as for the elimination of non-cash items, mainly depreciation, amortization, provisions and deferred taxes.
- cash flows from (used in) investing activities correspond mainly to cash outflows made to acquire non-current assets, cash inflows resulting from disposals of non-current assets, and the impact of acquiring subsidiaries. The impact of acquiring subsidiaries is shown as a net amount and reflects the price effectively paid during the fiscal year, adjusted for cash and cash equivalents acquired.
- cash flows from (used in) relating to financing activities correspond mainly to issues and repayments of loans. Cash flows relating to lease liabilities and associated interest are presented under the "Repayment of lease liabilities" item.

Cash flows relating to foreign currency transactions are recorded in the company's functional currency by applying the exchange rate between the functional currency and the foreign currency at the date of the cash flows. Cash flows arising from income taxes are presented separately and classified as cash flows from (used in) operating activities, unless they can be specifically identified with financing and investing activities.

The Group also discloses the items comprising its cash and cash equivalents, including bank overdrafts, and presents a reconciliation between these amounts reported in its statement of cash flows and the equivalent amounts presented in the statement of financial position.

## 11.1. Components of cash and cash equivalents

Cash and cash equivalents include cash and short-term investments (maturities of no more than three months), which are highly liquid and readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value. This item also includes the amounts that may be claimed by artists in respect of royalties (see Note 4.8 – *Trade payables and contract liabilities*). Cash and cash equivalents presented in the statement of financial position and in the statement of cash flows are broken down as follows:

| *(In € thousands)* | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Cash at bank and on hand | 302,890 | 262,705 |
| Accrued interest | 455 | - |
| **Cash and cash equivalents** | **303,345** | **262,705** |
| Bank overdrafts | - | (11) |
| **Cash and cash equivalents net of bank overdrafts as reported in the statement of cash flows** | **303,345** | **262,694** |

As of December 31, 2022, cash and cash equivalents included non-available cash amounting to €951 thousand. This corresponds to the cash and cash equivalent balances held by subsidiaries located in countries where foreign exchange controls or legal constraints do not allow these amounts of cash to be made available for use by the Group or by one of its subsidiaries.

## 11.2. Net cash from (used in) operating activities

Net cash from (used in) operating activities relates to net income items adjusted for the effects of non-cash items, plus changes in working capital requirements and taxes paid. The change in working capital requirement is broken down as follows:

| *(In € thousands)* | 2022 | 2021 |
|---|---|---|
| Change in advances paid to artists and labels | (15,122) | (57,752) |
| Change in trade payables and contract liabilities | 88,627 | 63,172 |
| Other changes in working capital | (20,078) | (20,954) |
| **Changes in working capital** | **53,427** | **(15,534)** |

## 11.3. Net cash from (used in) investing activities

### Acquisitions and disposals of property, plant and equipment and intangible assets

Net cash outflows relating to acquisitions of property, plant and equipment and intangible assets can be analyzed as follows:

| *(In € thousands)* | Notes | 2022 | 2021 |
|---|---|---|---|
| Capitalized development costs | *6.2* | (19,826) | (23,087) |
| Acquisitions of intangible assets owned outright | *6.2* | (6,030) | (2,407) |
| Acquisitions of property, plant and equipment owned outright | *6.3* | (580) | (1,162) |
| Changes in suppliers of non-current assets | | 986 | (43) |
| **TOTAL ACQUISITIONS OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS** | | **(25,450)** | **(26,699)** |

### Acquisitions of subsidiaries, net of cash acquired

In 2022, the outflow of €8.7 million relates to acquisitions made, net of cash acquired, and can be analyzed as follows:

| *(In € millions)* | Purchase price | Cash acquired | Acquisitions, net of cash acquired |
|---|---|---|---|
| 6&7[(1)] | 0.6 | (0.5) | 0.1 |
| SPI Music – Tranche 1[(2)] | 1.4 | - | 1.4 |
| Rapsodie | 0.2 | - | 0.2 |
| Morning Glory Music | 3.9 | - | 3.9 |
| Structure PY | 3.1 | - | 3.1 |
| **TOTAL** | **9.2** | **(0.5)** | **8.7** |

*(1) Corresponds to the acquisition of an additional 2% stake in the share capital of 6&7 (see Note 2.2 – Scope of consolidation and Note 2.3 – Business combinations)*

*(2) Corresponds to the additional payment of Tranche 1 related to the acquisition of an initial 76% stake in the share capital of SPI Think Music for a total amount of €15.8 million, of which €14.3 million paid as of December 31, 2021 (see Note 2.2 – Scope of consolidation and Note 2.3 – Business combinations).*

In 2021, the outflow of €49.9 million related to acquisitions made, net of cash acquired, and could be analyzed as follows:

| *(In € millions)* | Purchase price | Cash acquired | Acquisitions, net of cash acquired |
|---|---|---|---|
| Play 2 | 12.0 | - | 12.0 |
| SPI Music – Tranche 1 | 14.3 | (2.8) | 11.5 |
| Viva | 23.0 | - | 23.0 |
| Jo&Co | 4.5 | (1.0) | 3.4 |
| **TOTAL** | **53.8** | **(3.9)** | **49.9** |

#### Decrease (increase) in loans

In 2022, the outflow corresponds to current account advances with Play 2 for a total amount of €3.2 million net of repayments.

In 2021, the inflow mainly related to the repayment of the current account with Lili Louise Musique for €1.3 million granted in 2019.

#### Decrease (increase) in non-current financial assets

In 2022, the change mainly corresponds to escrow accounts related to Believe's live productions

In 2021, the inflow mainly related to the repayment of the term account linked to the acquisition of Soulfood in 2017 for €1.5 million.

## 11.4. Net cash from (used in) financing activities

#### Increase in borrowings

The Group did not use the revolving credit line in 2022 or 2021 (see Note 8.3 – *Gross debt).*

#### Decrease in borrowings

In 2022, the Group also repaid the BPI loans for the period in the amount of €1.5 million.

In 2021, at the time of its IPO and with effect from the settlement-delivery date of the Company's shares offered in connection with their admission to trading on the regulated market of Euronext Paris, the Group repaid the Credit Agreement in full, using the proceeds of its capital increase for an amount of €92.9 million (see Note 8.3 – *Gross debt*). The Group also repaid the BPI loans for the period in the amount of €1.8 million.

#### Capital increase by shareholders

In 2022, the Group increased its share capital for a total amount of €3.7 million, including share premiums, through:

- the issue of shares to the Group's employees by exercising BSAs and BSPCEs for €1.4 million (see Note 10.1 – *Changes in share capital)* and;
- a capital increase reserved for employees of €2.3 million as part of the b.shares employee shareholding plan (see Note 5.4 – *Share-based payments* ), net of transaction costs.

In 2021, the capital increase of €295.3 million, including share premiums, could be analyzed as follows:

- Believe was listed on the Euronext regulated market in Paris on June 10, 2021 in order to finance its growth strategy for an offering size of approximately €300 million, less costs related to the listing of the shares on the French regulated market; *i.e.* a total net amount of €294.6 million;
- the Group also carried out a capital increase in the amount of €0.7 million by issuing shares to the Group's employees through the exercise of BSAs and BSPCEs (see Note 10.1 – *Changes in share capital).*

## 11.5. Free cash flow

### Accounting policies

Free cash flow corresponds to net cash flows from (used in) operating activities, after taking into account acquisitions and disposals of intangible assets and property, plant and equipment, and restated for (i) acquisition costs, (ii) acquisition costs on 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 and net cash from (used in) operating activities can be reconciled as follows with the consolidated statement of cash flows:

| *(In € thousands)* | 2022 | 2021 |
|---|---|---|
| **Net cash from (used in) operating activities** | **73,655** | **(7,670)** |
| Acquisitions of property, plant and equipment, and intangible assets | (25,450) | (26,699) |
| Disposals of property, plant and equipment and intangible assets | - | - |
| Restatement of acquisition related costs | 1,600 | 621 |
| Restatement of acquisition costs of a group of assets | 2,190 | 1,000 |
| Restatement of advances related to Distribution contracts intended specifically for the acquisition of assets (acquisition of companies, catalogs, etc.) | - | 2,000 |
| **FREE CASH FLOW** | **51,995** | **(30,748)** |

## NOTE 12 OTHER INFORMATION

### 12.1. Fees paid to the Statutory Auditors

The table below shows fees paid to the Statutory Auditors:

| | 2022 | | | | | 2021 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| *(In € thousands)* | KPMG SA | Network | Total KPMG | ACA NEXIA | Total | KPMG SA | Network | Total KPMG | ACA NEXIA | Total |
| Statutory audit and review of the parent company and consolidated financial statements | 389 | 487 | 876 | 181 | 1,057 | 664 | 579 | **1,223** | 254 | **1,477** |
| Services other than the certification of financial statements(1) | 43 | 75 | 118 | 16 | 134 | 556 | - | **576** | 150 | **726** |
| **TOTAL** | **432** | **562** | **994** | **197** | **1,191** | **1,220** | **579** | **1,799** | **404** | **2,203** |

*(1) In 2021, the Statutory Auditors' fees included the regulatory work carried out in connection with the Believe S.A. IPO*

### 12.2. Related parties

#### Accounting policies

Under IAS 24 – Related Party Disclosures, a related party is a person or entity that is related to the entity preparing its financial statements. This may be:

- a person or a company that controls the Group;
- an associate of the Group;
- a joint venture;
- an important member of the Group's management team (or a member of his/her family).

A related party transaction is a transfer of resources, services or obligations between the Group and the related party.

### Parent company and head of the Group

The Group is consolidated within the consolidated financial statements of Believe SA, whose head office is located at 24, rue Toulouse Lautrec, 75017 Paris, France.

### Transactions with key management personnel

With the exception of the compensation described in Note 5.5 – *Executive compensation*, there were no transactions between the Company and its key management personnel.

### Transactions with owners

There had been no transactions with owners within the meaning of IAS 24 as at either December 31, 2022 or December 31, 2021.

### Other related party transactions

Transactions between Believe and these associates or joint ventures are detailed in Note 2.4 – *Equity-accounted companies.* With the exception of these transactions, there are no other transactions with the Group's related parties.

## 12.3. Off-balance sheet commitments

### Off-balance sheet commitments linked to the scope of consolidation

The list of commitments received is detailed as follows:

- pledge on shares of 6&7 SAS granted to Believe in the context of the acquisition in 2019 until January 1, 2023;
- miscellaneous general and specific guarantees in connection with corporate acquisitions (see table below):

| ACQUISITION | EXPIRY | TYPE OF GUARANTEE |
|---|---|---|
| **DMC** | 12/31/2023* | General guarantees (including tax guarantees) and specific guarantees (relating to contracts, intellectual property rights and information technologies) |
| **Play 2** | 12/31/2023 (except where specific expiry dates are provided for, notably in relation to tax and social guarantees, which expires on March 31, 2025) | General guarantees (including tax guarantees) |
| **Viva** | 06/30/2023* | General guarantees (including tax guarantees) and specific guarantees (relating to intellectual property rights) |
| **SPI Music** | 12/31/2023 (except where specific expiry dates are provided for, notably in relation to intellectual property rights guarantees, which expires on December 31, 2028) | General guarantees (including tax guarantees) and specific guarantees (relating to intellectual property rights) |
| **Jo&Co** | 12/21/2024 * | General guarantees (including tax guarantees) and specific guarantees (relating to contracts, goods and services, insurance, intellectual property rights) |
| **Morning Glory Music** | 11/16/2025 | General guarantees |
| **Structure PY** | 12/19/2025 * | General guarantees (including tax and social guarantees) |

*(1) Except where specific expiry dates are provided for.*

### Off-balance sheet commitments linked to Company financing

Commitments relating to bank debt are detailed in Note 8.3 – *Gross debt*.

### Related-party agreement – agreement for the sharing of capital gains on the disposal of shares between the Company and Mr Denis Ladegaillerie

In line with the Group's values, Denis Ladegaillerie, Chairman and Chief Executive Officer and founder of Believe, wished to implement a mechanism for sharing the capital gains on the sale of his Believe shares with employees in addition to employee share ownership. This mechanism, provided for by the Pacte Law of May 22, 2019 on the growth and transformation of companies, offers Believe, under the leadership of Denis Ladegaillerie, the opportunity to strengthen the long-term commitment of its employees and recognize everyone's contribution to the Company's success. It thus offers the possibility to share part of the value created collectively. The sharing of capital gains takes the form of a contract between Denis Ladegaillerie and Believe SA and is the subject of a related-party agreement published on December 7, 2022. This agreement allows Denis Ladegaillerie, in the event of a future sale of his Believe shares, over a long-term time frame of at least three years, to share up to 10% of the capital gains realized with employees who have been with the company for over 2 years.

### Off-balance sheet commitments linked to the Company's operating activities

There is no other off-balance sheet commitments linked to the Company's operating activities.

## 12.4. Subsequent events

There were no subsequent events.

# 6.2 Parent company financial statement at December 31, 2022

## 6.2.1 Parent company financial statement

### Statement of financial position

| Assets *(In € thousands)* | Fiscal year ended December 31, 2022 Gross | Amort. prov. | Net | Fiscal year ended December 31, 2021 Net |
|---|---|---|---|---|
| **NON-CURRENT ASSETS** | | | | |
| Concessions, patents, similar rights | 2,893 | 1,487 | 1,406 | 1,470 |
| Goodwill | 1,440 | 1,440 | - | 288 |
| Other intangible assets | 94,216 | 59,762 | 34,453 | 34,763 |
| Other property, plant and equipment | 9,357 | 5,296 | 4,061 | 5,767 |
| Intangible assets in progress | 9,521 | - | 9,521 | 13,666 |
| Equity investments | 82,540 | 11,666 | 70,874 | 74,562 |
| Receivables related to equity investments | 136,282 | 14,830 | 121,452 | 142,700 |
| Other financial assets | 2,973 | 72 | 2,901 | 3,575 |
| **Total (I)** | **339,222** | **94,554** | **244,668** | **276,791** |
| **CURRENT ASSETS** | | | | |
| Inventories | 1,416 | 687 | 729 | 697 |
| Advances and down payments on orders | 20,720 | 3,599 | 17,121 | 12,184 |
| Discounts and rebates from suppliers | - | - | - | - |
| Trade receivables | 73,085 | 1,522 | 71,563 | 74,255 |
| Other receivables | | | | |
| • prepayments to suppliers | 3,953 | - | 3,953 | 4,983 |
| • personnel | 59 | - | 59 | 86 |
| • social security | 88 | - | 88 | 174 |
| • State, income tax | 1,613 | - | 1,613 | 1,460 |
| • State, tax other than income tax | 7,998 | - | 7,998 | 9,478 |
| • Other | 105,597 | 4,769 | 100,828 | 122,205 |
| Cash at bank and on hand | 229,336 | - | 229,336 | 181,717 |
| Prepaid expenses | 5,360 | - | 5,360 | 5,032 |
| **Total (II)** | **449,225** | **10,577** | **438,648** | **412,271** |
| Expenses to be spread over several years (III) | 878 | - | 878 | 1,136 |
| Translation adjustments, assets (V) | 9,848 | - | 9,848 | 9,005 |
| **TOTAL ASSETS I TO V** | **799,697** | **105,131** | **694,042** | **699,203** |

| **Liabilities** *(In € thousands)* | **Fiscal year ended December 31, 2022** | **Fiscal year ended December 31, 2021** |
|---|---|---|
| **EQUITY** | | |
| Share or individual capital | 484 | 480 |
| Share, merger and contribution premiums | 466,063 | 462,323 |
| Legal reserve | 64 | 64 |
| Retained earnings | (35,400) | (16,472) |
| Net income (loss) for the period | (44,357) | (18,928) |
| Regulated provisions | 666 | 597 |
| **Total (I)** | **387,520** | **428,064** |
| **PROVISIONS FOR RISKS AND CONTINGENCIES** | | |
| Provisions for risks and contingencies | 10,114 | 10,001 |
| **Total (III)** | **10,114** | **10,001** |
| **BORROWINGS AND DEBT** | | |
| Bank borrowings and debt | 3,782 | 5,281 |
| Borrowings and other financial debt | 172,857 | 135,969 |
| Advances and down payments received on orders in progress | 1,570 | 1,000 |
| Trade payables | 91,286 | 93,539 |
| Tax and social security liabilities: | | |
| ● personnel | 8,732 | 6,279 |
| ● social security | 6,794 | 5,125 |
| ● State, tax other than income tax | 1,609 | 2,198 |
| ● other taxes and duties | 1,391 | 1,249 |
| Trade payables on non-current assets | 763 | 578 |
| Other payables | 2,774 | 2,301 |
| Deferred revenue | 96 | 293 |
| **Total (IV)** | **291,655** | **253,812** |
| Translation adjustments, liabilities (V) | 4,753 | 7,326 |
| **TOTAL LIABILITIES I TO V** | **694,042** | **699,203** |

## Income statement

| *(In € thousands)* | Fiscal year ended December 31, 2022 | Fiscal year ended December 31, 2021 |
|---|---|---|
| Sales of goods | 9,783 | 7,769 |
| Sold production (services) | 120,592 | 146,608 |
| **Net Revenue** | **130,375** | **154,377** |
| Capitalized production | 16,470 | 20,268 |
| Operating grants received | 356 | 845 |
| Reversals on impairment and provisions, transfers of expenses | 3,466 | 3,085 |
| Ancillary revenue | 85,093 | 60,091 |
| Other income | 5,172 | 4,156 |
| **Total operating income** | **240,932** | **242,822** |
| Other purchases and external expenses | 59,362 | 50,470 |
| Change in inventories | (527) | 245 |
| Taxes, duties and similar expenses | 2,614 | 1,929 |
| Payroll expenses | 45,752 | 37,481 |
| Social charges | 21,659 | 16,642 |
| Depreciation of non-current assets | 24,405 | 17,138 |
| Provisions for risks and contingencies | 266 | 317 |
| Depreciation, amortization and other capitalized expenses | 258 | 481 |
| Provisions on current assets | 4,900 | 3,425 |
| Other expenses: | 109,998 | 142,400 |
| ● *Payments to producers* | *109,125* | *141,779* |
| ● *Other operating expenses* | *873* | *621* |
| **Total operating expenses** | **268,687** | **270,528** |
| **OPERATING INCOME (LOSS)** | **(27,755)** | **(27,706)** |
| Financial income from equity investments | 2,462 | 45 |
| Other interest and similar income | 10,455 | 8,207 |
| Reversals on provisions and transfers of expenses | 9,052 | 8,679 |
| Positive exchange rate differences | 10,457 | 3,747 |
| **Total financial income** | **32,426** | **20,678** |
| Depreciation, amortization and provisions | 41,184 | 9,052 |
| Interest and similar expenses | 3,253 | 822 |
| Negative exchange rate differences | 1,211 | 179 |
| **Total financial expenses** | **45,648** | **10,053** |
| **NET FINANCIAL INCOME (EXPENSE)** | **(13,222)** | **10,625** |
| Non-current income on operating transactions | 1,560 | 732 |
| Non-current income on equity transactions | - | - |
| Reversals on provisions and transfers of expenses | 1,021 | 716 |
| **Total non-current income** | **2,581** | **1,448** |
| Non-current expenses on operating transactions | 5,682 | 5,219 |
| Non-current income on equity transactions | 15 | - |
| Non-current depreciation, amortization and provisions | 69 | 309 |
| **Total non-current expenses** | **5,766** | **5,528** |
| **NON-CURRENT INCOME (LOSS)** | **(3,185)** | **(4,080)** |
| Income tax | 194 | (2,233) |
| **NET INCOME (LOSS)** | **(44,357)** | **(18,928)** |

## 6.2.2 Appendix

### 6.2.2.1 Presentation of the Company

Believe (hereafter the "Company") was incorporated on April 7, 2005.

The Company is domiciled in France. Its registered office is located at 24, rue Toulouse Lautrec – 75017 Paris, France.

