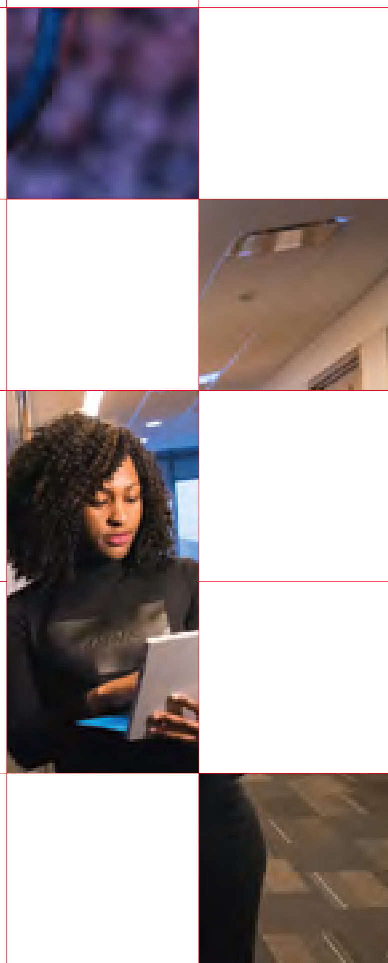
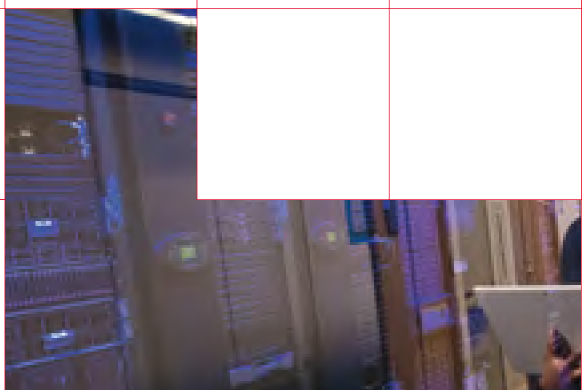
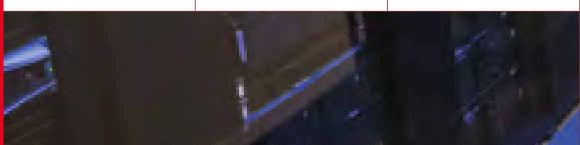
Universal registration document

2021







believe

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2021 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 22, 2022 by the Autorité des Marchés Financiers (AMF), in its capacity as competent authority under Regulation (EU) 2017/1129.

The AMF approval further confirms the information contained in the Universal registration document is complete and coherent. The Universal registration document holds the following approval number: R22-010 dated April 22, 2022. 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 EU Regulation 2017/1129.

The Universal registration document is valid until April 22, 2023. During this period and at the latest during the securities note and under the conditions of articles 10 and 23 of the EU Regulation 2017/1129, the Universal registration must be completed by a supplement 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 and is available on the issuer's website.

believe®

Message from the Chairman and Chief Executive Officer

DENIS LADEGAILLERIE

Believe is one of the major global players in digital music, having significantly contributed to reshaping the music industry through an innovative business model and strong values of respect, fairness and transparency.

Our story began in 2005 on the threshold of a major revolution in the music industry. Since the beginning, we have wanted to democratize access to the music market for all artists thanks to our proprietary technologies and to support them at each stage of their career development with our digital expertise by allowing them to remain independent by retaining ownership of their creations, and with the conviction that we can build a transparent and fair relationship with them. The digital transition that was just beginning at the time opened up a new field of possibilities and allowed the emergence of a new model in the music industry.

Based on digital excellence and in-depth knowledge of the artist market and data exploitation, the Group has thus contributed, in just over fifteen years, to reinventing the music industry landscape by constantly expanding its network and its solutions to develop the audience and revenues of artists and labels, in particular by training a new generation of artist development experts in the digital age. This success is the result of the collective work carried out in recent years to connect artists with streaming platforms and social networks, and thus maximize their visibility. Today, our 1,430 employees and digital music experts in more than 50 countries support with passion and respect more than a million artists, directly or via their labels.

Since its creation, Believe has positioned itself at the heart of favorable developments and trends in the digital music industry (increase in streaming, diversification of monetization opportunities, rise of local artists, transfer of value within the artist market) by investing in our central and local teams.

"It is with our artists and collaborators, our two hearts that beat in unison, that 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."

Thanks to these efforts, Believe's attractivity has been constantly strengthened and our recognized service quality has enabled us to grow in all the countries where we are present. Between 2020 and 2021, we continued to invest significantly, including in the context of the Covid-19 pandemic.

Year after year, Believe confirms the dynamism of its development, its strength in attracting more and more labels and artists, whether they are music creators or established artists, and its ability to help them perform, develop their audiences and always better monetize their music on digital platforms. This robust and profitable growth is based on our innovative model, which builds on three fundamental pillars: our central scalable technological platform, our solutions adapted to the different stages of the artist's life and local teams, that are experts in music and in digital marketing, serving artists and labels. Our local presence is a strength on which we rely as a competitive advantage, and which plays a very strong role in our attractiveness to local artists.