The Company specializes in the sale and promotion of audio and video content from independent labels and artists with the aim of building their audience and careers, at all stages of their development, in their local markets across the globe. It works with emerging, established and top artists, driven by its values of respect, expertise, fairness and transparency. Its solutions help artists and labels promote and deliver their audio and video content through a range of technologies, helping them to attract a wide audience and interact with that audience through marketing strategies, thereby monetizing their music and maximizing their sales.

Its main subsidiaries are located in Germany, the United States, France, Italy, Russia and Luxembourg.

### 6.2.2.2 Preamble

The fiscal year ended December 31, 2022 had a duration of 12 months, as did the fiscal year ended December 31, 2021.

Before appropriation of income, the statement of financial position totaled €694,042 thousand.

A net financial loss was recorded in the amount of €44,357 thousand.

The information provided below forms an integral part of the annual financial statements which were approved by the Board of Directors on March 15, 2023.

Unless otherwise indicated, financial information is presented in thousands of euros without decimal places. Rounding to the nearest thousand euros may lead to non-material differences between reported totals and the sum of the reported amounts.

### 6.2.2.3 Accounting policies

The general rules for the preparation and presentation of the annual financial statements are based on the provisions of ANC Regulation No. 2014-03 of June 5, 2014, as revised to include any additional regulations as of the date of preparation of said annual financial statements.

The financial statements have been prepared and presented in accordance with the accounting principles and policies used by the Company for the financial statements of the fiscal year ended December 31, 2022.

The items recorded in the financial statements were valued on a historical cost basis. In particular, the various items in the annual financial statements were determined by using the valuation methods described below.

The valuation methods used for the fiscal year are identical to those used for previous disclosures.

The principles below have been applied on a prudent basis and in accordance with the following underlying principles:

- going concern;
- consistency of accounting methods over time;
- independence of fiscal years;

and in accordance with the general rules for the preparation and presentation of annual financial statements.

#### (a) Intangible assets and property, plant and equipment

Intangible assets created internally are recorded at their production cost and relate to clearly individualized projects with a high probability of technical and commercial success.

Intangible assets acquired are recorded at their acquisition cost.

Property, plant and equipment are recognized at their acquisition cost (purchase price and ancillary costs).

Non-current assets are subject to depreciation schedules determined according to the nature, duration and probable conditions of use of the assets.

The most common amortization periods and methods used for the various categories of intangible assets are as follows:

- software: 1 year, straight-line;
- patents: 10 years, straight-line;
- catalogs: 5 to 10 years, straight-line;
- Internet platform development: 3 years, straight-line;
- other intangible assets (clips, masters): 1 to 5 years, straight-line.

The most common depreciation periods and methods used for the various categories of property, plant and equipment are as follows:

- miscellaneous fixtures and fittings: 5 to 8 years, straight-line;
- IT equipment: 3 years, straight-line;
- office furniture: 5 years, straight-line.

#### (b) Goodwill

Goodwill is recorded at acquisition cost including ancillary costs such as fees and registration costs. It results from the transfer of all assets and liabilities of Musicast on January 1, 2018.

Goodwill is fully amortized at December 31, 2022.

### (c) Financial assets

Equity investments and other long-term investments are recognized at their acquisition cost. The Company has chosen to include ancillary costs (transfer taxes, fees or commissions and legal costs) in the acquisition cost of equity investments. For tax purposes, these expenses are subject to exceptional depreciation over a period of five years.

When the inventory value is lower than the gross value of the equity securities, an impairment loss is recognized for the difference. The inventory value of equity investments is measured based on the subsidiary's share of net assets or an estimate of the value in use determined on the basis of future cash flows adjusted for net debt.

Receivables related to equity investments are subject to depreciation calculated according to the estimated risk of non-recovery of advances made to the corresponding companies.

### (d) Inventories

Inventories are initially measured at cost. The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

At each reporting date, inventories are measured at the lower of cost and net realizable value.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Inventories are written down by means of an impairment loss if their net realizable value is lower than their cost.

Any such impairment is reversed as soon as the net realizable value of the inventories once again exceeds their cost.

### (e) Advances paid to artists and labels

Under certain contracts signed with artists and labels, the Company is required to pay advances recognized as current assets in "Advances and down payments on orders", which will be recouped against the amounts payable to those artists and labels at a future date.

These advances are recognized as assets when they are paid and are expensed as and when the corresponding amounts are paid to the artists and labels.

At each reporting date, the Company assesses whether or not there is any doubt as to the recoverability of these advances based on the estimated future performance of the artists and labels which will serve as a basis for calculating the amounts due. Future performance is measured by (1) projecting advances recovered for the last three months over the remaining term of the initial agreement, thereby identifying artists and labels for whom the recoverability of advances may be doubtful, and (2) meetings with operational management to factor in qualitative inputs (*e.g.* a recent album release that is not yet reflected in the revenues generated in the last quarter, or the launch of a catalog promotional campaign). The carrying amount of the advances is thus impaired if the Group no longer expects to recoup them in full against the future performance of the artists or labels.

### (f) Receivables and related accounts

Trade receivables are initially recognized at their transaction price.

If there is objective evidence of a credit loss at the reporting date (*e.g.* litigious receivables or difficulties in terms of collection), additional impairment may be recognized on a case-by-case basis in light of information available at the reporting date.

Invoices not yet issued (included in the estimated revenue) at the reporting date pending the final reports from the digital platforms are shown in trade receivables.

These relate to revenue recognized when a performance obligation has been satisfied but not yet billed. The right to consideration is unconditional and only the passage of time is required before payment of that consideration is due.

### (g) Accruals and related expenses

Prepaid expenses consist of ordinary expenses whose impact on income (loss) is deferred to a later period.

Borrowing costs are recognized as expenses to be spread over the period corresponding to the contractual term of the loan.

### (h) Marketable securities

Marketable securities are recognized at their purchase or subscription cost, excluding ancillary costs. Impairment is recognized if their market value is lower than their carrying amount at the end of the fiscal year.

### (i) Provisions for risks and contingencies

The material risks and expenses identified at the reporting date of the financial statements are subject to a provision when, at the end of the fiscal year, there is an obligation of the Company towards a third party which is likely or certain to result in a payment to the third party, with no consideration expected from that party for at least the equivalent amount.

Provisions are booked to take into account financial risks existing at the closing date of the financial statements.

### (j) Trade and other payables

Trade and other payables are initially recognized at historical cost. All these payables are classified as liabilities in the statement of financial position with a maturity date of less than one year.

Advances and down payments received represent consideration received for performance obligations that have not yet been satisfied or have only partly been satisfied.

Advances and down payments received relate mainly to discounts, rebates and reductions granted to certain customers, and to advances and minimum guarantees received from digital service providers and the SPPF.

### (k) Accruals and liabilities

Prepaid income consists of ordinary income, the impact of which is carried forward to the following period.

### (l) Foreign currency transactions

Income and expenses in foreign currencies are recorded using the exchange rates prevailing on the date of the transaction. Payables and receivables, denominated in foreign currencies, are shown in the statement of financial position using the exchange rates prevailing at year-end. The difference resulting from the discounting of payables and receivables in foreign currencies at this last exchange rate is recorded in the statement of financial position under “Translation adjustments”.

Unrealized foreign exchange losses are subject to a provision for foreign exchange losses.

For payables and receivables, currencies that are not hedged are revalued at the closing rate. The exchange rate difference is recognized in the income statement.

Pursuant to ANC Regulation 2015-05 of July 2, 2015, foreign exchange gains and losses on trade receivables and payables are classified as operating income.

### (m) Capital increase costs

The Company charges the costs of the capital increase against the amount of the share premiums relating to the increase and, in the event of a shortfall, these costs are recognized as expenses.

### (n) Revenue and revenue recognition

The Group derives most of its revenue from:

- digital sales;
- other activities, mainly consisting of physical sales.

#### *Digital sales*

Digital sales constitute sales of intellectual property licenses relating to the catalog of musical works for which the Company or its subsidiaries hold rights, but also sales to service providers of catalogs for which the Company does not hold the rights. The Company does not have the intellectual property rights but the distribution rights for a formalized period stipulated in a contract.

The catalog is defined as all of the works to which the Group has the rights during its contract with the platform (including works to which it will acquire the rights after signing the contract, and excluding works to which the Group will no longer hold rights).

This license therefore represents a right to access intellectual property as it exists throughout the license period (dynamic license). The Company enters into contracts spanning several years with digital service providers which pay in exchange for the use of its musical catalog. Revenue therefore takes the form of remuneration based on the use of the license by the platforms’ end customers.

Revenue is recognized as and when the catalog is used, based on reports compiled by the digital platforms.

Under certain contracts, the Company can be entitled to payment of a non-refundable minimum guarantee, equivalent in substance to an advance payment received by the Company.

Minimum guarantees are recognized in the same way as the payments to which they relate, or are recognized *prorata temporis* over the term of the contract if pertinent information is not available.

#### *Others*

In the case of physical sales, revenue, net of any discounts or rebates, is recognized when control of the physical recording is transferred, which generally occurs when the physical recording is delivered to the physical store or, in the event of sales on consignment, when the physical recording is sold to the end customer.

In the case of sales on consignment, the physical distributor only obtains control of the physical recording when the product is sold to its customer, and it does not have an unconditional obligation to pay for the product as long as the sale to its customer does not take place.

Estimates of returns are based on historical statistics and forecasts and are deducted from revenue.

#### *Revenue estimates*

Based on past experience, the Company estimates revenue for sales made for which final sales reports are pending at the reporting date. This mainly concerns revenue from digital activities for all platforms working with the Company.

Revenue is estimated using the weighted average monthly growth of each platform over the past three years, and also takes into account any relevant known factors specific to a given platform.

### (o) Other operating income

The Company generates other operating income in the context of other, less significant activities, and in particular:

- activities involving the sale of derivative products and brand partnerships – corresponding to the sale of derivative products in partnership with a brand – generate revenue which is recognized at the time of entering into the license agreement, or when control of the goods is transferred to the customer;
- synchronization services are where a license is granted to an extract from a musical work as it exists at the time the contract is signed, with no changes envisaged. In this case, revenue is recognized when control of the license is transferred, *i.e.* when the customer obtains the right to use the work;

- neighboring rights relate to incidental copyrights returned to the recording artist and audiovisual producers, as well as to radio or television broadcasting bodies. The Company may be responsible for collecting payments relating to neighboring rights from the relevant authorities, and then for paying them over to the artist/producer, less a management fee, where applicable;
- the Company also offers additional publishing right administration services, where it collects – mainly from collective management organizations and on behalf of the owners of the rights to the musical works – payments due in respect of the right to reproduce and perform these works;
- revenues related to the transfer pricing policy and management fee revenues.

### (p) Other operating expenses

Payments to artists and labels are recognized in other expenses when proceeds from the sales of musical recordings are recognized, less any provision for returns.

### (q) Consolidation

Believe SA, the parent company of the Group, prepares consolidated financial statements as at December 31, 2022.

## 6.2.2.4 Significant events

### Acquisitions in 2022

On February 4, 2022, the Company acquired an additional 2% stake in 6&7 to increase its total interest to 51%, for an amount of €550 thousand.

On July 13, 2022, the Company acquired 2.8% of Rapsodie, whose main activity is the creation, distribution and marketing of video games and audio content, for an amount of €150 thousand.

On November 16, 2022, the Company acquired a majority stake of 53.3% in the share capital of Morning Glory Music, whose main activity is the production and publishing of music in all forms and on all media, for an amount of €3,942 thousand.

On December 19, 2022, the Company subscribed to the capital increase of Structure PY, whose main activity is sound and stage production, for an amount of €3,120 thousand. It now holds 24% of the company's share capital.

### Business related to subsidiaries

Believe Digital GmbH had a negative net position of €28,519 thousand. During the 2022 fiscal year, Believe SA recorded €11,635 in impairment on the equity investments and €14,830 thousand in impairment on the loan.

Believe Digital Srl also had a negative net position of €1,026 thousand. During the 2022 fiscal year, Believe SA recognized impairment on the securities of this subsidiary for €10 thousand and on its current account for €1,026 thousand. In addition, during 2022, Believe SA wrote off a debt of €2,000 thousand in favor of its Italian subsidiary in order to enable the latter to restore its net position.

Believe Digital OOO had a negative net position of €3,743 thousand. During the 2022 fiscal year, Believe SA recognized impairment on the securities of this subsidiary for €22 thousand and on its current account for €3,742 thousand.

### 6.2.2.5 Information on the statement of financial position

**NON-CURRENT ASSETS**

Movements during the period are described in the tables below.

| **Assets** *(in € thousands)* | **At opening** | **Increase** | **Decrease** | **At December 31** |
|---|---|---|---|---|
| Intangible assets | 76,905 | 21,753 | 109 | 98,549 |
| Property, plant and equipment | 9,411 | 39 | 93 | 9,357 |
| Property, plant and equipment in progress | 13,666 | 16,867 | 21,012 | 9,521 |
| Other equity investments | 74,562 | 7,978 | - | 82,540 |
| Financial assets | 146,322 | 15,597 | 22,664 | 139,255 |
| **TOTAL** | **320,866** | **62,234** | **43,878** | **339,222** |

#### Capitalized production

The Company recognizes as capitalized production mainly development costs.

These are the costs for developing and improving Believe's own technologies and projects to improve the organization, which amounted to €15,706 thousand during the fiscal year, compared with €19,922 thousand in 2021.

The other items recorded as capitalized production are related to the Company's label activity. These totaled €764 thousand this year, compared to €346 thousand in 2021.

| **Amortization, depreciation and provisions** *(in € thousands)* | **At opening** | **Increase** | **Decrease** | **At December 31** |
|---|---|---|---|---|
| Intangible assets | 40,384 | 22,699 | 393 | 62,690 |
| Property, plant and equipment | 3,644 | 1,706 | 53 | 5,296 |
| Other financial assets | 47 | 26,567 | 47 | 26,567 |
| **TOTAL** | **44,075** | **50,972** | **493** | **94,554** |

**BREAKDOWN OF NON-CURRENT ASSETS AND DEPRECIATION AT THE END OF THE PERIOD, EXCLUDING FINANCIAL ASSETS**

| **Asset type** *(in € thousands)* | **Gross value** | **Amortization** | **Carrying amount** |
|---|---|---|---|
| Software | 2,893 | 1,487 | 1,406 |
| Catalogs | 11,733 | 7,440 | 4,293 |
| Application design | 75,968 | 46,260 | 29,708 |
| Clips, Masters | 6,278 | 5,983 | 295 |
| Goodwill | 1,440 | 1,440 | - |
| Merger deficit | 237 | 79 | 158 |
| Miscellaneous fixtures and fittings | 5,731 | 2,897 | 2,834 |
| Office equipment | 764 | 667 | 97 |
| IT equipment | 54 | 32 | 22 |
| Furniture | 2,808 | 1,701 | 1,107 |
| Intangible assets in progress | 9,521 | - | 9,521 |
| **TOTAL** | **117,427** | **67,986** | **49,441** |

#### TABLE OF SUBSIDIARIES AND EQUITY ASSOCIATES

| Names *(In € thousands)* | Country | Capital | % holding | Revenue | Net income | Loans and advances | Other Equity | Net value of shares |
|---|---|---|---|---|---|---|---|---|
| Believe Digital GmbH | Germany | 26 | 100% | 1,689 | (7,634) | 72,764 | (20,911) | - |
| Believe Digital SRL | Italy | 10 | 100% | 1,872 | (1,780) | 2,219 | 743 | - |
| Believe International SARL | Luxembourg | 17,312 | 100% | 661,050 | 9,255 | 28,158 | 2,794 | 17,312 |
| Believe Digital OOO | Russia | 12 | 100% | (1) | (5,811) | 19,166 | 2,056 | - |
| Believe Digital Holding Inc. | United States | 14,080 | 100% | - | 1,706 | 7,725 | 10,162 | 14,555 |
| Lili Louise Musique SAS | France | 1,000 | 49% | 88 | 878 | - | 970 | 12,300 |
| 6&7 SAS | France | 81 | 51% | 2,496 | 691 | 444 | (340) | 2,113 |
| Play2 SAS | France | 42 | 25% | 27,837 | 3,039 | 3,237 | 863 | 12,179 |
| Jo&Co SAS | France | 10 | 51% | 3,019 | (653) | 353 | 601 | 4,567 |
| Structure PY SAS | France | 3,121 | 24% | - | - | - | - | 3,120 |
| Morning Glory Music SAS | France | 1 | 53% | 54 | (118) | - | (170) | 4,077 |

Extraordinary depreciation is recognized in the Company's financial statements for an amount of €666 thousand. The provision for the fiscal year amounted to €69 thousand.

#### ANALYSIS OF RECEIVABLES

| *(In € thousands)* | Gross amount | One year | More than one year |
|---|---|---|---|
| Receivables related to equity associates | 136,282 | 4,077 | 132,205 |
| Trade receivables outside the Group | 26,741 | 26,741 | - |
| Intragroup trade receivables | 46,344 | 46,344 | - |
| Other receivables on current assets | 119,308 | 109,834 | 9,474 |
| Prepaid expenses | 5,360 | 4,749 | 611 |
| **GROSS TOTAL** | **334,035** | **191,745** | **142,290** |

| Impairment of current assets *(in € thousands)* | At opening | Charges | Reversal used | Unused reversal | At December 31 |
|---|---|---|---|---|---|
| Inventories | 40 | 686 | 39 | - | 687 |
| Advances and down payments on orders | 2,896 | 3,428 | - | 2,726 | 3,599 |
| Trade receivables | 1,016 | 786 | 277 | 3 | 1,522 |
| Subsidiary current accounts | - | 4,769 | - | - | 4,769 |
| **TOTAL** | **3,952** | **9,669** | **316** | **2,729** | **10,577** |

#### ACCRUED INCOME

| *(In € thousands)* | Amount |
|---|---|
| Customer invoices to be issued | 39,703 |
| Accrued income | 498 |
| **TOTAL** | **40,201** |

### PREPAID EXPENSES

| *(In € thousands)* | Amount |
|---|---|
| Insurance | 533 |
| Rent | 1,222 |
| Live | 506 |
| Label | 363 |
| Fees | 1,358 |
| Licenses | 1,235 |
| Miscellaneous | 143 |
| **TOTAL** | **5,360** |

### EQUITY

| *(In € thousands)* | At opening | Increase | Decrease | At December 31 |
|---|---|---|---|---|
| Capital | 480 | 4 | - | 484 |
| Share premium | 462,323 | 3,780 | 40 | 466,063 |
| Legal reserve | 64 | - | - | 64 |
| Retained earnings | (16,472) | - | 18,928 | (35,400) |
| Net income (loss) for the period | (18,928) | (44,357) | (18,928) | (44,357) |
| Regulated provisions | 597 | 69 | - | 666 |
| **EQUITY AT YEAR-END** | **428,064** | **(40,504)** | **40** | **387,520** |

### SHARE CAPITAL

| Share movements | Decision date | Number | Par value *(in €)* | Share capital *(in €)* |
|---|---|---|---|---|
| Shares at beginning of year | - | 95,957,102 | 0.005 | 479,786 |
| Exercise of BSPCE/BSA | 05/03/2022 | 108,100 | 0.005 | 541 |
| Exercise of BSPCE/BSA | 06/30/2022 | 67,500 | 0.005 | 338 |
| Exercise of BSPCE/BSA | 11/03/2022 | 105,464 | 0.005 | 527 |
| Capital increase | 11/03/2022 | 337,457 | 0.005 | 1,687 |
| Exercise of BSPCE/BSA | 12/31/2022 | 188,486 | 0.005 | 942 |
| **SHARES AT YEAR-END** | | **96,764,109** | **0.005** | **483,821** |

Accordingly, at December 31, 2022, the Company's share capital amounted to €483,821, *i.e.* an increase of €4,035, resulting from the completion of the following capital increases:

- on May 3, 2022, the Group increased its share capital for a nominal amount of €541 by issuing shares for the Group's employees through the exercise of BSAs and BSPCEs (issue of 108,100 new shares);
- on June 30, 2022, the Group increased its share capital for a nominal amount of €338 by issuing shares for the Group's employees through the exercise of BSAs and BSPCEs (issue of 67,500 new shares);
- on November 3, 2022, the Group increased its share capital for a nominal amount of €527 by issuing shares for the Group's employees through the exercise of BSAs and BSPCEs (issue of 105,464 new shares);
- on November 3, 2022, the Group carried out a capital increase by issuing shares to Group employees for a nominal amount of €1,687 as part of the employee shareholding plan (337,457 new shares issued);
- on December 31, 2022, the Group increased its share capital for a nominal amount of €942 by issuing shares for the Group's employees through the exercise of BSAs and BSPCEs (issue of 188,486 new shares).

### *Characteristics of the share subscription warrants*

The terms and conditions of these issues are as follows:

| | Authorization date | Issue/ grant date | Per-option exercise price | Number of options authorized | Number of options granted | Number of options not granted | Number of options canceled | Date of GM for cancellation | Expiry of exercise period[(1)] |
|---|---|---|---|---|---|---|---|---|---|
| **BSPCE 2011** | 05/31/2011 | 07/01/2011 | €0.89 | 1,560,020 | 668,600 | - | 891,420 | 12/18/2012 | 07/01/2023, 2024 or 2025, depending on the tranche |
| **BSA 2011** | 05/31/2011 | 07/01/2011 | €0.89 | 668,580 | 334,290 | - | 334,290 | 12/18/2012 | |
| **BSPCE 2012** | 12/18/2012 | 11/07/2014 | €1.22 | 891,420 | 735,420 | - | 156,000 | 11/25/2014 | 11/07/2024 |
| **BSA 2012** | 12/18/2012 | 11/07/2014 | €1.22 | 334,290 | 266,540 | - | 67,750 | 11/25/2014 | 11/07/2024 |
| **BSPCE 2016-1** | 06/30/2016 | 06/30/2016 | €5.40 | 853,750 | 260,000 | 7,240 | - | - | 06/30/2026 |
| **BSPCE 2016-2** | 06/30/2016 | 06/30/2016 | €5.40 | | 155,000 | | - | - | 06/30/2026 |
| **BSA 2016-1** | 06/30/2016 | 12/31/2016 | €8.57 | | 13,000 | | - | - | 12/31/2026 |
| **BSA 2016-2** | 06/30/2016 | 06/30/2016 | €5.40 | | 393,210 | | - | - | 06/30/2026 |
| **BSPCE 2017** | 06/30/2016 | 09/04/2017 | €8.57 | | 10,300 | | - | - | 09/04/2027 |
| **BSA 2017** | 06/30/2016 | 09/04/2017 | €8.57 | | 15,000 | | - | - | 09/04/2027 |
| **BSPCE 2018-1** | 10/15/2018 | 10/19/2018 | €9.18 | 1,951,033 | 845,000 | 396,033 | - | - | 10/19/2028 |
| **BSA 2018-1** | 10/15/2018 | 10/19/2018 | €9.18 | | 480,000 | | - | - | 10/19/2028 |
| **BSPCE 2019-1** | 10/15/2018 | 05/03/2019 | €14.75 | | 190,000 | | - | - | 05/03/2029 |
| **BSA 2019-1** | 10/15/2018 | 07/31/2019 | €14.75 | | 40,000 | | - | - | 07/31/2029 |

*(1) Unless otherwise stated, the exercise deadline is 10 years from the grant date of the warrants.*

### *Treasury shares purchased*

As part of the implementation of the liquidity and market screening contract on its ordinary shares, the Company held 121,756 treasury shares at December 31, 2022.

#### PROVISIONS FOR RISKS AND CONTINGENCIES

| *(In € thousands)* | At opening | Addition | Reversal used | Unused reversal | At December 31 |
|---|---|---|---|---|---|
| Provisions for risks | 794 | 266 | 758 | 36 | 266 |
| Other prov. for risks and contingencies | 202 | - | 202 | - | - |
| Provisions for foreign exchange risks | 9,005 | 9,848 | - | 9,005 | 9,848 |
| **TOTAL** | **10,001** | **10,114** | **960** | **9,041** | **10,114** |

Provisions for foreign exchange risks amounted to €9,848 thousand at the end of 2022 and mainly hedge the foreign exchange risk related to current accounts in GBP, USD and RUB.

### FINANCIAL LIABILITIES

| *(In € thousands)* | At opening | Increase | Decrease | At December 31 |
|---|---|---|---|---|
| Bank borrowings and debt | 5,281 | 45 | 1,544 | 3,782 |
| Bank overdrafts | - | - | - | - |
| **Bank borrowings and debt** | **5,281** | **45** | **1,544** | **3,782** |
| Subsidiary current accounts | 135,969 | 44,371 | 7,483 | 172,857 |
| **Borrowings and other financial debt** | **135,969** | **44,371** | **7,483** | **172,857** |
| **TOTAL** | **141,251** | **44,416** | **9,027** | **176,639** |

### ANALYSIS OF PAYABLES

| *(In € thousands)* | Total amount | 0 to 1 year | 1 to 5 years | More than 5 years |
|---|---|---|---|---|
| Borrowings and financial debt | 3,782 | 1,982 | 1,800 | - |
| Bank overdrafts and facilities | - | - | - | - |
| Other financial liabilities | 172,857 | 172,857 | - | - |
| Trade receivables, CNI, CNR | 1,570 | 1,570 | - | - |
| Trade payables | 91,286 | 89,050 | 2,236 | - |
| Suppliers of non-current assets | 763 | 763 | - | - |
| Tax and social security liabilities | 18,526 | 18,526 | - | - |
| Other payables | 2,774 | 2,774 | - | - |
| Deferred revenue | 96 | 96 | - | - |
| **TOTAL** | **291,655** | **287,619** | **4,036** | **-** |

### ACCRUED EXPENSES

| *(In € thousands)* | Amount |
|---|---|
| Bank borrowings and debt | 45 |
| Trade payables | 77,195 |
| Tax and social security liabilities | 13,510 |
| **TOTAL** | **90,750** |

## 6.2.2.6 Information on the income statement

### BREAKDOWN OF OPERATING INCOME

| *(in € thousands)* | Amount excl. VAT | % |
|---|---|---|
| Sales of goods | 9,783 | 4.1% |
| Services | 120,592 | 50.1% |
| Income from ancillary activities and other operating income | 111,557 | 45.9% |
| **TOTAL** | **240,932** | **100%** |

Sales of goods correspond to the physical distribution activity and Merchandising.

The provision of services relates to digital distribution.

Income from ancillary activities includes invoices to the Company's subsidiaries for management fees, the share of distribution fees paid to digital platforms and owed to the Company in accordance with the invoicing terms provided for in the contracts between the Company and its subsidiaries, and capitalized production.

### REVENUE BREAKDOWN

| *(in € thousands)* | France | Exports | Total |
|---|---|---|---|
| Sales of goods | 9,137 | 646 | 9,783 |
| Services | 3,964 | 116,628 | 120,592 |
| **NET REVENUE** | **13,101** | **117,274** | **130,375** |

### TAX BREAKDOWN

| **Detailed tax expense** *(in € thousands)* | 2022 | 2021 |
|---|---|---|
| Income tax | 732 | 114 |
| Production Tax Credit | (316) | (400) |
| Live performance Tax Credit (*Crédit d'impôt Spectacle Vivant*) | (162) | (61) |
| Tax loss carryforwards | (60) | (1,886) |
| **TOTAL** | **194** | **(2,233)** |

The amount of corporate income tax mainly corresponds to the tax adjustment for the year 2019 in the amount of €722,753.

### INCREASE AND REDUCTION OF FUTURE TAX LIABILITY

| *(in € thousands)* | Amount | Tax |
|---|---|---|
| **Increases** | **10,513** | **2,628** |
| Regulated provisions | 665 | 166 |
| Translation adjustments, assets | 9,848 | 2,462 |
| **Reductions** | **(34,864)** | **(8 716)** |
| Non-deductible provisions year of recognition | 20,074 | 5,019 |
| Social construction tax | 189 | 47 |
| Provision for foreign exchange losses | 9,848 | 2,462 |
| Translation adjustments, liabilities | 4,753 | 1,188 |
| **TOTAL** | **(24,351)** | **(6,088)** |

The tax rate used to calculate the increase and reduction of the tax liability is 25%.

**BREAKDOWN OF CORPORATE INCOME TAX BETWEEN CURRENT INCOME AND NON-CURRENT INCOME**

| *(in € thousands)* | Income (loss) before tax | Tax due | Income after tax |
|---|---|---|---|
| Current income | (40,977) | - | (40,977) |
| Non-current income (loss) | (3,185) | - | (3,185) |
| Tax loss carryforwards | - | 60 | 60 |
| Tax adjustment | - | (732) | (732) |
| Tax credit | - | 478 | 478 |
| **TOTAL** | **(44,162)** | **(194)** | **(44,357)** |

**EXCEPTIONAL EXPENSES AND INCOME**

Exceptional income mainly comprises:

- non-current income on equity and management transactions, in the amount of €1,560,021, and reversals of provisions and transfers of expenses totaling €1,021,249;
- non-current expenses on equity and management transactions, in the amount of €5,697,736, and as non-current depreciation, amortization and provisions totaling €68,590. These are primarily non-current expenses relating to extraordinary depreciation.

## 6.2.2.7 Average headcount

| Employee categories | Employees |
|---|---|
| Executives | 426 |
| Employees | 90 |
| **TOTAL** | **516** |

## 6.2.2.8 Executive compensation

The compensation of the Group's main executives corresponds to the compensation of corporate officers and independent directors' fees. During the 2021 fiscal year, the Group had three corporate officers from January to May 2021, and a single corporate officer until December 2022.

The amounts presented below in respect of their compensation and recorded in the consolidated income statement correspond to the amounts paid during their terms of office. The key executives have not been granted any post-employment benefits.

| *(In € thousands)* | 2022 | 2021 |
|---|---|---|
| Compensation in respect of employment | 534 | 724 |
| Benefits in kind | - | - |
| Compensation in respect of corporate officer positions | 206 | 101 |
| **TOTAL EXECUTIVE COMPENSATION** | **740** | **825** |

## 6.2.2.9 Off-balance sheet commitments

### Finance lease liabilities

At December 31, 2022, liabilities associated with finance leases relate to investments in IT equipment by Believe SA. The commitment stood at €5,555,000 at December 31, 2022.

### Lease commitment

In March 2019, the Company entered into a commercial lease effective September 1, 2019 for a term of nine years. The lease provides an option to terminate the lease after six years, *i.e.* on August 31, 2025. The lease is for the premises of the new registered office located at 24, rue Toulouse Lautrec, 75017 Paris. The Group moved to its new premises in November 2019 and the registered office was transferred to this address.

The commitment in respect of this lease was €6,708,693 at December 31, 2022.

### Other commitments

The list of commitments received is detailed as follows:

- pledge on shares of 6&7 SAS granted to Believe as part of the 2019 acquisition, valid until January 1, 2023;
- various general and specific guarantees in connection with the acquisitions of Play 2, Jo&Co, Morning Glory Music and Structure PY;
- comfort letters in the context of business continuity for its subsidiaries: Believe SRL, Believe GmbH, Soulfood and Believe Direct Limited.

### Post-employment benefit obligations

Post-employment benefit obligations were estimated at December 31, 2022 using the projected unit credit method. This method takes into account the current age and length of service of each employee, their life expectancy based on the INSEE mortality tables, and the probability of being employed by the Company based on employee turnover rates per age group.

The scale used for the number of months of compensation is the one from the Creation and Event collective bargaining agreement; the amount of the retirement benefit is set as follows:

- for employees with between 5 and 8 years of service: 1 month's salary;
- for employees with between 9 and 13 years of service: 2 months' salary;
- for employees with between 14 and 18 years of service: 3 months' salary;
- for employees with between 19 and 23 years of service: 4 months' salary;
- for employees with between 24 and 28 years of service: 5 months' salary;
- for employees with between 29 and 34 years of service: 6 months' salary;
- for employees with more than 35 years of service: 7 months' salary.

The calculation is estimated based on the compensation paid in 2022 and takes into account a turnover rate by age group of between 0% and 24.0%, a discount rate of 3.68%, a salary increase rate by age group of between 2.0% and 8.0%, and a social security contribution rate of 45%.

Off-balance sheet commitments amounted to €141,529 at December 31, 2022 and €288,344 at December 31, 2021.

The change during the 2022 fiscal year can be analyzed as follows:

- standard cost of €13,489;
- interest cost of €2,626;
- actuarial gains of €162,930.

## 6.2.2.10 Subsequent events

There were no events after the reporting period.

## 6.2.3 Other items relating to the 2022 financial statements

### 6.2.3.1 Overview of the Company financial position and business during the fiscal year

The Company's revenue was down on the previous fiscal year and stood at €130,375 thousand for the fiscal year ended December 31, 2022, compared with €154,377 thousand for the previous fiscal year, *i.e.* a decrease of 16%.

The Group's business is divided into two types of distribution: digital distribution and physical distribution.

The decrease in revenue is mainly due to the transfer of expiring contracts to Believe International.

Operating income amounted to €240,932 thousand, compared to €242,822 thousand in the previous fiscal year. Total operating expenses stood at €268,687 thousand, compared with €270,528 for the previous fiscal year.

Total payroll amounted to €67,411 thousand, compared to €54,123 thousand for the fiscal year ended December 31, 2021, *i.e.* an increase of 24%.

Recruitment is focused on the following resources: metadata and operations management, developers and finance.

Operating income was down at €(27,755) thousand for the fiscal year ended December 31, 2022, compared to €(27,706) thousand for the previous fiscal year, *i.e.* a decrease of 0.2%.

Net financial expense was €13,222 thousand, compared to an income of €10,625 thousand in 2021, due in particular to the reversal of provisions for foreign exchange losses, provisions for impairment of subsidiaries' securities €(11,666) thousand, provisions for impairment on a loan from a German subsidiary €(14,830) thousand, provisions for current account impairment €(4,769) thousand and foreign exchange gains and provisions.

Operating income before tax was down compared to the previous fiscal year and stood at €(40,977) thousand for the fiscal year, compared with €(17,081) thousand for the previous fiscal year.

Exceptional income amounted to €(3,185) thousand, compared to €(4,080) thousand at December 31, 2021, mainly comprised in 2022 of a debt write-off in favor of its Italian subsidiary €(2,000) thousand and income and expense adjustments for prior fiscal years.

Corporate income tax amounted to €194 thousand, compared to €(2,233) thousand at December 31, 2021. This amount mainly corresponds to the tax adjustment on the corporate income tax for the 2019 fiscal year, the phonographic tax credit and tax loss carryforwards.

Business for the fiscal year resulted in a net book loss of €(44,357) thousand, compared to a net book loss of €(18,928) thousand recognized in the previous fiscal year.

In accordance with the provisions of Article R. 225-102 of the French Commercial Code, the below table presents the Company's results for the last five fiscal years:

| *(In € thousands)* | December 2018 | December 2019 | December 2020 | December 2021 | December 2022 |
|---|---|---|---|---|---|
| **I. Financial position at year-end** | | | | | |
| **a)** Share capital | 304 | 400 | 402 | 480 | 484 |
| **b)** Number of shares issued | 30,436,060 | 39,970,901 | 40,234,421 | 95,957,102 | 96,764,109 |
| **c)** Number of bonds convertible into shares | - | - | - | - | - |
| **II. Comprehensive operating income** | | | | | |
| **a)** Revenue excluding tax | 201,814 | 254,671 | 196,472 | 154,377 | 130,375 |
| **b)** Earnings before tax, depreciation, amortization and provisions | 3,972 | 9,842 | (1,004) | (2,758) | 13,524 |
| **c)** Income tax | 397 | 2,650 | (304) | (2,233) | 194 |
| **d)** Earnings after tax, depreciation, amortization and provisions | (573) | 976 | (17,763) | (18,928) | (44,357) |
| **e)** Amount of earnings distributed | - | - | - | - | - |
| **III. Operating income per share** | | | | | |
| **a)** Earnings after tax, but before depreciation, amortization and provisions in € | 0.12 | 0.18 | (0.02) | (0.01) | 0.14 |
| **b)** Earnings after tax, depreciation, amortization and provisions in € | (0.02) | 0.02 | (0.44) | (0.20) | (0.46) |
| **c)** Dividend allocated to each share in € | - | - | - | - | - |
| **IV. Staff** | | | | | |
| **a)** Number of employees | 211 | 261 | 391 | 516 | 642 |
| **b)** Total payroll | 10,557 | 15,100 | 24,070 | 34,462 | 42,311 |
| **c)** Amount paid in respect of social benefits (social security, employee social and cultural budget, etc.) | 4,632 | 6,702 | 10,355 | 15,206 | 18,661 |

The companies controlled by Believe SA whose main activity is digital distribution are as follows:

### Believe Digital GmbH (Germany)

For this wholly-owned Company subsidiary, over the period from January 1, 2022 to December 31, 2022, revenue was €1,689 thousand and a net book loss of €(7,634) thousand was recorded.

### Believe International SARL (Luxembourg)

In 2019 and 2020, this company benefited from the transfer of producer contracts from Believe SA, Believe Direct Limited, Believe Digital GmbH, Believe Digital SRLand Believe Digital OOO.

These transfers took place in December 2018, with the exception of Believe Digital OOO whose producer contracts were transferred in April 2019.

Revenue was €661,050 thousand with a net book profit of €9,255 thousand.

### Believe Digital SRL (Italy)

For this wholly-owned Company subsidiary, over the period from January 1, 2022 to December 31, 2022, Believe Digital SRL posted revenue of €1,872 thousand and recorded a net book loss of €(1,779) thousand.

### Believe Digital OOO (Russia)

For this wholly-owned Company subsidiary, over the period from January 1, 2022 to December 31, 2022, Believe Digital OOO posted no revenue and a net book loss of €(5,811) thousand.

### Believe Digital Holdings Inc (United States)

This wholly-owned subsidiary did not recognize any revenue and net book profit was €1,706 thousand, resulting from the dividend paid by TuneCore Inc.

### Existing branches

As of December 31, 2022, the Company had a representative office in Istanbul, Turkey, as well as two secondary entities located at the Company's registered office.

## 6.2.3.2 Significant events during the fiscal year

### Acquisitions in 2022

On February 4, 2022, the Company acquired an additional 2% stake in 6&7 to increase its total interest to 51%, for an amount of €550 thousand.

On July 13, 2022, the Company acquired 2.8% of Rapsodie, whose main activity is the creation, distribution and marketing of video games and audio content, for an amount of €150 thousand.

On November 16, 2022, the Company acquired a majority stake of 53.3% in the share capital of Morning Glory Music, whose main activity is the production and publishing of music in all forms and on all media, for an amount of €3,942 thousand.

On December 19, 2022, the Company subscribed for the capital increase of Structure PY, whose main activity is sound and stage production, for an amount of €3,120 thousand. It now holds 24% of the company's share capital.

### Business related to subsidiaries

Believe Digital GmbH had a negative net position of €28,519 thousand. During the 2022 fiscal year, Believe SA recorded €11,635 in impairment on the equity investments and €14,830 thousand in impairment on the loan.

Believe Digital Srl also had a negative net position of €1,026 thousand. During the 2022 fiscal year, Believe SA recognized impairment on the securities of this subsidiary for €10 thousand and on its current account for €1,026 thousand.

In addition, during 2022, Believe SA wrote off a debt of €2,000 thousand in favor of its Italian subsidiary in order to enable the latter to restore its net position.

Believe Digital OOO had a negative net position of €3,743 thousand. During the 2022 fiscal year, Believe SA recognized impairment on the securities of this subsidiary for €22 thousand and on its current account for €3,742 thousand.