In June 2021, Believe reached a new growth milestone by successfully entering the Euronext Paris market, enabling us to raise €300 million. It is a source of great pride for the teams and myself to see the confidence of our investors and shareholders in Believe's innovative model and their desire to support our growth strategy, particularly externally.

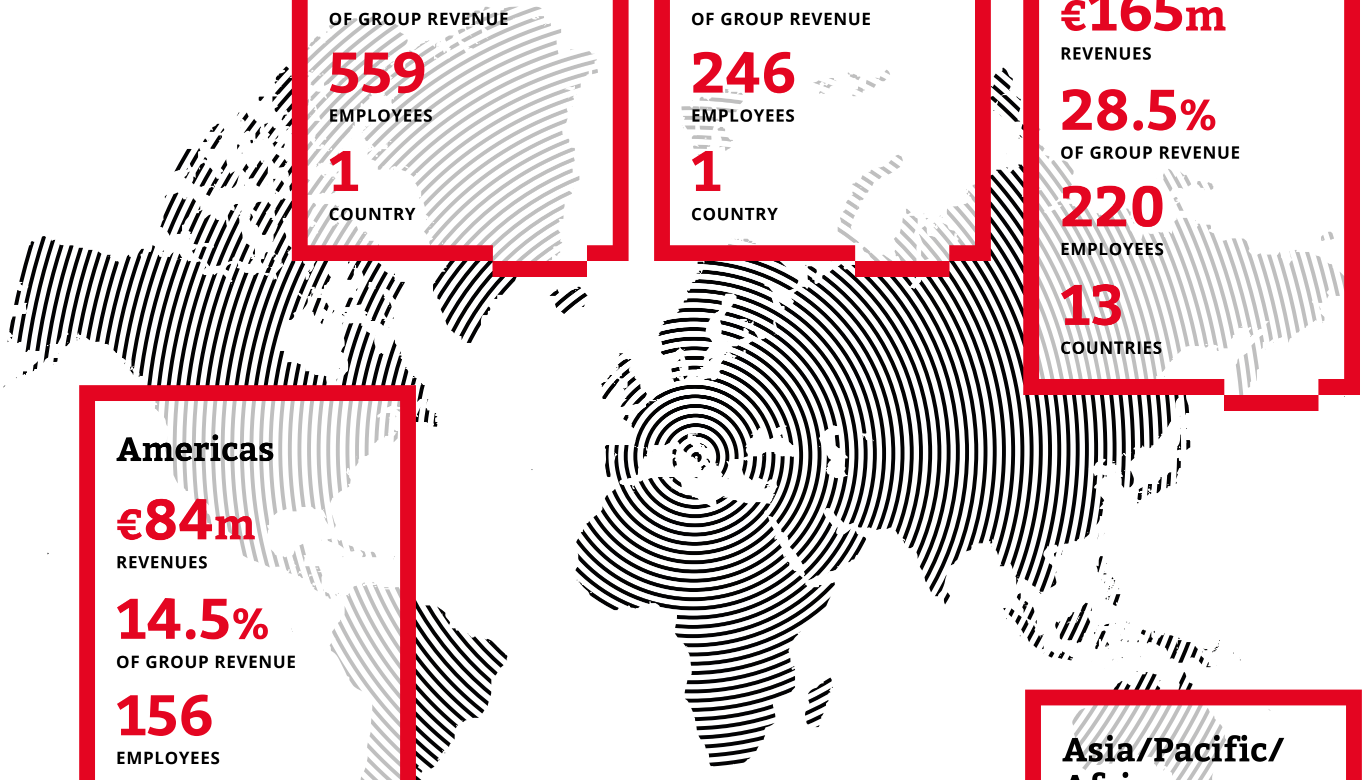
In 2021, we exceeded expectations in terms of the operational and financial objectives presented at the time of the IPO and delivered organic growth of 30% as well as further gains in market share. The attractiveness of our model will enable us to continue to benefit from long-term growth and the transformation of the digital music market, as well as the digital artist market. It is by combining an entrepreneurial spirit, financial discipline and operational excellence that we pursue our mission: to design the best digital development platform for artists and labels and to implement the best solutions to support them at each stage of their careers, while participating in the sector's transformations.

Beyond the digital music market, Believe aims to change the music industry and engage it in collaborative, sustainable and responsible practices. The new tools and uses of digital technology enable an increasing number of artists to make their music known and make a living from their art, and we are making it a vector of diversity and inclusion for our artists, our labels and our employees. With them, we are building the positive societal and environmental impact of our sector and this is the ambition of our CSR program that we have formalized under the name of "Shaping Music for Good".