### Other information

There is no other relevant information.

## 6.2.3.3 Company capital increase

In 2022, Believe SA increased its share capital for a total amount of €3.7 million, including share premiums, through:

- the issue of shares to the Group's shareholders through the exercise of BSAs and BSPCEs for €1.4 million (see Note 10.1 – *Changes in share capital*); and
- a capital increase reserved for employees of €2.3 million as part of the b.shares employee shareholding plan (see Note 5.4 – *Share-based payments*), net of transaction costs.

### 6.2.3.4 Equity investments made during the fiscal year

On July 13, 2022, the company acquired 2.8% of Rapsodie, whose main activity is the creation, distribution and marketing of video games and audio content, for an amount of €150 thousand.

On November 16, 2022, the company acquired a majority stake of 53.3% in the share capital of Morning Glory Music, whose main activity is the production and publishing of music in all forms and on all media, for an amount of €3,942 thousand.

On December 19, 2022, the company subscribed for the capital increase of Structure PY, whose main activity is sound and stage production, for an amount of €3,120 thousand. It now holds 24% of the company's share capital.

### 6.2.3.5 Foreseeable development and outlook

For the coming fiscal year, the Company anticipates the following changes:

- continuing its organic international development and external growth transactions in order to strengthen its market share;
- continuing the integration and development of companies acquired since 2018 in order to optimize synergies and strengthen offers;
- strengthening of technical and operational teams to support growth and technological developments.

### 6.2.3.6 The Company's research and development activities

During the past fiscal year, our Company recorded research and development expenses in the amount of €20,209 thousand. These are mainly expenses for product and system development projects.

### 6.2.3.7 Proposed allocation of Company net income

We propose to allocate the net income for the fiscal year ended December 31, 2022, namely, a net book loss of €44,356,668 as follows:

- the balance, *i.e.* an amount of €(44,356,668) to "Retained earnings", which will be increased from €(35,399,672) to €(79,756,340).

### 6.2.3.8 Information on dividends previously paid

In accordance with the provisions of Article 243 *bis* of the French General Tax Code, we hereby remind you that no dividends were paid in respect of the three previous fiscal years.

### 6.2.3.9 Non-deductible tax expenses

It should be noted that the financial statements for the fiscal year ended December 31, 2022 include non-tax deductible expenses referred to in Article 39-4 of the French General Tax Code, namely an amount of €8,502 for excess depreciation. No tax is due in respect of these expenses.

In addition, the non-deductible reintegrated overheads referred to in Article 39-5 of the French General Tax Code amounted to €0.

### 6.2.3.10 Information on payment terms

The information relating to Article D. 441-14 of the French Commercial Code is as follows:
The breakdown of the Company's trade payables by maturity date was as follows:

| | Article D. 441 I-1°: invoices received and not paid at the reporting date and whose term is past due | | | | |
|---|---|---|---|---|---|
| *(In € thousands)* | 1-30 days | 31-60 days | 61-90 days | More than 90 days | Total (1 day or more) |
| **(A) Past due periods** | | | | | |
| Number of invoices involved | 8 | 16 | 5 | 329 | 358 |
| Total amount of invoices including VAT | 105,157 | 72,355 | 28,842 | 2,286,630 | 2,492,984 |
| Percentage of total purchases excluding tax for the fiscal year | 0.05% | 0.04% | 0.01% | 1.18% | 1.28% |
| **(B) Invoices not included in (A) associated with disputed or not recognized debt and receivables** | | | | | |
| Number of invoices non included | | | 0 | | |
| Total amount of invoices not included | | | 0 | | |
| **(C) Reference payment terms used (contractual or legal – Article L. 441-6 or L. 443-1 of the French Commercial Code)** | | | | | |
| Payment terms used to calculate late payments | | | 30 days following the issue of the supplier invoice | | |

At the reporting date, the breakdown of the Company's trade receivables by maturity date was as follows:

| | Article D. 441 I-2°: invoices issued but not yet paid at the reporting date whose term is past due | | | | |
|---|---|---|---|---|---|
| *(In € thousands)* | 1-30 days | 31-60 days | 61-90 days | More than 90 days | Total (1 day or more) |
| **(A) Past due periods** | | | | | |
| Number of invoices involved | 120 | 287 | 211 | 1,635 | 2,253 |
| Total amount of invoices including VAT | 369,647 | 553,684 | 437,856 | 11,485,540 | 12,846,727 |
| Percentage of revenue for the fiscal year | 0.28% | 0.42% | 0.33% | 8.67% | 9.70% |
| **(B) Invoices not included in (A) associated with disputed or not recognized debt and receivables** | | | | | |
| Number of invoices non included | | | 0 | | |
| Total amount of invoices not included | | | 0 | | |
| **(C) Reference payment terms used (contractual or legal – Article L. 441-6 or L. 443-1 of the French Commercial Code)** | | | | | |
| Payment terms used to calculate late payments | | | 30 days following the issue of the customer invoice | | |

### 6.2.3.11 Employee share ownership

Employee profit-sharing is described in Chapter 7 "*Information on the Company and its shareholders*" of this Universal registration document, in Section 7.3.3 "*Statement of employee share ownership*".

### 6.2.3.12 Agreements covered by Article L. 225-38 of the French Commercial Code

The Principal Joint Statutory Auditors described in their special report all of the agreements entered into during the fiscal year ended December 31, 2022 and which fall within the scope of Article L. 225-38 of the French Commercial Code. This special report is included in Chapter 4 "*Corporate governance*" of this Universal registration document, in Section 4.1.4.6 "*Related-party agreements and valuation procedure for current agreements*".

Shareholders will be asked to approve this report and the related-party agreements at the Annual General Meeting of June 16, 2023.

### 6.2.3.13 Terms of office of executives and the Joint Statutory Auditors

#### (a) Terms of office of executives

The description of the Company's senior executives' terms of office can be found in the corporate governance report (described in Chapter 4 *"Corporate governance*" of this Universal registration document).

#### (b) Terms of office of the Joint Statutory Auditors

The General Meeting of Shareholders held on May 25, 2021 specified that the transformation of the Company into a French public limited company (*société anonyme*) had no impact on the term of office of the Joint Statutory Auditors, who will remain in office for the remaining terms of their respective offices.

As a reminder, ACA NEXIA, Principal Joint Statutory Auditor, and PIMPANEAU & ASSOCIES, Alternate Joint Statutory Auditor, were appointed on December 23, 2020 for the remaining term of office of their predecessors, *i.e.* until the end of the General Meeting called to approve the financial statements for the fiscal year ended December 31, 2023.

In addition, KPMG S.A., Alternate Joint Statutory Auditor, and SALUSTRO REYDEL, Alternate Joint Statutory Auditor, were appointed on June 27, 2019 until the end of the General Meeting called to approve the financial statements for the fiscal year ended December 31, 2024.

### 6.2.3.14 Reminder of currently valid delegations granted by the General Meeting to the Board of Directors

The reports prepared by the Board of Directors and referred to in Articles L. 225-184 and L. 225-197-4 of the French Commercial Code relating, on the one hand, to share subscription and purchase options and, on the other hand, the allocation of free shares will be communicated to shareholders at the Annual General Meeting of June 16, 2023.

In addition, the General Meeting of June 20, 2022 adopted a certain number of currently valid financial delegations described in Chapter 7 "*Information on the Company and its shareholders*", of this Universal registration document under Section 7.2.1 *"Share capital subscribed and share capital authorized but not issued".*

# 6.3 Statutory Auditors' report on the consolidated financial statements and the separate financial statements at December 31, 2022

## 6.3.1 Statutory Auditors' report on the consolidated financial statements at December 31, 2022

Year ended on December 31, 2022

*This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.*

*This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.*

*This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.*

To the Annual General Shareholders' Meeting of Believe,

### Opinion

In compliance with the engagement entrusted to us by the Annual General Shareholders' Meeting, we have audited the accompanying consolidated financial statements of Believe for the year ended December 31, 2022.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2022 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

### Basis for Opinion

#### Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* Section of our report.

#### Independance

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (Code de commerce) and the French Code of Ethics (Code de déontologie) for statutory auditors for the period from January 1st, 2022 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014.

### Justification of Assessments - Key Audit Matters

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

**VALUATION OF ADVANCES PAID TO ARTISTS AND LABELS**

Notes 1.3 "Use of judgement and estimates" et 4.6 "Advances to artists and labels" of the notes to the consolidated financial statements

| Key audit matters | Responses provided during our audit |
|---|---|
| Advances to artists and labels are recorded on the balance sheet as at December 31, 2022 for a net amount of 178,487 thousand of euros, of which 90,707 thousand of euros are the current portion (recoupment expected within less than one year) and 87,780 thousand of euros are the non-current portion.<br>These advances are recognized as assets when they are paid and are expensed as the related rights are due to the artists and labels.<br>When there is doubt as to the recoverability of these advances, an impairment loss is recognized in cost of sales.<br>The carrying amount of the advances is written down if the Group no longer expects to recoup them in full against the future performance of the artists or labels.<br>Future performance is measured by (i) projecting advances recovered for the last three months over the remaining term of the initial agreement, thereby identifying artists and labels for whom the recoverability of advances may be doubtful, and (ii) meetings with operational management to factor in qualitative inputs.<br>We considered that the valuation of the advances to artists and labels is a key point matter due to its particular importance in the group's consolidated financial statements and because the determination of future performance and resulting impairment relies on estimates or assessments involving a high degree of judgment on the part of management. | Our work consisted of:<br>● obtaining an understanding of how management determines the recoverability of advances paid to artists and labels;<br>● assessing the reasonableness of the quantitative and qualitative factors used by management to evaluate the future performance of artists and labels;<br>● performing a retrospective analysis of the performance of artists and labels for which (i) there was a doubt as to the recoverability of their advances based on the projections for the last three months and (ii) which had not been impaired based on qualitative elements;<br>● assessing the appropriateness of the information on the accounting principles applied and the significant judgments used by the group. |

**DIGITAL REVENUE ESTIMATE RELATED TO FINAL SALES REPORTS NOT RECEIVED AT YEAR END**

Notes 1.3 "Use of judgement and estimates" et 4.5 "Trade receivables and other current assets" of the notes to the consolidated financial statements

| Key audit matters | Responses provided during our audit |
|---|---|
| Based on past experience, the group estimates revenue for sales made for which final sales reports are pending at the reporting date. This mainly concerns revenue from digital activities for all platforms working with the group.<br>Invoices not yet issued (included in the estimated revenue) at the reporting date pending the final reports from the digital platforms are shown in trade receivables. These relate to revenue recognized when a performance obligation has been satisfied but not yet billed.<br>Revenue is estimated using the weighted average monthly growth of each platform over the past three years, and also takes into account any relevant known factors specific to a given platform.<br>We considered that Digital revenue estimation related to final sales reports not received at year end from the digital platforms was a key audit matter because of estimates required for the recognition of this revenue. | Our work consisted of:<br>● obtaining an understanding of the revenue estimation method used by the group for final sales reports not received at year end;<br>● assessing the compliance of this method with applicable accounting principles;<br>● for a selection of digital platforms for which final reports were received and for which invoices were issued subsequent to year end, compare them with the estimates made by the group at year end;<br>● for digital platforms for which final reports were not received, assess the correct application of the estimation method defined by the group, and, where applicable, the reasonableness of the known specific factors taken into account for the estimation of invoices to be issued;<br>● comparing retrospectively the estimates made by the group at previous year-ends with the final sales reports received;<br>● assessing the appropriateness of the financial information provided in the notes to the consolidated financial statements. |

## Specific Verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations of the Group's information given in the management report of the Board of Directors.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

We attest that the consolidated non-financial statement required by Article L.225-102-1 of the French Commercial Code *(Code de commerce)*, is included in the Group's information given in the management report, it being specified that, in accordance with the provisions of Article L. 823-10 of this Code, we have verified neither the fair presentation nor the consistency with the consolidated financial statements of the information contained therein and this information must be reported by an independent third party.

## Report on Other Legal and Regulatory Requirements

### Format of presentation of the consolidated financial statements intended to be included in the annual financial report

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by the statutory auditor relating to the annual and consolidated financial statements presented in the European single electronic format, that the presentation of the consolidated financial statements intended to be included in the annual financial report mentioned in Article L.451-1-2, I of the French Monetary and Financial Code (*Code monétaire et financier)*, prepared under the responsibility of Chairman and Chief Executive Officer, complies with the single electronic format defined in the European Delegated Regulation No 2019/815 of December 17, 2018. As it relates to consolidated financial statements, our work includes verifying that the tagging of these consolidated financial statements complies with the format defined in the above delegated regulation.

Based on the work we have performed, we conclude that the presentation of the consolidated financial statements intended to be included in the annual financial report complies, in all material respects, with the European single electronic format.

Due to the technical limitations inherent in the macro-tagging of the consolidated financial statements in accordance with the single European electronic reporting format, the content of certain tags in the notes may not be rendered identically to the consolidated financial statements attached to this report.

Furthermore, we have no responsibility to verify that the consolidated financial statements that will ultimately be included by your company in the annual financial report filed with the AMF are in agreement with those on which we have performed our work.

### Appointment of the Statutory Auditors

We were appointed as statutory auditors of Believe by the Annual General Shareholders' Meetings held on June 27, 2019 for KPMG S.A. and on December 23, 2020 for Aca Nexia.

As at December 31, 2022, KPMG S.A. were in the 4th year and of total uninterrupted engagement and Aca Nexia were in the 3rd year, including two years each since securities of the Company were admitted to trading on a regulated market.

Furthermore, KPMG Audit IS, member of the KPMG network, was previously statutory auditor of the entity from 2013 to 2018.

### Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

## Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

### Objectives and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L.823-10-1 of the French Commercial Code *(Code de commerce)*, our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements;

- assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

## Report to the Audit Committee

We submit to the Audit Committee a report which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters, that we are required to describe in this audit report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU)

No 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code *(Code de commerce)* and in the French Code of Ethics *(Code de déontologie)* for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

The statutory auditors

Paris La Défense, March 15, 2023
KPMG SA

Jean-Pierre Valensi
*Associate*

Paris, March 15, 2023
Aca Nexia

Olivier Juramie
*Associate*

## 6.3.2 Statutory Auditors' report on the financial statements at December 31, 2022

Year ended onDecember 31, 2022

*This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.*

*This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.*

To the Annual General Shareholders' Meeting of Believe,

### Opinion

In compliance with the engagement entrusted to us by your Annual General Shareholders' Meeting, we have audited the accompanying financial statements of Believe for the year ended December 31, 2022.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at December 31, 2022 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

### Basis for Opinion

#### Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Statutory Auditors' Responsibilities for the Audit of the Financial Statements* Section of our report.

#### Independence

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (*Code de commerce)* and the French Code of Ethics *(Code de déontologie)* for statutory auditors for the period from January 1st, 2022 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014.

### Justification of Assessments - Key Audit Matters

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code *(Code de commerce)* relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

#### VALUATION OF EQUITY INVESTMENTS AND RELATED RECEIVABLES

Note "Accounting policies – Financial assets"

| Risk identified | Responses provided during our audit |
|---|---|
| Equity investments are recorded on the balance sheet as at December 31, 2022 for a net amount of 70,874 thousand euros and related receivables for a net book value of 121,452 thousand euros.<br><br>Equity investments are recognized on their entry date at acquisition cost and depreciated on the basis of their value in use. The value in use is estimated by management on the basis of the subsidiary's share of net assets or an estimate of future cash flows corrected for net debt.<br><br>Receivables related to equity investments are subject to depreciation calculated according to the estimated risk of non-recovery of advances made to the corresponding companies.<br><br>In this context, due to the uncertainties inherent in certain elements and in particular the probability of the realization of the forecasts, and due to their significant importance in the company's accounts, we considered that the correct valuation of equity interests and receivables attached constitutes a key point of the audit. | To assess the reasonableness of the estimate of the value in use of equity investments, on the basis of the information communicated to us, our work consisted mainly in verifying that the estimate of these values determined by management is based on an appropriate justification of the valuation method and the figures used and, depending on the investments concerned, to:<br><br>For valuations based on the share of net assets of the subsidiary:<br><br>● check that the shareholders' equity used is consistent with the accounts of the entities that have been the subject of an audit or analytical procedures and that the adjustments made, where applicable, to these shareholders' equity are based on documentary evidence.<br><br>For forecast-based valuations:<br><br>● obtain the cash flow forecasts of the entities concerned drawn up by their operational departments and assess their consistency with the forecast data from the latest strategic plans, drawn up under the supervision of the management for each of these activities and approved, where applicable, by the Board of directors;<br><br>● check the consistency of the assumptions used with the economic environment on the dates of closing and establishment of the accounts;<br><br>● assess the reasonableness of the other assumptions used, such as the perpetual growth rate or the discount rate;<br><br>● check that the value resulting from the cash flow forecasts has been adjusted for the amount of debt of the entity in question.<br><br>Beyond the assessment of the value in use of equity investments, our work also consisted to:<br><br>● assess the recoverability of the related receivables with regard to the analyzes carried out on the equity securities;<br><br>● check the recognition of a provision for risks in cases where the company is committed to bearing the losses of a subsidiary with negative equity. |

## Specific Verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations.

### Information given in the management report and in the other documents with respect to the financial position and the financial statements provided to the Shareholders

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors and in the other documents with respect to the financial position and the financial statements provided to Shareholders.

We attest the fair presentation and the consistency with the financial statements of the information relating to payment deadlines mentioned in Article D.441-6 of the French Commercial Code *(Code de commerce).*

### Report on corporate governance

We attest that the Board of Directors' report on corporate governance sets out the information required by Articles L.225-37-4, L.22-10-10 and L.22-10-9 of the French Commercial Code.

Concerning the information given in accordance with the requirements of Article L.22-10-9 of the French Commercial Code *(Code de commerce)* relating to remunerations and benefits received by or awarded to the directors and any other commitments made in their favour, we have verified the consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your company from controlled companies included in the scope of consolidation. Based on these procedures, we attest the accuracy and fair presentation of this information.

With respect to the information relating to items that your company considered likely to have an impact in the event of a public takeover bid or exchange offer, provided pursuant to Article L.22-10-11 of the French Commercial Code, we have agreed this information to the source documents communicated to us. Based on these procedures, we have no observations to make on this information.

### Other information

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

## Report on Other Legal and Regulatory Requirements

### Format of presentation of the financial statements intended to be included in the Annual Financial Report

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by the statutory auditor relating to the annual and consolidated financial statements presented in the European single electronic format, that the presentation of the financial statements intended to be included in the annual financial report mentioned in Article L.451-1-2, I of the French Monetary and Financial Code *(Code monétaire et financier)*, prepared under the responsibility of Chairman and Chief Executive Officer, complies with the single electronic format defined in the European Delegated Regulation No 2019/815 of 17 December 2018.

Based on the work we have performed, we conclude that the presentation of the financial statements intended to be included in the annual financial report complies, in all material respects, with the European single electronic format.

We have no responsibility to verify that the financial statements that will ultimately be included by your company in the annual financial report filed with the AMF are in agreement with those on which we have performed our work.

### Appointment of the Statutory Auditors

We were appointed as statutory auditors of Believe S.A. by the Annual General Shareholders' Meetings held on June 27, 2019 for KPMG S.A. and on December 23, 2020 for Aca Nexia.

As at December 31, 2022, KPMG S.A. were in the 4th year and of total uninterrupted engagement and Aca Nexia were in the 3rd year, including two years each since securities of the Company were admitted to trading on a regulated market.

Furthermore, KPMG Audit IS, member of the KPMG network, was previously statutory auditor of the entity from 2013 to 2018.

## Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

## Statutory Auditors' Responsibilities for the Audit of the Financial Statements

### Objectives and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L.823-10-1 of the French Commercial Code *(Code de commerce)*, our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements;
- assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

### Report to the Audit Committee

We submit to the Audit Committee a report which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU)

No 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code *(Code de commerce)* and in the French Code of Ethics *(Code de déontologie)* for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

The Statutory Auditors

| | |
|---|---|
| Paris La Défense, March 15, 2023 | Paris, March 15, 2023 |
| KPMG SA | Aca Nexia |
| Jean-Pierre Valensi | Olivier Juramie |
| *Associate* | *Associate* |

Carolina Herrera
Video Channel Manager
Mexico

# 7. Information on the Company and its shareholders

# 7.1 Information on the Company

## 7.1.1 Company name

At the date of this Universal registration document, the name of the Company is "Believe".

## 7.1.2 Registration place and number

The Company is registered in the Paris Trade and Companies Register (RCS Paris) under number 481 625 853.
LEI: 969500WGEAZ8YE4UAI86.

## 7.1.3 Date of incorporation and term of the Company

The Company was incorporated for a period of 99 years from its registration on April 7, 2005. There are cases of early dissolution or extension in accordance with the law and the articles of association.

The fiscal year begins on January 1 and ends on December 31 of each year.

## 7.1.4 Registered office, legal form and jurisdiction

The registered office of the Company is located at 24, rue Toulouse Lautrec, 75017 Paris. The telephone number of the registered office is +33 (0) 1 53 09 34 00.

Until May 25, 2021, the Company was a French simplified joint stock company (*société par actions simplifiée*) with a Statutory Board of Directors. For the purposes of the IPO, the Company was transformed into a French public limited company (*société anonyme*). It is governed by the laws and regulations in force in France, as well as by its articles of association.

The Company's website address is: www.believe.com. The information provided on the Company's website is not part of this Universal registration document.

## 7.1.5 Memorandum and articles of association

### 7.1.5.1 Corporate purpose

The Company's purpose, in France and abroad, is:

- to contribute to fostering and developing the wealth and diversity of cultural creation by facilitating its production, dissemination, promotion and the widest possible distribution;
- the design, creation, development, management and operation of websites for its own account on the Internet;
- the identification, production, promotion, distribution and dissemination of documents, sound recordings, videotapes and all other entertainment materials in all forms (physical, digital, etc.) and on all media (press, Internet, mobile telephony, radio, television, etc.), as well as music publishing;
- the conversion of all documents, sound recordings, videotapes and other entertainment materials from a physical to an electronic medium;
- the dissemination and publication in all forms and on all media of entertainment information;
- the production, organization, operation and dissemination of live shows, especially in the musical field;

- and, more generally, all activities related to entertainment, electronics, computing, the Internet, mobile telephony, audiotel, office automation, production, advertising and marketing and broadcasting; and
- any industrial, commercial, financial, securities or real estate transactions directly or indirectly related to the above-mentioned purpose or likely to promote the Company's development.

## 7.1.5.2 Other provisions in the articles of association

### (i) General Meetings (Article 19 of the articles of association)

#### *Notice, place of meeting*

General Meetings are convened under the conditions, in the forms and within the time limits provided for by law.

They are held at the registered office or at any other place indicated in the notice of meeting.

#### *Agenda*

The agenda of the meeting appears on the notices of meeting and letters; it is determined by the author of the notice of meeting.

The meeting may only deliberate on the matters on its agenda; nevertheless, it may, under any circumstances, dismiss one or more directors and proceed to their replacement.

One or more shareholders representing at least the percentage of share capital provided for by law, and acting in accordance with the legal conditions and time limits, may request that draft resolutions be included in the agenda.

#### *Access to the meetings*

All shareholders have the right to attend General Meetings and to participate in the deliberations, either personally or by proxy.

Any shareholder may participate, personally or by proxy, under the conditions set by the regulations in force, in the meetings upon proof of identity and ownership of his/her/its shares in the form of the accounting registration thereof under the conditions set by the legal and regulatory provisions in force.

If the Board of Directors decides to use telecommunication means, as published in the notice of meeting, shareholders who participate in the meeting by videoconference or by telecommunication means, including the Internet, which allow them to be identified under the conditions provided for by applicable laws and regulations, shall be deemed to be present for the purposes of calculating the quorum and the majority.

Any shareholder may vote by mail or give a proxy in accordance with applicable laws and regulations, by means of a form drawn up by the Company and sent to the latter under the conditions provided for by applicable laws and regulations, including by electronic or remote transmission, upon decision of the Board of Directors. This form must be received by the Company in accordance with the conditions provided by applicable law in order for it to be taken into account.

The minutes of the meeting are drawn up and their copies are certified and delivered in accordance with applicable laws and regulations.

The legal representatives of legally incompetent shareholders and the individuals representing legal entities that are shareholders may participate in the meetings, whether or not they are personally shareholders.

#### *Attendance sheet, bureau, minutes*

An attendance sheet containing the information required by law is kept at each General Meeting.

The meetings are chaired by the Chairman of the Board of Directors or, in his/her absence, by a director delegated for this purpose by the Board. Failing that, the meeting elects its own chairman.

The functions of scrutineers are fulfilled by the two members of the assembly, present and accepting these functions, who have, by themselves or as proxies, the greatest number of votes.

The bureau appoints the secretary, who may be chosen from outside the shareholders.

The members of the bureau are responsible for verifying, certifying and signing the attendance sheet, ensuring the proper conduct of the debates, settling any incidents at the meeting, checking the votes cast, ensuring that they are in order and ensuring that the minutes are drawn up.

The minutes are drawn up and the copies or extracts of the deliberations are issued and certified in accordance with the law.

#### *Ordinary General Meeting*

The Ordinary General Meeting is the one called to take all decisions that do not modify the articles of association. It meets at least once a year, within six months from the end of each fiscal year, to approve the financial statements for that year and the consolidated financial statements.

On first call, the Ordinary General Meeting may validly deliberate only if the shareholders present or represented, or having voted by mail, hold at least one-fifth of the shares entitled to vote. No quorum is required on second call.

Decisions are taken by a majority of the votes cast by the shareholders present, represented or having voted by correspondence.

#### *Extraordinary General Meeting*

The Extraordinary General Meeting is the only body empowered to amend the articles of association in all their provisions.

It may not, however, under any circumstances, except with the unanimous consent of the shareholders, increase the commitments of the latter, nor affect the equality of their rights, subject to operations resulting from a regularly effected consolidation of shares.

The Extraordinary General Meeting may only validly deliberate if the shareholders present, represented or having voted by correspondence hold at least, on the first call, one quarter of the shares with voting rights and, on the second call, one fifth of the shares with voting rights. If the latter quorum is not reached, the second meeting may be adjourned to a date no later than two months after the date on which it was convened.

Decisions are taken by a two-thirds majority of the votes cast by the shareholders present, represented or having voted by correspondence.

### (ii) Payment, form, disposal and transmission of shares (Articles 9 and 10 of the articles of association)

#### *Payment of shares*

Shares subscribed for in cash in the course of a capital increase shall be performed in accordance with applicable laws and regulations, as well as with the decisions of the General Meetings and of the Board of Directors of the Company.

Shares representing contributions in kind shall be fully paid up as soon as they are issued.

The shares may not represent industry contributions.

#### *Form of shares*

Fully paid-up ordinary shares may be held in registered or bearer form, at the option of the shareholder, in accordance with the conditions set out in applicable laws and regulations.

As long as the Company's shares are admitted to trading on a regulated market, the Company is entitled to request the identification of holders of securities conferring immediate or future voting rights at its shareholders' meetings, as well as the quantities of securities held, under the conditions provided for by applicable laws and regulations.

### (iii) Rights and obligations attached to the shares (Article 11 of the articles of association)

Each share gives the right to a share in the profits and the corporate assets of the Company, in proportion to the amount of share capital it represents. In addition, each share gives the right to vote and to be represented at General Meetings, in accordance with legal and statutory requirements.

A double voting right is instituted in favor of fully paid-up shares that have been continuously held in registered form by the same holder for a minimum period of two (2) years. For the purpose of calculating this holding period, the period before the date of admission of the Company's shares to trading on the Euronext Paris market is not taken into account.

In accordance with the provisions of Article L. 225-123 of the French Commercial Code, in the event of a capital increase by incorporation of reserves, profits or share premiums, double voting rights are granted as soon as they are issued to the new shares allocated free of charge to a shareholder in respect of existing shares which already bear this entitlement.

This double voting right applies to all General Meetings.

The double voting right automatically ceases when the relating share is converted to a bearer share or transferred to another shareholder.

The shareholders only bear the Company losses up to the amount of their contributions.

The rights and obligations attached to a share shall be transferred to any owner thereof. Ownership of a share automatically entails acceptance of the articles of association and the decisions of the General Meeting.

Whenever it is necessary to own several shares in order to exercise any right, isolated shares or shares held in a number below the requisite do not give their owners any right against the Company, it being up to the shareholders to make, in this case, their own arrangements for the grouping of the necessary number of shares.

#### *Indivisibility of shares – Usufruct (Article 12 of the articles of association)*

The shares are indivisible with respect to the Company.

The co-owners of undivided shares shall be represented at General Meetings by one of them or by a single agent. In case of a disagreement, the agent shall be appointed in court at the request of the most diligent co-owner.

If the shares are encumbered by usufruct, their account registration must show the existence of the usufruct. Unless the Company is notified of an agreement to the contrary by registered letter with acknowledgement of receipt, the voting right belong to the usufructuary at Ordinary General Meetings and to the bare owner at Extraordinary General Meetings.

#### *Transfer and sale of shares (Article 13 of the articles of association)*

Ordinary shares, whether registered or bearer, are freely negotiable, unless otherwise provided by law or regulation. They are registered in an account and may be transferred from one account to another, as regards the Company and third parties, in accordance with the procedures set out by applicable laws and regulations.

### *Disclosure thresholds (Article 14 of the articles of association)*

As long as the Company's shares are admitted to trading on a regulated market, in addition to the legal and regulatory thresholds, any individual or legal entity that comes to own directly or indirectly, alone or in concert, a fraction of the share capital or voting rights (calculated in accordance with the provisions of Articles L. 233-7 and L. 233-9 of the French Commercial Code and the provisions of the general regulation of the French Financial Markets Authority (Autorité des Marchés Financiers - AMF) equal to or greater than 1% of the share capital or voting rights, or any multiple of this percentage, including above the thresholds provided for by applicable laws and regulations, must notify the Company of the total number (i) of shares and voting rights that it holds directly or indirectly, alone or in concert, (ii) of securities giving future access to the Company's share capital that it owns, directly or indirectly, alone or in concert, and of the potential voting rights attached thereto, and (iii) of the shares already issued that this person may acquire by virtue of an agreement or a financial instrument mentioned in Article L. 211-1 of the French Monetary and Financial Code.This notification must be made by registered letter with acknowledgement of receipt within four trading days of crossing the threshold.

The obligation to notify the Company also applies, within the same timeframe and under the same conditions, when the shareholder's holding in the share capital or voting rights falls below one of the above-mentioned thresholds.

In the event of failure to comply with the above-mentioned obligation to notify the threshold crossing and upon request, recorded in the minutes of the General Meeting, of one or more shareholders representing at least 3% of the share capital or voting rights, the shares exceeding the fraction that should have been declared shall lose their voting rights until the end of a period of two years following the date of the corrective notification.

The Company reserves the right to inform the public and the shareholders either of the information notified to it, or of any non-compliance with the above obligation by any relevant person.

## (iv) Non-voting members (Article 15.1 of the articles of association)

### *Appointment method and maximum number of non-voting members on the Board*

The Board of Directors may appoint up to a maximum of two non-voting members. Non-voting members can be natural or legal persons, chosen from among the shareholders or from outside that group. The term of office of non-voting members is four years, except in the event of resignation or early termination by the Board. The procedures for performing the duties of non-voting members, including any compensation, are approved by the Board of Directors. Non-voting members may be re-elected. They are invited to Board of Directors' meetings and take part in the deliberations in an advisory capacity.

### *Qualifications required and role on the Board*

Article 2.3 of the Company's internal rules stipulates that non-voting members are subject to the same obligations as directors in terms of conflict(s) of interest.

The Directors' charter is also applicable to non-voting members who are bound by the provisions in force of the French Monetary and Financial Code, the General Regulation of the French Financial Markets Authority (*Autorité des marchés financiers* - AMF) and Regulation (EU) No. 596/2014 of April 16, 2014 on market abuse (the "MAR Regulation") relating to the communication and use of inside information.

### *Compensation of non-voting members*

The compensation of non-voting members was set by a decision of the Nomination and Compensation Committee on September 6, 2021, which provides for fixed and variable compensation calculated on the basis of the non-voting members' attendance at meetings of governance bodies.

In the case of a long-standing investor, having served on the Board and giving the Board the benefit of his or her knowledge of the Company (particularly when more than half of the Board was recently appointed). As an investor, this non-voting member receives no compensation, in accordance with Company policy.

In the case of a qualified person whose membership on the Board is desired in light of his/her experience, but for whom the General Meeting of appointment has not yet taken place. In this case, the non-voting member can share their experience with the Company and the Board by participating in the work of the Board pending their definitive appointment, thus facilitating their integration. This was the case for Ms Frot-Coutaz, whose professional experience, particularly internationally, and her expertise in digitization and media, notably at YouTube and other companies whose business model is similar to Believe, benefits the entire Board of Directors. If he or she is independent, this non-voting member receives compensation for the contribution he or she makes to the Company. Cécile Frot-Coutaz was a non-voting member from January to June 20, 2022 before being appointed director. She attended six Board meetings during the year, three of which as a non-voting member and three as a director. Her compensation as a non-voting member was €21,870, representing 46% of the total amount of compensation she received in 2022.

Nicolas Rose, representative of Siparex/XAnge, a long-standing shareholder of the Group since 2008 and which now holds less than 10% of the share capital, acts as a non-voting member. He does not receive compensation for his office as non-voting member due to his status as an investor.

# 7.2 Share capital

## 7.2.1 Share capital subscribed and share capital authorized but not issued

As of December 31, 2022, the Company's share capital was €483,820.545, divided into 96,764,109 fully paid-up ordinary shares with a par value of half a euro cent (€0.005) each.

At its meeting of June 20, 2022, the General Meeting of Shareholders of the Company adopted the financial delegations below.

It will also be proposed to the next Annual General Meeting to renew the 10th and 21st delegations. These delegations were granted for a maximum period of 18 months.

| Type of delegated authority | Maximum duration | Maximum nominal amount |
|---|---|---|
| Authorization to transact Company shares **(10th)** | 18 months | 10% of the total number of shares comprising the share capital, or 5% of the total number of shares when transacted for holding and subsequent delivery as payment or exchange in external growth transactions |
| Authorization granted to the Board of Directors to reduce the share capital by cancelling treasury shares **(11th)** | 26 months | 10% of the share capital per any 24-month period |
| Delegation of authority granted to the Board of Directors to increase the share capital through the capitalization of reserves, profits, additional paid-in capital or any other capitalizable amount **(12th)** | 26 months | 20% of the share capital |
| Delegation of authority granted to the Board of Directors to increase the share capital by issuing, with pre-emptive rights: ordinary shares and/or equity instruments convertible into other equity instruments and/or with rights to debt instruments, and/or securities convertible into equity instruments to be issued **(13th)** | 26 months | 50% of the share capital(1)<br>€750 million with respect to debt securities(2) |
| Delegation of authority granted to the Board of Directors to increase the share capital by issuing without pre-emptive rights, with a mandatory priority subscription period and through an offer to the public other than the offers referred to in Article L. 411-2 of the French Monetary and Commercial Code: ordinary shares and/or equity instruments convertible into other equity instruments and/or with rights to debt instruments, and/or securities convertible into equity instruments to be issued(4) **(14th)** | 26 months | 20% of the share capital(1)(3)<br>€750 million with respect to debt securities(2) |
| Delegation of authority granted to the Board of Directors to increase the share capital by issuing without pre-emptive rights, with a discretionary priority subscription period and through an offer to the public other than the offers referred to in Article L. 411-2 of the French Monetary and Commercial Code: ordinary shares, and/or equity instruments convertible into other equity instruments and/or with rights to debt instruments, and/or securities convertible into equity instruments to be issued(4) **(15th)** | 26 months | 10% of the share capital(1)(3)<br>€750 million with respect to debt securities(2) |

| Type of delegated authority | Maximum duration | Maximum nominal amount |
|---|---|---|
| Delegation of authority granted to the Board of Directors to decide to issue, without pre-emptive subscription rights and through offers to the public as defined in Section 1 of Article L. 411-2 of the French Monetary and Financial Code: shares and/or equity instruments convertible into other equity instruments and/or with rights to debt instruments, and/or securities convertible into equity instruments to be issued **(16th)** | 26 months | 10% of the share capital(1)(3)<br>€750 million with respect to debt securities(2) |
| Authorization granted to the Board of Directors, in case of an issuance without pre-emptive rights, to set the issue price in a manner prescribed by the General Meeting **(17th)** | 26 months | 10% of the share capital per year(1)(3)<br>€750 million with respect to debt securities(2) |
| Authorization granted to the Board of Directors to increase the number of securities to be issued in the event of a capital increase, with or without pre-emptive rights **(18th)** | 26 months | Limit set by applicable regulations (to date, 15% of the original issue)(1)<br>€750 million with respect to debt securities(2) |
| Delegation of authority granted to the Board of Directors to issue, without pre-emptive rights, in consideration for investments in-kind: ordinary shares, and/or equity instruments convertible into other equity instruments and/or with rights to debt instruments, and/or securities convertible into equity be issued **(19th)** | 26 months | 10% of the share capital(1)<br>€750 million with respect to debt securities(2) |
| Delegation of authority granted to the Board of Directors to issue shares reserved for the members of a company savings plan, without pre-emptive rights for shareholders other than such members **(20th)** | 26 months | 5% of the share capital(1) |
| Delegation of authority granted to the Board of Directors to increase the share capital by issuing, without pre-emptive rights, shares intended for an identified category of beneficiaries (employees and corporate officers of the Company and its related companies) **(21st)** | 18 months | 5% of the share capital(1) |
| Authorization granted to the Board of Directors to allocate new or existing shares at no cost and without pre-emptive rights to employees and corporate officers of the Company and its related companies **(22nd)** | 38 months | 2.9% of the share capital(1)(5) |
| Authorization granted to the Board of Directors to grant stock purchase or subscription options to the eligible employees and corporate officers of the Group **(23rd)** | 38 months | 2.9% of the share capital(1)(5) |

*(1) The maximum overall nominal amount of the capital increases that may be completed pursuant to this delegation is counted against the total ceiling on immediate and/or deferred increases, set at 50% of share capital by the 13th resolution, and common to resolutions 13 to 23.*

*(2) The maximum overall nominal amount of the debt securities that may be issued pursuant to this delegation is counted against the total ceiling on debt securities, set at €750 million.*

*(3) The maximum overall nominal amount of capital increases that may be completed pursuant to this delegation is counted against the ceiling on capital increases without pre-emptive rights through public offers set by the 14th resolution at 20% of the number of shares comprising the share capital in the case of immediate and/or future capital increases and common to resolutions 14 to 17.*

*(4) Including as part of a public exchange offer initiated by the Company (Article L. 22-10-54 of the French Commercial Code).*

*(5) The maximum nominal amount of the capital increases that may be completed pursuant to this delegation is counted against the combined ceiling on free share allocations and stock purchase or subscription options, set at 2.9% of the Company's share capital.*

## 7.2.2 Non-equity securities

As at the date of this Universal registration document, the Company had not issued any non-equity securities.

## 7.2.3 Shares held by the Company or on its own account

On June 20, 2022, the General Meeting of Shareholders authorized, for a period of 18 months from the date of the meeting, the Board, with an option to further delegate such authority as provided by Articles L. 22–10-62 *et seq.* of the French Commercial Code, to purchase shares in the Company, on one or several occasions and at times set by the Board that may at no time exceed 10% of total shares comprising the capital or, if they are acquired by the Company for holding and subsequent delivery as payment or exchange in a merger, spin-off or contribution, 5% of total shares comprising the share capital. It was specified that the number of shares held by the Company may under no circumstances lead the Company to hold at any time more than 10% of the shares comprising its share capital.

The shares may be acquired for the following purposes, as decided by the Board of Directors:

- to provide liquidity and stimulate trading in the Company's shares by an investment services intermediary acting independently pursuant to a liquidity agreement compliant with the market practice accepted by the AMF on June 22, 2021;
- to allocate shares to the Company's employees, particularly for (i) a profit-sharing plan, (ii) a Company stock-options plan under Articles L. 22-10-56 and L. 225-177 *et seq.* of the French Commercial Code or (iii) a savings plan under Articles L. 3331-1 *et seq.* of the French Labor Code or (iv) any free share allocations under Articles L. 22-10-59 and L. 225-197-1 *et seq.* of the French Commercial Code, as well as for the purpose of hedging in relation to such transactions, in the manner provided by the market authorities and at such times as the Company's Board of Directors or a person acting on behalf of the Board may determine;
- to deliver the Company's shares upon the exercise of rights attached to securities entitled to allocation of the Company's equity through redemption, conversion, exchange, presentation of a warrant, or in any other manner allowed for by the regulations in force, as well as for the purpose of hedging in relation to such transactions, and to do so in the manner provided by the market authorities and at such times as the Board or a person acting on behalf of the Board may determine;
- to hold the Company's shares for subsequent use as payment or exchange in any external growth transaction;
- to cancel Company shares in a share capital reduction;
- to carry out any market practice accepted by the AMF and, more generally, execute any transaction compliant with regulations in force.

The maximum unit purchase price may not exceed, excluding costs, thirty-nine euros (€39) per share.

The Board may, however, in the event of transactions impacting the Company's equity (including changes to the share's par value, capital increases through the capitalization of reserves followed by the issue and awarding of free shares, stock splits or reverse stock splits) adjust the maximum price indicated above to reflect the impact of such transactions on the Company's share value.

The purchase, sale or transfer of these shares may be accomplished and settled by any means permitted by applicable regulations, *e.g.* on a regulated market, on a multilateral trading facility, with a systematic internaliser or over the counter, including by the acquisition or sale of blocks of shares, by the use of stock options, other derivative instruments or warrants or equity instruments of the Company in general, and at such times as the Board may determine, excepting when a public offering of the Company's shares is being made.

The Board shall have full powers, with an option to further delegate such powers in compliance with all legal and regulatory provisions, to re-allocate the shares bought back for the purposes of one of the objectives of the program to one or more of its other objectives, or to sell them, on the market or off-market.

The Board shall, as provided by law, inform the General Meeting of the transactions executed.

At December 31, 2022, the Company held 121,756 of its shares, representing 0.13% (based on the share capital at December 31, 2022). These shares are mainly held under the liquidity contract signed on July 13, 2021 with Natixis and Oddo BHF SCA. These shares do not carry voting rights. The liquidity contract, to which the sum of €2 million was allocated, entered into force on July 13, 2021 for a period of one year, tacitly renewable.

At December 31, 2022, the liquidity account consisted of 98,196 shares and the liquidity account balance amounted to €147,358.48.

Over the period from January 1, to December 31, 2022, the cumulative purchases made under the liquidity contract involved 280,260 shares at an average price of €11.22 for a total amount of €3,241,549, with sales of 234,380 shares at an average price of €11.34 for a total amount of €2,663,320.

In addition, as of December 31, 2022, none of the Company subsidiaries held any Company shares.

## 7.2.4 Other securities giving access to share capital

As of December 31, 2022, the Company's share capital consisted of 96,764,109 fully paid-up ordinary shares with a par value of one-half of a euro cent (€0.005) each.

The Company has also issued share subscription warrants (**BSAs**) and founders' share subscription warrants (**BSPCEs**).

The BSAs and BSPCEs were issued in accordance with the provisions of Articles L. 228-92 and L. 225-129 of the French Commercial Code. They were issued to certain employees and corporate officers of the Company or its subsidiaries. They were allocated free of charge to the beneficiaries. Following the division of the par value of the share decided by the General Meeting of Shareholders on May 25, 2021, each BSA and BSPCE now gives the right to subscribe to two new ordinary shares. The BSAs and BSPCEs, which become exercisable, may be exercised until their expiry, set at ten years from their allocation. They are not transferable.

At the date of December 31, 2022, there were 333,714 BSAs and 1,148,371 BSPCEs, of which 333,714 BSAs and 1,135,869 BSPCEs were exercisable, giving access, in the event of exercise, to 2,964,170 new shares of the Company, corresponding to 3.06% of the share capital at December 31, 2022.

In 2021, after its listing, the Company also implemented its first free share allocation plan, followed by two more free share allocation plans in 2022 which, in the event of the issue of all free shares, will give access to 1,589,478 new shares of the Company, corresponding to 1.64% of the share capital at December 31, 2022.

A detailed description of the BSA and BSPCE plans, as well as the free share allocation plans, can be found in Section 6.1.1 *"Notes to the consolidated financial statements"*, Note 5.4. – Share-based payments on page 244.

## 7.2.5 Conditions governing any acquisition right and/or obligation attached to capital subscribed but not paid in

None.

## 7.2.6 Share capital of any Group company which is under option or an agreement to be put under option

None.

## 7.2.7 Change in the Company's share capital over the last three fiscal years

| Date | Nature of transaction | Capital before transaction *(in €)* | Number of shares before transaction | Number of shares after transaction | Par value *(in €)* | Capital after transaction *(in €)* |
|---|---|---|---|---|---|---|
| 3/5/2020 | Capital increase (exercise of BSAs) | 399,709.01 | 39,970,901 | 39,979,401 | 0.01 | 399,794.01 |
| 5/5/2020 | Capital increase (exercise of BSAs and BSPCEs) | 399,794.01 | 39,979,401 | 40,144,069 | 0.01 | 401,440.69 |
| 5/15/2020 | Capital increase (exercise of BSPCEs) | 401,440.69 | 40,144,069 | 40,173,444 | 0.01 | 401,734.44 |
| 11/9/2020 | Capital increase (exercise of BSPCEs) | 401,734.44 | 40,173,444 | 40,180,006 | 0.01 | 401,800.06 |
| 12/3/2020 | Capital increase (exercise of BSAs) | 401,800.06 | 40,180,006 | 40,234,421 | 0.01 | 402,344.21 |
| 6/11/2021 | Capital increase (IPO) | 402,344.21 | 80,468,842 | 95,853,458 | 0.005 | 479,267.29 |
| 11/3/2021 | Capital increase (exercise of BSA and BSPCE) | 479,267.29 | 95,853,458 | 95,957,102 | 0.005 | 479,785.51 |
| 5/3/2022 | Capital increase (exercise of BSA and BSPCE) | 479,785.51 | 95,957,102 | 96,065,202 | 0.005 | 480,326.01 |
| 6/30/2022 | Capital increase (exercise of BSA and BSPCE) | 480,326.01 | 96,065,202 | 96,132,702 | 0.005 | 480,663.51 |
| 11/3/2021 | Capital increase (exercise of BSA and BSPCE) | 480,663.51 | 96,132,702 | 96,238,166 | 0.005 | 481,190.83 |
| 11/3/2021 | Capital increase (Employee shareholding plan) | 481,190.83 | 96,238,166 | 96,575,623 | 0.005 | 482,878,115 |
| 12/31/2022 | Capital increase (exercise of BSA and BSPCE) | 482,878,115 | 96,575,623 | 96,764,109 | 0.005 | 483,820,545 |

# 7.3 Share ownership

## 7.3.1 Principal shareholders

As of December 31, 2022, the Company is incorporated as a French public limited company (*société anonyme*) with share capital of €483,820.545 divided into 96,764,109 ordinary shares, each with a par value of half a euro cent (€0.005).

The table below shows the distribution of the Company's share capital at December 31, 2022 and 2021[1]:

| | Situation as of December 31, 2022[1] | | | Situation as of December 31, 2021 | | |
|---|---|---|---|---|---|---|
| Shareholder | Number of shares | % of capital | % of voting rights[2] | Number of shares | % of capital | % of voting rights[2] |
| TCV Luxco BD S.à.r.l | 39,942,982 | 41.28% | 41.28% | 39,942,982 | 41.62% | 41.62% |
| Investment funds managed by Ventech | 16,367,944 | 16.92% | 16.92% | 16,367,944 | 17.06% | 17.06% |
| Investment funds managed by Siparex XAnge Venture | 6,106,558 | 6.31% | 6.31% | 6,489,068 | 6.76% | 6.76% |
| Denis Ladegaillerie | 12,101,320 | 12.51% | 12.51% | 12,168,320 | 12.68% | 12.68% |
| FSP | 3,559,433 | 3.68% | 3.68% | 3,076,923 | 3.21% | 3.21% |
| Free float | 18,685,872 | 19.30% | 19.30% | 20,988,788 | 21.88% | 21.88% |
| *of which treasury shares* | 121,756 | 0.13% | 0.13% | *75,876* | *0.1%* | *N/A* |
| **TOTAL** | **96,764,109** | **100%** | **100%** | **95,957,102** | **100%** | **100%** |

*(1) None of the Company's shareholders listed in the table above hold securities giving access to the Company share capital, other than shares.*
*(2) The total number of voting rights is calculated on the basis of all shares to which voting rights are attached, including treasury shares without voting rights.*

### 7.3.1.1 Disclosure thresholds

As of December 31, 2022, the Company had not been informed of any threshold crossings provided by law.

### 7.3.1.2 TCV Luxco BD S.à.r.l.

As of December 31, 2022, TCV Luxco BD S.à r.l., an entity affiliated to TCMI, Inc. (TCV), held 41.28% of the Company's share capital and voting rights.

Founded in 1995, TCV was established with a clear vision: to capture opportunities in the technology market through a specialized and consistent focus on investing in high-growth companies. Since its inception, the firm has built a track record of successfully backing many businesses that have developed into dominant industry players across the Internet, software and fintechs. Examples of TCV investments include Airbnb, ByteDance, Facebook, GoFundMe, Hotmart, Klarna, Mambu, Mollie, Netflix, Nubank, Payoneer, Peloton, RELEX Solutions, Revolut, Splunk, Sportradar, Spotify, Twilio, WorldRemit and Zillow. TCV has successfully made more than 350 investments of various kinds, including investments mid-stage and late stage, as well as investments in listed companies. TCV has offices in Menlo Park, New York and London.

TCV has more than $21 billion in assets under management across 12 funds. TCV relies on more than 100 employees, including just over 50 in the investment team.

TCV acquired a stake in the Company in 2015.

### 7.3.1.3 Ventech

Having acquired a stake in the Company in 2008, Ventech is an international venture capital company which primarily makes post-seed and series A investments, focusing on the acceleration of digital disruptions and working alongside bold, visionary entrepreneurs, from day one up to a sale or public listing of billions of dollars.

With a team on every continent, Ventech manages €700 million through single-purpose funds, both in Europe (with offices in Paris, Munich, Berlin and Helsinki) and Asia (with offices in Shanghai and Hong Kong).

Since its creation in 1998, Ventech has made more than 200 investments, notably in Mindler (Sweden), Ogury (United Kingdom), Picanova (Germany), SuperMonkey (China), Veo (Denmark), VestiaireCollective (France), and more than 90 exits including Curse/Twitch, StickyADS/Comcast, Webedia/Fimalac and Withings/Nokia, including over twenty IPOs, such as Jumei on the Nasdaq, Meilleurtaux on Euronext and Secoo on the Nasdaq.

#### 7.3.1.4 XAnge

Having acquired a stake in the Company in 2007, XAnge is an early-stage investment fund based in Paris and Munich with €500 million under management. Its investment team supports European entrepreneurs trying to change everyday life through technology, by making investments of €500,000 to €10 million, from start-up until Series A and B rounds.

With an investment focus on extending technology to the widest possible public, XAnge invests in deep tech, healthcare, fintechs, SaaS and e-commerce. In addition to Believe, XAnge has supported such companies as Lydia (phone payment), Welcome to the Jungle (human resources), MrSpex (e-commerce), Ledger (cryptocurrencies) and Neolane (marketing automation).

XAnge is the innovation sector brand of the Siparex group.

#### 7.3.1.5 FSP

Having acquired a stake in the Company in 2021, the FSP (French *Fonds Stratégique de Participations*) is an investment vehicle whose shareholders and directors are seven major French insurance companies: CNP Assurances, BNP Paribas Cardif, Crédit Agricole Assurances, Groupama, Natixis Assurances, Société Générale Assurances and Suravenir. The aim of the FSP is to provide long-term investment in French companies to support their growth and transition projects. To this end, the FSP acquires significant and "strategic" stakes in the capital of French companies and participates in their governance by sitting on their Boards of Directors or Supervisory Boards. The FSP portfolio, valued at €2.14 billion at December 31, 2022, includes nine equity investments in industry-leading French companies: Seb, Arkéma, Eutelsat Communications, Tikehau Capital, Elior, Neoen, Valeo, Believe and Soitec. The FSP, which was a shareholder and director of Safran, sold its entire stake in the company at the end of 2022.

The FSP, which is managed by ISALT, is registered with the French Financial Markets Authority (*Autorité des Marchés Financiers* – AMF).

On November 10, 2022, the FSP announced the strengthening of its stake in the Company's share capital, thus demonstrating its desire to support its development. The increase in this stake is mainly due to the purchase by the FSP of 382,510 shares of the Siparex XAnge Venture fund, FCPI LBP Innovation 12, which was to be liquidated on December 31, 2022.

## 7.3.2 Statement regarding the control of the Company

To the best of the Company's knowledge, as of December 31, 2022, there are no agreements whose implementation could result in a change of control at a later date.

The founder of the Group, Mr Denis Ladegaillerie, as well as TCV Luxco BD S.à.r.l., Ventech and XAnge are parties to a shareholders' agreement signed on June 9, 2021.

This agreement provides for the following:

- *Governance:*
  - **i)** The Board shall consist of at least six members and include at least 50% of independent directors within the meaning of the AFEP-MEDEF Code;
  - **ii)** One seat on the Board shall be allocated to Mr Denis Ladegaillerie, founder of the Group;
  - **iii)** One seat on the Board shall be allocated to candidates recommended by TCV, provided that TCV (and its affiliates) directly or indirectly hold at least 5% of the Company's share capital; the director appointed thereby sitting on the Nomination and Compensation Committee;
  - **iv)** One seat on the Board shall be allocated to candidates recommended by Ventech, provided that Ventech (and its affiliates) directly or indirectly hold at least 5% of the Company's share capital; the director appointed thereby sitting on the Audit Committee and the CSR Committee;
  - **v)** One seat for a non-voting member shall be allocated to XAnge, provided that XAnge (and its affiliates) directly or indirectly hold at least 5% of the Company's share capital.
- *Orderly disposal:*

The parties to the shareholders' agreement undertake to make their best efforts to ensure that any sale of the Company's shares that they hold is organized in an orderly manner, mainly in the context of private placements by way of accelerated book building or off-market transactions, with the aim of avoiding or limiting as far as possible any disruptive effect on the price of the Company's shares.

- *Specific lock-up commitment made by Mr Denis Ladegaillerie:*

Mr Denis Ladegaillerie undertakes, for a period of three years from the settlement-delivery of the IPO, not to issue, offer, sell, pledge or sell options or purchase contracts, purchase an option or a sale contract, grant an option, a right or an acquisition right, or directly or indirectly dispose of or transfer shares or other equity securities or securities giving access to share capital of the Company, or enter into derivatives relating to Company shares having a similar effect on the shares or any other equity securities of the Company, nor publicly announce his intention to carry out such transactions without the agreement of the other parties.

This lock-up commitment applies subject to the following exceptions:

- **i)** from the first anniversary of the settlement-delivery of the IPO, the transfer of a total number of shares representing 1% of the share capital or voting rights of the Company;
- **ii)** the transfer of Company shares by inheritance in the event of death;
- **iii)** the transfer of Company shares following retirement or forced retirement or following a second or third category permanent disability within the meaning of Article L. 341-4 of the French Social Security Code;
- **iv)** pledges of financial securities accounts opened in the Company's books or pledges of PEA securities accounts on which the Company's shares are registered, provided that, in the event of the pledge being made, the recipient of the shares in the Company agrees to be bound by (i) a lock-up commitment identical to the commitment described above until the first anniversary of the settlement-delivery of the IPO and (ii) by the above stipulations relating to the orderly disposal of the Company's shares;
- **v)** the donation of Company shares for the benefit of direct descendants or spouses, provided that the donee undertakes to be bound by (i) a lock-up commitment identical to the commitment described above for the remaining term of the agreement and (ii) by the above provisions relating to the orderly disposal of the Company's shares;
- **vi)** the donation of Company shares to third parties, provided that the donation does not exceed 20% of the total number of shares held by the Founder after the IPO and that the beneficiary concerned agrees to be bound by (i) a lock-up commitment identical to the commitment described above until the first anniversary of the settlement-delivery of the IPO and (ii) by the above provisions relating to the orderly disposal of the Company shares;
- **vii)** the transfer of Company shares by way of contribution to a holding company or any other entity organized solely for the benefit of Mr Denis Ladegaillerie, his wife and/or his descendants, provided that the transferee undertakes to be bound (i) by a retention commitment identical to the commitment described above for the remaining term of the latter and (ii) by the above provisions relating to the orderly disposal of the Company's shares; and
- **viii)** the sale of Company shares as part of a takeover, exchange, alternative or combined bid.

- *Term of the agreement:*

The shareholders' agreement is entered into for a period running until the latest of either (i) the fourth anniversary of the settlement-delivery of the IPO, *i.e.* June 11, 2025 or (ii) the date immediately after the General Meeting of Shareholders to be held in 2025 called to approve the financial statements of the Company for the year ending December 31, 2024.

- *Termination:*

The shareholders' agreement will be automatically terminated early either (i) at the date on which each of TCV, XAnge and Ventech (together with their affiliates) directly or indirectly hold less than 5% of the Company's share capital or (ii) the date on which any entity were to hold more than 50% of the Company's share capital.

The parties have also declared that this shareholders' agreement does not constitute a concerted action between the parties within the meaning of Article L. 233–10 of the French Commercial Code.

In addition, the Company and the FSP entered into an investment agreement on May 31, 2021 under the terms of which it was agreed that the FSP would be appointed as director of the Company, provided that it holds an interest of at least 2.5% of the Company's share capital.

The FSP, whose shareholding in the Company is greater than 2.5%, was appointed as a director at the General Meeting of Shareholders of June 20, 2022. In accordance with the investment agreement, the FSP resigned from its duties as non-voting member on the date of this appointment.

## 7.3.3 Statement of employee share ownership

At December 31, 2022, the employees have shareholdings in the Company as defined in Article L. 225–102 Section 1 of the French Commercial Code.

As part of the 17th resolution of the General Meeting of Shareholders of May 25, 2021, the Board decided to implement a first employee shareholding offer. This offer was reserved for employees who are members of the group savings plan and the international group savings plan by way of a capital increase involving a maximum of 480,000 shares, corresponding to a total nominal amount of €2,400 (the "**Offer**").

By this same decision, the Board determined the main terms and conditions of the Offer. The subscription price of a share was set at the average price weighted by the trading volumes of the Company's share on Euronext Paris during the twenty trading sessions preceding the decision setting the subscription period (the "**Reference Price**"), after application of a 20% discount (the "**Subscription Price**").

By a decision of September 15, 2022, the Chairman and Chief Executive Officer noted that the Reference Price was €8.62 per share. Thus, the Subscription Price of the shares under the Offer was set at €6.90 per share.

The Offer was proposed to employees of Believe Group entities in Germany, China, the United States, France, India and the United Kingdom. In France, Germany, India and the United Kingdom, subscriptions were made via the "BELIEVE SHARES" company mutual fund. In China and the United States, the shares were subscribed directly by eligible employees for regulatory reasons.

The participants were able to benefit from a matching contribution equivalent to 100% of their individual investment up to a limit of €2,000, then 50% up to €4,000.

FCPE units and shares subscribed directly under the Offer will be held for a period of five years, except in the event of early release being authorized.

The number of new shares issued under the Offer was recognized by the decision of the Chairman and Chief Executive Officer on November 3, 2022 and amounted to 337,457 shares.

## 7.3.4 Information on transactions carried out on the Company's shares by executives and similar persons

The table below presents a summary (Article 223–26 of the AMF Regulation) of the transactions covered by Article L. 621-18-2 of the French Monetary and Financial Code carried out during the fiscal year 2022.

| First name, Last name, Company name | Position | Financial instrument | Nature of transaction | Number of transactions | Number of shares | Transaction amount *(in €)* |
|---|---|---|---|---|---|---|
| Isabelle Andres | Member of the Executive Committee | BSPCE | Exercise | 13 | 17,110 | 126,186.25 |
| Isabelle Andres | Member of the Executive Committee | Share | Disposals | 13 | 17,110 | 174,924.95 |
| Siparex XAnge Venture (FCPI LBP Innovation 12) | Member of the Board (non-voting member) | Share | Disposals | 1 | 382,510 | 3,633,845.00 |
| FSP | Director | Share | Acquisitions | 1 | 382,510 | 3,663,845.00 |
| Denis Ladegaillerie | Chairman and Chief Executive Officer | Share | Disposals | 1 | 67,000 | 696,800.00 |

## 7.3.5 Information likely to have an impact in the event of a public or exchange offer

### 7.3.5.1 Share capital structure

See Section 7.3 "Share ownership" in the table "Principal shareholders" in Sub-Section 7.3.1.

### 7.3.5.2 Restrictions laid down in the articles of association on the exercise of voting rights and double voting rights

Certain Company shares may have double voting rights, as described in Sub-Section 7.1.5.2 "Other provisions of the articles of association".

### 7.3.5.3 Agreements entered into by the Company that would be amended or terminated in the event of a change of control of the Company or a public offer

#### Liquidity contract

On July 13, 2021, the Company signed a liquidity contract with Oddo BHF SCA and Natixis SA, to which the amount of €2 million was allocated. The contract entered into force on July 13, 2021 for a period of one year, tacitly renewable.

The execution of the contract is suspended pursuant to the conditions set out in Article 5 of AMF decision No. 2021-01 of June 22, 2021 on the renewal of the introduction of liquidity contracts on equity securities under accepted market practices; as a result, the contract is suspended during a public offer or during a pre-offer period and until the closing of the offer, when the Company is the initiator of the offer or when the securities of the Issuer are involved in the offer.

#### Financing agreement

There is a change of control clause in the Revolving Facility Agreement entered into between the Company and a syndicate of international banks including BNP Paribas, Caisse d'Épargne et de Prévoyance d'Île-de-France and HSBC Continental Europe and Société Générale on May 6, 2021. The facility agreement provides for an early repayment and/or cancellation event if there is a change of control, at the request of any lender within 15 business days of receipt of the notification by the facilities agent of the notification by the Company to the facilities agent of the occurrence of such an early repayment/cancellation event. The affected undrawn loans shall be cancelled upon receipt by the facilities agent of the request of the affected lender(s) and the affected outstanding drawings shall be repaid within 15 business days of receipt by the facilities agent of the request of the affected lender(s). A change of control would occur in the event that a person or group of persons acting in concert (other than Mr Denis Ladegaillerie, TCV Luxco BD S.à.r.l., Ventech and XAnge, current main shareholders of the Company or entities controlled by, or investment vehicles managed by, these shareholders), were to acquire, directly or indirectly, Company shares entitling the holder to more than 50% of the Company's voting rights.

#### Free performance share allocation plan

The free performance share allocation plan regulations dated September 15, 2021, May 3, 2022 and December 9, 2022 provide that if, during the vesting period, (i) a public tender offer and/or exchange offer is launched on the Company's shares or (ii) a shareholder acting alone or in concert holds more than 30% of the Company's share capital, the Board may, at its discretion, decide to modify the performance conditions in order to assess them at the time of one of the above-mentioned events or to remove any continued employment and/or performance condition and consider that the shares are vested early, subject to compliance with a minimum vesting period of two years.

#### BSA/BSPCE plan

The BSPCE plan of November 7, 2014 provides that in the event of a takeover bid made by a third party for 100% of the share capital and voting rights (on a fully diluted basis), the beneficiaries will have the option, with no lapsing effects, in the event of termination of the duties of employees or corporate officers of the Company, to exercise all of the BSPCEs allocated to them on the day of the final disposal.

The BSA and BSPCE plans from June 30, 2016 provide that in the event of a transfer of Company's shares to one or more third parties or to one or more shareholders, acting alone or in concert within the meaning of Article L. 233-10 of the French Commercial Code covering more than 50% of the Company's share capital (hereinafter a "**Liquidity Event**"):

**a)** BSAs and BSPCEs which are exercisable but not exercised at the latest on the date of occurrence of a Liquidity Event will automatically lapse and be cancelled without formality;

**b)** BSAs and BSPCEs which are not exercisable on the date of the occurrence of a Liquidity Event may not be exercised and will automatically lapse and be cancelled without formality, unless otherwise decided.

### 7.3.5.4 Agreements between shareholders of which the Company is aware

The shareholders' agreement signed on June 9, 2021 is described in Section 7.3.2. "Statement regarding the control of the Company". This agreement provides for early termination on the date on which any entity holds more than 50% of the Company's share capital.

# 7.4 Policy of dividend distribution

The Group does not intend to pay dividends in the short term, as the Group's available cash will be used to support its growth strategy.

Accordingly, the Company does not intend to pay dividends in 2023 for the fiscal year ended December 31, 2022. The Company paid no dividends in respect of the fiscal years ended December 31, 2021 and 2020.

# 7.5 Stock market information and relations with shareholders and investors

## 7.5.1 Stock market information

### Data sheet

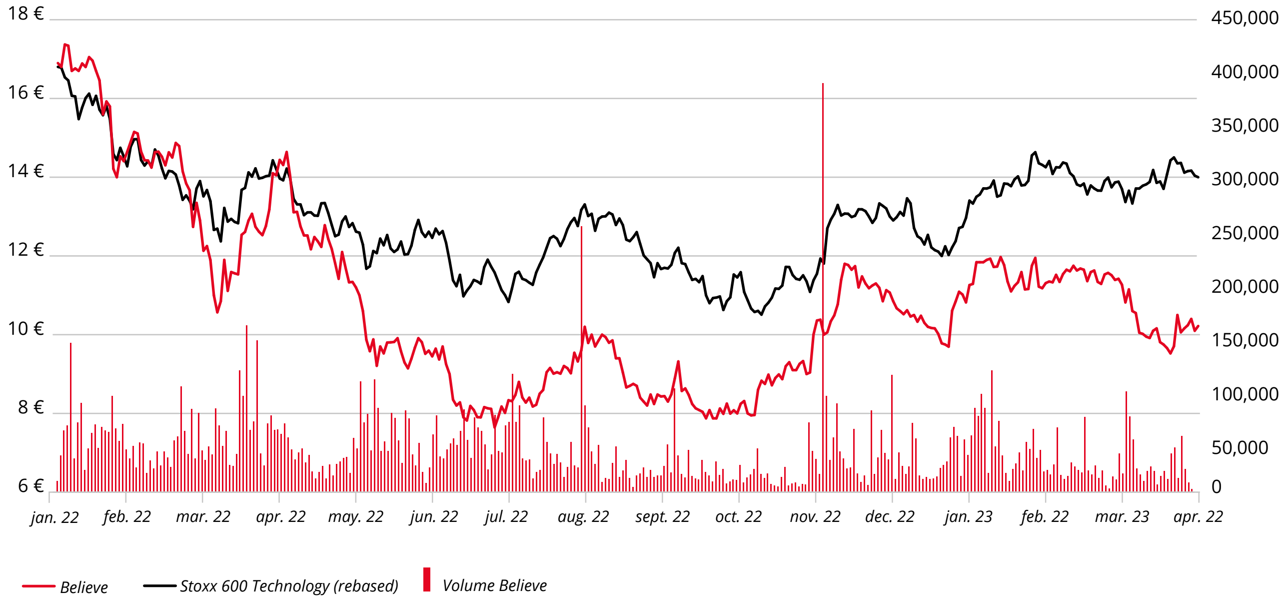
| ISIN | FR0014003FE9 |
|---|---|
| Euronext code | FR0014003FE9 |
| Type of instrument | Share |
| Sub-type instrument | Ordinary share |
| Segment | Local securities |
| Compartment | Compartment A (Large Cap) |
| Listing frequency | Continuous |
| Listing group | 11 |
| Listing currency | EUR |
| Quantity expressed in | Currency unit |
| Total number of shares | 96,863,453 |
| Listing date | June 10, 2021 |

## Market capitalization at 03/31/2023:

**CHANGE IN SHARE PRICE, VOLUMES AND TURNOVER OF THE BELIEVE SHARE**

| Date | Opening price *(in €)* | Highest price *(in €)* | Lowest price *(in €)* | Closing price *(in €)* | Average volumes during the month | Average turnover per month | VWAP |
|---|---|---|---|---|---|---|---|
| Mar. 2023 | 10.67 | 10.77 | 10.41 | 10.57 | 15,475 | 163,997 | 10.58 |
| Feb. 2023 | 11.50 | 11.69 | 11.33 | 11.51 | 20,504 | 235,843 | 11.51 |
| Jan. 2023 | 11.38 | 11.56 | 11.22 | 11.42 | 25,479 | 292,719 | 11.40 |
| Dec. 2022 | 10.54 | 10.64 | 10.35 | 10.45 | 24,730 | 257,489 | 10.46 |
| Nov. 2022 | 10.63 | 10.84 | 10.43 | 10.72 | 44,105 | 452,292 | 10.62 |
| Oct. 2022 | 8.59 | 8.73 | 8.45 | 8.63 | 10,509 | 82,289 | 8.58 |
| Sep. 2022 | 8.34 | 8.46 | 8.14 | 8.31 | 19,596 | 164,667 | 8.29 |
| Aug. 2022 | 9.34 | 9.49 | 9.12 | 9.29 | 28,403 | 273,926 | 9.29 |
| Jul. 2022 | 8.58 | 8.76 | 8.48 | 8.63 | 30,292 | 259,586 | 8.61 |
| Jun. 2022 | 8.72 | 8.81 | 8.43 | 8.55 | 36,744 | 308,195 | 8.59 |
| May 2022 | 10.13 | 10.27 | 9.79 | 9.97 | 42,704 | 422,316 | 9.99 |
| Apr. 2022 | 12.85 | 13.06 | 12.50 | 16.67 | 26,087 | 337,498 | 12.74 |
| Mar. 2022 | 12.37 | 12.67 | 11.93 | 12.34 | 48,947 | 603,324 | 12.30 |
| Feb. 2022 | 14.39 | 14.61 | 14.10 | 14.28 | 31,851 | 450,694 | 14.33 |
| Jan. 2022 | 16.18 | 16.39 | 15.82 | 16.03 | 48,741 | 784,496 | 16.08 |

## Change in the Believe share price since January 1, 2022



## 7.5.2 Relations with investors and financial analysts

### 7.5.2.1 Accessibility of information

Believe makes all financial information available to shareholders in the Investors Section of its website. The contact details of the Investor Relations team are available there, thus promoting direct contact with shareholders. Lastly, anyone interested in the Group's activities can sign-up to receive free press releases and publications by e-mail. This alert system is accessible through the Investors Section of the website by completing a registration form.

All financial information and financial communication materials are available in electronic format on the Believe website (www.believe.com) in the Investors Section, which includes:

- the Universal registration document (including the annual financial report) filed with the AMF;
- all financial press releases and financial communication materials (publication of results, webcasts, transcripts); and
- documents relating to the General Meeting of Shareholders.

This information can also be sent by mail on request to the Investor Relations Department. Legal information (articles of association, minutes of General Meetings, Statutory Auditors' reports) may also be consulted at the registered office.

### 7.5.2.2 Relations with institutional investors and financial analysts

Believe regularly communicates on its activities, strategy and outlook to the financial community in accordance with the best practices of the profession. Believe's management and Investor Relations Department place a special focus on dialogue with all shareholders, investors and financial analysts. Since the share's listing, the Executive Management and the Investor Relations Department have participated in numerous meetings with the financial community (financial analysts, institutional investors and individual shareholders), in the form of roadshows and sector and generalist conferences. The Company took part in numerous physical events during the year, and is also continuing its dialogue in a virtual format, enabling it to optimize the geographical coverage of the investor community. Believe participates in both Tech & Media sector conferences and more general conferences bringing together investors from all geographical areas in order to reach the widest possible community and continue its educational efforts. These regular contacts help to build a relationship of trust.

The Company met with more than 250 investment companies during the fiscal year ended December 31, 2022.

In 2022, the financial publications concerning the annual results and those for the first and third quarters and first half were presented by Executive Management during its webcasts. A replay has been made available as well as the transcript of the conference.

The Believe share is monitored by 10 financial analysis offices, an increase compared to the previous year (8 analysts were monitoring the Believe share at December 31, 2021). This growth is also well balanced, with a French analysis office and an international analysis office.

A dialogue with shareholders on governance issues is also ensured by Executive Management and the Investor Relations Department through discussions with the teams in charge of these issues within the investment companies. Since its listing on the stock market in June 2021, Believe has begun to establish a dialogue with its proxy advisors on governance issues and more broadly on ESG topics. The Company also participates in discussions with ESG rating agencies in order to promote its efforts to the financial community, particularly in terms of diversity and training. The Board is kept regularly informed of the content of these discussions.

### 7.5.2.3 Financial agenda

Publication of 2022 revenue and results: March 15, 2023, after market close.

Publication of first quarter 2023 revenue: April 27, 2023, after market close.

General Meeting of Shareholders: June 16, 2023 at 2 p.m.

Publication of first-half 2023 results: August 2, 2023, after market close.

Publication of third quarter 2023 revenue: October 26, 2023, after market close.

### 7.5.2.4 Investor and Shareholder Relations contacts

**Believe**

**24, rue Toulouse Lautrec,**

**75017 Paris, France**

**investors@believe.com**

Joe Kams – Social Media Coordinator – France

# 8. Additional Information

# 8.1 Persons responsible

## 8.1.1 Person responsible for the Universal registration document

Mr Denis Ladegaillerie, Chairman and Chief Executive Officer of the Company.

## 8.1.2 Statement by the person responsible for the Universal registration document

*"I hereby certify that the information contained in this Universal registration document is, to my knowledge, accurate and contains no omission that might alter its scope.*

*I hereby certify that, to the best of my knowledge, the financial statements have been prepared in accordance with the applicable accounting standards and provide a true and fair view of the assets, financial position and results of the Company and of all companies included in the scope of consolidation, and that the management report included in this document presents a true and fair view of the changes in the business, results and financial position of the Company and of all the companies included in the scope of consolidation and describes the main risks and uncertainties they are faced with".*

In Paris, April 20, 2023
Mr Denis Ladegaillerie
Chairman and Chief Executive Officer

## 8.1.3 Information from third parties, expert declarations and declarations of interests

This Universal registration document contains information on the Group's markets and its positioning in those markets, including information on the size, competitive environment and dynamics of those markets and their growth outlook. The Group uses estimates that it has made, as well as studies and statistics published by independent third parties and professional organizations, such as IFPI, MIDiA and GFK Entertainments, and data published by the Group's competitors, streaming and social media platforms.

To the Company's knowledge, the information extracted from third-party sources has been fairly reproduced in this Universal registration document and no fact that would make this information inaccurate or deceptive has been omitted. The Company cannot, however, guarantee that a third party using different methods to collect, analyze or calculate data on those markets would obtain the same results.

**Insight and Analysis – IFPI Secretariat**
7 Air Street – London – W1B 5AD
Tel: +44 20 7878 7900
Contact person: David Price info@ifpi.org

**Midia Research**
79-81 Borough Road – London, SE1 1DN
Tel: +44 20 3968 2453
Contact person: Mark Mulligan mark@midiaresearch.com

**GFK Entertainment**
Lange Strasse 75 Baden-Baden, 76530
Tel: +49 7221/279-400
Contact person: Silke Lotsch silke.lotsch@gfk.com

# 8.2 Persons responsible for auditing the financial statements

## 8.2.1 Principal Statutory Auditors

### KPMG SA

Member of *Compagnie régionale des Commissaires aux comptes de Versailles*

Represented by Jean-Pierre Valensi

Tour Eqho

2, avenue Gambetta

92066 Paris la Défense Cedex, France

Appointed by resolution of the Combined General Meeting on June 27, 2019 for a term of six fiscal years, *i.e.* until the Ordinary General Meeting called to approve the financial statements for the year ending December 31, 2024.

### Aca Nexia

Member of *Compagnie régionale des Commissaires aux comptes de Paris*

Represented by Olivier Juramie

31, rue Henri Rochefort

75017 Paris, France

Appointed by written consultation of the shareholders on December 23, 2020 for the period remaining in the appointment of its predecessor, *i.e.* until the Ordinary General Meeting called to approve the financial statements for the fiscal year ending December 31, 2023.

## 8.2.2 Alternate Statutory Auditors

### Salustro Reydel

Represented by Béatrice de Blauwe

Tour Eqho

2, avenue Gambetta

92066 Paris la Défense Cedex, France

Appointed by resolution of the Combined General Meeting on June 27, 2019 for a term of six fiscal years, *i.e.* until the Ordinary General Meeting called to approve the financial statements for the year ending December 31, 2024.

### Pimpaneau & Associés

Member of *Compagnie régionale des Commissaires aux comptes de Paris*

Represented by Olivier Lelong

31, rue Henri Rochefort

75017 Paris, France

Appointed by written consultation of the shareholders on December 23, 2020 for the period remaining in the appointment of its predecessor, *i.e.* until the Ordinary General Meeting called to approve the financial statements for the fiscal year ending December 31, 2023.

# 8.3 Documents available to the public

The Company's articles of association, minutes of General Meetings, the parent company and consolidated financial statements for the last three fiscal years, and other Company documents, as well as any expert assessment or statement requested by the Company that must be made available to the shareholders, may be consulted at the Company's registered office.

In addition, regulated information within the meaning of the provisions of the AMF General Regulation is available on the Company's website (*www.believe.com*).

The Board's internal rules are also available on the Company's website *(https://www.believe.com/en/about/our-governance).*

# 8.4 Glossary

## 8.4.1 Business-related terms

| | |
|---|---|
| **Ambassadors** | Voluntary Believe employees who propose and contribute to initiatives within the context of the CSR strategy and Shaping Music for Good ambition. Created in 2019, the network of ambassadors is broken down into two communities, addressing Believe's major challenges:<br>● Believe for People/Parity (gender equality, diversity and inclusion, well-being at work, mentoring and support for local communities); and<br>● Believe for Planet (environmental topics). |
| **Advances to artists and labels** | Advance payments that may be made to artists or labels under the terms of a contract signed with Believe or one of its competitors. The advances are deducted from the payments made to the artist or label over the life of the contract. |
| **Music catalog** | Refers to all musical works by the same artist. Different rights apply to this catalog (including copyright and neighboring rights), belonging to different rights holders (*e.g.* artists - composers, lyricists, performers -, producers, publishers, etc.). These rights holders receive the revenue corresponding to their rights, generated each time the catalog is listened to and/or used. |
| **DMS** | "**Digital Music Sales".** Volume of business generated on streaming and social media platforms, corresponding to the gross amount of payments made to the Group in respect of recording fees by the streaming and social media platforms in return for the provision of audio and video content by the Group. |
| **DSP** | See definition of the term "Digital service providers". |
| **Music publishing** | The acquisition by a publisher of copyright relating to a musical work (namely musical composition and/or lyrics) to disseminate the work as much as possible and optimize its exploitation. Music publishers are engaged in the business of granting these rights for use for example, in recordings, public performances, scores, translations, films, television programs, video games, websites or advertisements, etc. In exchange for the use of these rights, the publisher receives remuneration, part of which is paid to the creator. |
| **Label** | Structure that manages an artist and/or a catalog of artists. Its main function is the distribution, promotion and marketing of the artist's titles. In some cases, labels may also take on other tasks, such as production. The relationship between the artist and their label is governed by a contract that makes it enables the promotion, marketing, or even production, of one or more musical works. There are different types of contracts with different levels of artist commitment. Generally, the latter sign for several years and agree to several formats (*e.g.* two albums launched in two years). |
| **Majors** | The three largest record companies in the music industry, namely Universal Music Group, Sony Music Entertainment and Warner Music Group. Majors are defined as: (i) the concentration, within the same group, of several business lines within the music industry value chain, (ii) the ownership and operation of large catalogs representing more than 70% of the global music market. |
| **Recorded music** | All business activities related to making music recordings available to consumers who want to listen to them. |
| **Digital service providers** | Streaming platforms or online stores that distribute digital audio or video content to consumers. Also known as DSP. |
| **Social media platforms** | Refer to all services used to foster conversations and social interactions on the Internet or on the go. |
| **Producer** | Refers to a music professional who enables artists to produce recorded music. The producer advances a large part of the expenses related to the promotion and marketing of the music as well as production costs (recording, etc.). As such, they mainly receive payment on sales made. |
| **SBTi** | "**Science Based Target Initiative**". The Science-Based Target initiative is the result of a partnership between the United Nations Global Compact, the Carbon Disclosure Project, the World Resources Institute and the World Wide Fund for Nature (WWF). It encourages companies and organizations to formally commit to reducing their greenhouse gas emissions and define a climate strategy aligned with the Paris Agreement. The organization rates and awards recognition to the best and most transparent companies for the actions they implement to limit global warming to 1.5°C and optimize their use of natural resources. |

| | |
|---|---|
| **Automated Solutions** | Automated Solutions, which addresses the music creator market and whereby the Group enables music creators, via its TuneCore digital platform, to distribute their content in an automated manner to streaming and social media platforms in return for a subscription or revenue sharing. Access to this platform can, at the choice of the music creator, be supplemented by music publishing and synchronization solutions. |
| **Premium Solutions** | Premium Solutions, this consists mainly of the sale, promotion and delivery of digital content provided by artists and labels for which the Group is responsible for developing their catalogue on the platforms of digital service providers and social media, as appropriate, using a revenue-sharing model. To a lesser extent, it also includes services supporting the development of artists in terms of physical sales, derivative products, synchronization services, neighboring rights, the production of live events (concerts) and music publishing. |
| **Streaming** | A method of broadcasting media content *via* the Internet, enabling instant audio or video streaming. Unlike downloading, it allows you to view content in real time, as it loads as you go. |
| **Stream** | Means listening to a track (or musical work) *via* a digital service provider. For example, plays are counted on Spotify when a person listens to the song or work in question for 30 seconds or more. |
| **UGC** | "**User Generated Content**". Refers to all content created by users on e-commerce or branded sites, as well as content posted on community or discussion spaces such as forums or social media platforms. |

## 8.4.2 Financial terms

| | |
|---|---|
| **Working Capital Requirement** | The working capital requirement corresponds to the difference between income and expenditure. This difference can create a temporary need for financing or, if negative, it becomes a financial resource.<br>Working capital requirements correspond mainly to the value of inventories plus trade receivables, advances to artists and labels and other current assets, less trade and other payables and other current liabilities. |
| **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.).<br>This indicator, which reflects the Group's capacity to generate cash from its operating activities, is taken into consideration by Executive Management to assess the performance of the operating segments. |
| **Organic Revenue Growth** | Corresponds to revenue generated, on a like-for-like basis, in year N by all companies included in the Group's scope of consolidation in the year ended December 31, of year N-1 (excluding any contribution from companies acquired during year N), compared to revenue generated in year N-1 by the same companies, regardless of when they entered the Group's scope of consolidation.<br>Organic revenue 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 in the year N-1) by all companies included in the Group's scope of consolidation during the year N-1. Excluding any exchange rate variances resulting from transactions carried out by reporting entities in currencies other than their operating currency. |
| **Adjusted EBITDA** | **Earnings Before Interest, Taxes, Depreciation, and Amortization** 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 expenses, and (iv) after the addition of share of net income (loss) of equity-accounted companies, excluding depreciation of assets identified at the acquisition date, net of deferred taxes.<br>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. |
| **IFRS** | **International Financial Reporting Standards** ( IFRS). Since 2005, IFRS have been the accounting standard applicable to companies listed on a European Market include the 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). |
| **CGUs** | **A cash-generating unit** (CGU) is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The CGUs or groups of CGUs to which goodwill has been allocated are tested for impairment at least once a year, or whenever there is evidence that they may be impaired. |

# 8.5 Cross-reference tables

## 8.5.1 2021 Universal registration document (URD)

Information required in Annexes 1 and 2 of Commission Delegated Regulation (EU) 2019/980 of March 14, 2019 in accordance with the URD format.

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## 8.5.2 Cross-reference table for the Annual Financial Report

Cross-reference table for the Annual Financial Report pursuant to Article L. 451-1-2 of the French Monetary and Financial Code and Article 222-3 of the French Financial Markets Authority (*Autorité des Marchés Financiers* – AMF) General Regulations.

| Headings | Articles | Attendance |
|---|---|---|
| **ANNUAL FINANCIAL REPORT** | L. 451-1-2 of the French Monetary and Financial Code; L. 222-3 of the AMF General Regulation | |
| **1. ANNUAL STATEMENTS** | | 6.2 |
| **2. CONSOLIDATED FINANCIAL STATEMENTS** | | 6.1 |
| **3. MANAGEMENT REPORT** | | See Cross-reference table for the Management Report |
| **4. CORPORATE GOVERNANCE REPORT** | | See Cross-reference table for the Corporate Governance Report |
| **5. STATEMENT BY THE PERSONS RESPONSIBLE FOR THE ANNUAL FINANCIAL REPORT** | | 8.1.2 |
| **6. STATUTORY AUDITORS' REPORTS ON THE PARENT COMPANY FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS** | | 6.3 |

## 8.5.3 Management Report

Cross-reference table for the management report - Articles L. 22-10-34 *et seq.*, L. 232-1 *et seq.* and R. 225-102 *et seq.* of the French Commercial Code.

| References | Required elements | Chaptes/Section |
|---|---|---|
| **1. COMPANY SITUATION AND ACTIVITY** | | |
| French Commercial Code Articles L. 225-100-1, I., 1°, L. 232-1, II., L. 233-6 and L. 233-26 | Company situation, objective and exhaustive analysis of changes in business, results and financial position, in particular debt position in relation to business volumes and complexity.<br>Activity report (progress and difficulties encountered) and Company results, for each Group subsidiary | 1.4.5; 5.1; 5.2; 5.3; 6.1; 6.2 |
| French Commercial Code Article L. 225-100-1, I., 2° | Key financial performance indicators | Introduction; 5.1.4; 5.1.5; 5.2 |
| French Commercial Code Article L. 225-100-1, I., 2° | Key non-financial performance indicators, pertaining to specific Company activity | Introduction; 2.7.5 |
| French Commercial Code Articles L. 232-1, II and L. 233-26 | Important events occurring between the end of the fiscal year and the management report production date | 4.1.2.3; 6.1.1 Note 12.4; 6.2.2.10 |
| French Commercial Code Article L. 232-1, II | Existing branches | 6.2.3.1 |
| French Commercial Code Article L. 233-6, 1 | Stakeholding in a company headquartered in France, on French territory | 1.1; 5.1.2.4; 6.1.1 Notes 2.2 and 2.3; 6.2.2.4; 6.2.3.2; 6.2.3.4 |
| French Commercial Code Articles L. 233-29, L. 233-30 and R. 233-19 | Notice of holding of over 10% of the capital in another company via shares (alienation of cross participation) | N/A |
| French Commercial Code Articles L. 232-1, II and L. 233-26 | Company's expected evolution and forecasts | 1.5.4; 5.4; 6.2.3.5 |
| French Commercial Code Articles L. 232-1, II and L. 233-26 | Research and development activities | 6.2.3.6 |
| French Commercial Code Article R. 225-102 | Table displaying Company results over the last five fiscal years | 6.2.3.1 |
| Non-imposted by legal regulation, though indicated in practice in the management report | Fiscal year performance and proposed allocation of the result | 6.2.3.7 |
| French Commercial Code Article L. 441-4 and D. 441-6 | Information pertaining to provider and client payment delays | 6.2.3.10 |
| **2. INTERNAL CONTROL AND RISK MANAGEMENT** | | |
| French Commercial Code Article L. 225-100-1, I., 3° | Principal risks and uncertainties pertaining to the Company | 3.1 |
| French Commercial Code Article L. 22-10-35, 1° | Financial risks related to climate change and presentation of measures in place to reduce such impacts | 2.6.1 |
| French Commercial Code Article L. 22-10-35, 2° | Principal aspects of internal control and risk management procedures pertaining to expanding and processing accounting and financial information | 3.2; 6.1.1 Note 8.2 |
| French Commercial Code Article L. 225-100-1, I., 4° | Objectives and policy covering Company transactions and exposure to price, credit, liquidity and treasury risks. Indications take into account Company use of financial instruments | 3.1.4; 6.1.1 Note 8.2 |
| Law No. 2016-1691 of December 9, 2016 known as the "Sapin II" Law | Anti-corruption system | 2.3; 3.1.2; 3.2.2.1 |
| French Commercial Code Article L. 225-102-4 | Vigilance plan and update on its implementation | N/A |

| References | Required elements | Chaptes/Section |
|---|---|---|
| **3. SHAREHOLDING AND CAPITAL** | | |
| French Commercial Code Article L. 233-13 | Structure, Company capital evolution, self-holding and threshold crossing | 6.1.1 Note 10.1; 6.2.2.5; 6.2.3.3; 7.2; 7.3 |
| French Commercial Code Articles L. 225-211 and R. 225-160 | Company acquisition and sale of its own shares | 6.2.2.5; 7.2.3 |
| French Commercial Code Article L. 225-102, 1 | Statement on employee participation in share capital | 2.4.7.2; 2.4.7.3; 4.2.2.5; 6.1.1 Note 5.4; 6.2.3.11; 7.3.3 |
| French Commercial Code Articles R. 228-90 and R. 228-91 | Potential amendments to titles or transferable securities providing access to capital in cases of share re-buys or financial operations | N/A |
| French Monetary and Financial Code Articles L. 621-18-2 and R. 621-43-1<br>AMF regulation Article 223-26 | Information on executive operations and persons tied to Company shares | 4.1.4.5; 7.3.4 |
| French General Tax Code Article *243 bis* | Dividends distributed over the past three fiscal years | 6.2.3.8; 7.4 |
| **4. NON-FINANCIAL PERFORMANCE STATEMENT (NFPS)** | | |
| French Commercial Code Articles L. 225-102-1 and R. 225-105 | Business model | Introduction |
| French Commercial Code Articles L. 225-102-1 and R. 225-105, I.1° | Principal risks tied to Company activity | 2.2.2; 3.1.2; 3.1.3 |
| French Commercial Code Articles L. 225-102-1, III, L. 22-10-36 and R. 225-105, I, 2° | Information on the ways the Company takes into account the social and environmental consequences of its activities, and the effects of its activities on human rights, the fight against corruption and tax evasion (description of policies applied by the Company) | 2.2.2; 2.3; 2.4; 2.5; 2.6; 3.1.2; 3.1.3; 3.2.2.1 |
| French Commercial Code Articles L. 225-102-1 and R. 225-105, I.3° | Results of policies applied by the Company or the Group, including key performance indicators | 2.3; 2.4; 2.5; 2.6; 2.7.5 |
| French Commercial Code Articles L. 225-102-1 and R. 225-105, II, A, 1° | Social information (employment, labor organization, health and safety, social relations, training, fairness of treatment, actions to promote physical and sporting activities) | 2.4; 2.5.1.4; 2.7.5.3 |
| French Commercial Code Articles L. 225-102-1 and R. 225-105, II, A, 1° | Environmental information (general environmental policy pertaining to pollution, circular economy and climate change) | 2.5.2.4; 2.6; 2.7.5.3 |
| French Commercial Code Articles L. 225-102-1 and R. 225-105, II, A, 1° | Societal information (societal engagements favoring sustainability, outsourcing and providers, practice loyalty) | 2.3; 2.5; 2.6.2; 2.6.3 |
| French Commercial Code Articles L. 225-102-1, R. 225-105, II, B, 1° and L. 22-10-36 | Information pertaining to the fight against corruption and measures taken to signal corruption | 2.3; 3.1.2; 3.2.2.1 |
| French Commercial Code Articles L. 225-102-1, R. 225-105, II, B, 2° and L. 22-10-36 | Information pertaining to actions promoting human rights | 2.3.2; 2.3.3; 2.4.5; 2.5.1.5; 2.5.2.2; 2.5.2.4 |
| French Commercial Code Article L. 225-102-2 | Information pertaining to SEVESO installations | N/A |
| Taxonomy regulation 2020/852 Article 8 and delegated act of July 6, 2021 | Revenue, investment spending (CAPEX), exploitation spending (OPEX), economic activity eligible for sustainable taxonomy publishing | 2.6.1.2 |
| French Commercial Code Articles L. 225-102-1 III and R. 225-105-2 | Certification of independent third-parties | 2.8 |

| References | Required elements | Chaptes/Section |
|---|---|---|
| **5. ADDITIONAL INFORMATION REQUIRED FOR THE PRODUCTION OF THE MANAGEMENT REPORT** | | |
| French General Tax Code Articles 223 *quater* and 223 *quinquies* | Additional fiscal information (spending and non-deductible expenses) | 6.2.3.9 |
| French Commercial Code Article L. 464-2 | Financial injunctions or sanctions for anticompetitive practices | N/A |
| French Monetary and Financial Code Articles L. 511-6 3 *bis*, R. 511-2-1-1 and R. 511-2-1-3 | Information on loans dating less than three years to businesses with a justified economic link | 6.1.1 Note 2.4; 6.2.2.5 |

## 8.5.4 Report on Corporate Governance

Cross-reference table for the report on corporate governance – Articles L. 225-37 *et seq.* of the French Commercial Code.

| References | Required elements | Chapters/Section |
|---|---|---|
| **1. Compensation information** | | |
| French Commercial Code Articles L. 22-10-8, I., 2 and R. 22-10-14 | Corporate officer compensation policy | 4.2.1 |
| French Commercial Code Article L. 22-10-9, I., 1° and R. 22-10-15 | Total compensation and all benefits allocated to each corporate officer during the fiscal year | 4.2.1.3; 4.2.2 |
| French Commercial Code Article L. 22-10-9, I., 2° | Relative proportion of fixed and variable compensation | 4.2.1.3; 4.2.2 |
| French Commercial Code Article L. 22-10-9, I., 3° | Usage of option to request restitution of variable compensation | N/A |
| French Commercial Code Article L. 22-10-9, I., 4° | All engagements taken by the Company to benefit corporate officers | 4.2.1.3; 4.2.2 |
| French Commercial Code Article L. 22-10-9, I., 5° | Allocated or attributed compensation by a company encompassed in the consolidation scope according to the meaning of Article L. 233-16 of the French Commercial Code | N/A |
| French Commercial Code Article L. 22-10-9, I., 6° | Corporate director compensation and **average** and **mean** employee compensation ratios | 4.2.2.3 |
| French Commercial Code Article L. 22-10-9, I., 7° | Annual compensation, Company performance, average employee compensation and ratios evolution over the past five fiscal years | 4.2.2.3 |
| French Commercial Code Article L. 22-10-9, I., 8° | Explanation of the ways total compensation is aligned with the adopted compensation policy, including the way in which it contributes to long-term Company performance and the way in which performance criteria were applied | 4.2.1; 4.2.2 |
| French Commercial Code Article L. 22-10-9, I., 9° | Method of incorporation for the last Ordinary General Meeting vote according to II of Article L. 225-100 (until December 31, 2020) and I of Article L. 22-10-34 (from January 1, 2021) | N/A |
| French Commercial Code Article L. 22-10-9, I., 10° | Gap between enactment of compensation policy and all exemptions | N/A |
| French Commercial Code Article L. 22-10-9, I., 11° | Application of elements of the second indent of Article L. 225-45 of the French Commercial Code | N/A |
| French Commercial Code Articles L. 225-185 and L. 22-10-57 | Allocating and conservation of options by corporate officers | N/A |
| French Commercial Code Articles L. 225-197-1 and L. 22-10-59 | Allocation and conservation of free shares to executive directors | N/A |

| References | Required elements | Chapters/Section |
|---|---|---|
| **2. Governance information** | | |
| French Commercial Code Article L. 225-37-4, 1° | List of all mandates and functions undertaken in the Company by each corporate officer during the fiscal year | 4.1.2.1 |
| French Commercial Code Article L. 225-37-4, 2° | Agreed-upon conventions between a director or significant shareholder and a subsidiary | 2.4.7.3; 4.1.4.6; 6.1.1 note 12.3; 6.2.3.12 |
| French Commercial Code Article L. 225-37-4, 3° | Summary table of delegations in the process of being approved in line with the general meeting of shareholders pertaining to capital increase | 7.2.1; 6.2.3.14 |
| French Commercial Code Article L. 225-37-4, 4° | Executive Management leadership | 4 (Introduction); 4.1.1.2; 4.1.3 |
| French Commercial Code Article L. 22-10-10-1° | Composition, preparation and organization conditions of Board projects | 4 (Introduction); 4.1.1.2; 4.1.2; 4.1.5 |
| French Commercial Code Article L. 22-10-10-2° | DEI strategy and policy, and application of gender parity principles within the Board | 2.4.5.1; 4 (Introduction); 4.1.2.2 |
| French Commercial Code Article L. 22-10-10-3° | Potential limits to the Chief Executive Officer’s powers brought on by the Board of Directors | 4.1.1.2; 4.1.5.1 |
| French Commercial Code Article L. 22-10-10-4° | Reference to corporate governance code and application of the “comply or explain” principle | 4.1.1.1 |
| French Commercial Code Article L. 22-10-10-5° | Particular ways in which shareholders partake in the General Meeting | 4.1.6.2; 7.1.5.2 |
| French Commercial Code Article L. 22-10-10-6° | Evaluation of current conventions and its execution | 4.1.4.6 |
| **3. Information likely to have an impact in the event of a public or exchange offer** | | |
| French Commercial Code Article L. 22-10-11 | Company capital structure | 7.3.1; 7.3.5.1 |
| | Statutory restrictions to voting rights and share transfers or conventions of Company knowledge clauses in line with Article L. 233-11 of the French Commercial Code | 7.3.5.2; 7.1.5.2 |
| | Direct or indirect participation in known Company capital in line with Articles L. 233-7 and L. 233-12 of the French Commercial Code | 7.3.1.1 |
| | List of all equity holders with special rights and their description | 7.3.5.2; 7.1.5.2 |
| | Agreements between shareholders known to the Company and who may engender restrictions to share transfer and voting rights | 7.3.2; 7.3.5.4 |
| | Applicable rules to nomination and replacement of Board of Directors members as well as to the modification of Company articles of association | 4.1.2.2; 7.3.2 |
| | Board of Directors powers, in particular those concerning emission or re-buying of shares | 6.2.3.14; 7.2.1 |
| | Agreements approved by the Company which are modified or terminated should Company control change, with the exception of cases wherein this disclosure, barring legal obligation of disclosure, would gravely harm the Company's interests | 7.3.5.3 |
| | Agreements anticipating Board of Directors members' or employees' indemnities, should they resign or be terminated without reason, or if their employment is terminated due to a public buying offer or exchange | N/A |

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