It is with our artists and collaborators, our two hearts that beat in unison, that 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

2021 Key figures



France

€96m
REVENUES

16.6%
OF GROUP REVENUE

559
EMPLOYEES

1
COUNTRY

Germany

€102m
REVENUES

17.7%
OF GROUP REVENUE

246
EMPLOYEES

1
COUNTRY

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

€165m
REVENUES

28.5%
OF GROUP REVENUE

220
EMPLOYEES

13
COUNTRIES

Americas

€84m
REVENUES

14.5%
OF GROUP REVENUE

156
EMPLOYEES

8
COUNTRIES

Asia/Pacific/ Africa

€131m
REVENUES

22.6%
OF GROUP REVENUE

249
EMPLOYEES

27
COUNTRIES

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

€850m
DIGITAL MUSIC SALES

€577m
REVENUES

94%
PREMIUM SOLUTIONS

6%
AUTOMATED SOLUTIONS

+30.7%
REVENUE GROWTH

+29.9%
ORGANIC GROWTH

4.0%
ADJUSTED EBITDA MARGIN

1 million
ARTISTS

+150
DIGITAL SERVICE PROVIDERS

1,430
EMPLOYEES

940
PREMIUM AND AUTOMATED SOLUTIONS

490
CENTRAL PLATFORM

40%
WOMEN

60%
MEN

8%
AMBASSADORS*

77%
TRAINING RATE**

** Employees who devote part of their time to projects that have a positive impact on the teams and their environment. They propose, initiate and contribute to actions in areas such as respect for and promotion of gender equality, diversity and environmental protection.*
*** Employees who attended at least one training course during the year.*

1.

Group's presentation

1.1 Company history

Believe group was founded in 2005 by Mr Denis Ladegaillerie and quickly began making catalogues 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 began distributing its catalogues on digital platforms like Spotify and Deezer and launched Backstage, a unique interface enabling the Company's artists and labels to manage, promote and analyze the performance of their music on the platforms served by Believe.

In 2012, the Group internationally expanded, in Russia, India, Lebanon and Canada in particular. In 2013, it established operations in South East Asia, Eastern Europe and Latin America, with more than 100 employees.

In 2015, US venture funds TCV and GP Bullhound invested in the Company in an equity round alongside the Group's historic equity investors XAnge and Ventech. The purpose was to finance the Group's business growth, including acquisitions. With these funds, that same year the Company acquired TuneCore, a US company providing automated music distribution solutions. The acquisition enabled the Group to structure its Automated Solutions offering for creators and to keep expanding in the US. In late 2015, the Company acquired Musicast, a French distribution company specializing in urban music.

In 2016 and 2017, the Group continued its expansion 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 specialized in traditional genres of music (Metal and French singer-songwriters) that were due to transition into full-digital in the next few years.

In 2019, expanding its operations in a number of emerging countries such as Chile, Peru, Malaysia and Vietnam, Believe also acquired three India-based companies to develop its service offering: the Group acquired Venus Music Private Ltd, a Bollywood music catalog mainly from the 80's; Entco Music Private Ltd, specializing in the production of live events; and Canvas Talent Private Ltd, which specializes in services to artists. During that year in France, the Group also 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), which is charged with creating value from its licenses and expertise and is partly specialized in the enrichment and indexing of music content databases, as well as the recommendation of music content. Believe also acquired Soundsgood, a French company specializing in innovative digital promotion technologies including creation of playlists on streaming platforms. In the same year, the Group reinforced its service offering in Turkey with the acquisition of a majority stake (60%) in DMC group, a leading label in Turkey.

In 2021, Believe crossed a new threshold in its development by going public. The successful initial public offering was announced on June 9, 2021, and the shares were admitted to trading on the regulated market of Euronext Paris on June 10, 2021. The funds raised aimed at providing the means to pursue the strategy of targeted acquisitions and thus accelerate the Company's development. Believe completed several transactions in the second half of 2021 as part of the roll-out of its ambitious external growth strategy. The Group acquired a 25% equity stake in Play Two, France's foremost independent music label, subsidiary of the TF1 group, as well as a 51% stake in the highly reputable label Jo & Co, allowing the diversification of the existing roster in France around a wider variety of musical genres, which are switching to digital. The Group further pursued its expansion in Asia, which is currently the fastest growing digital music market and will become the largest recording music market globally by the end of this decade (sources: MIDia Research, IFPI). The Group acquired a 76% stake in SPI Think Music in India, which positions Believe as a leader in the soundtrack market in South 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 South East Asia.

1.2 Overview of the Group's activities

1.2.1 Believe connects musical artists and digital music platform

The Group is today one of the world's leading digital music companies with a solid track record of local artists development and catalogue performance optimization. The Group has built its model to be at the core of the digital music revolution and therefore benefits from positive structural market trends. The Group's business model consists of sharing with artists the music revenues generated through digital music platforms. The growth in this share of revenue is due to the Group's attractiveness for local artists and labels as well as favorable structural changes in the market.

Its international footprint is a key differentiator as the Group started early its investment outside France and in particular in Europe and Asia markets, where the Group has built solid market positions over the past years.

While the paid streaming penetration rate is high in some mature markets such as the Nordic countries, it is still relatively low in other developed countries where the recorded music market is large, such as Western Europe, and also some markets considered to be "emerging" such as Latin America, Eastern Europe and the Asia-Pacific zone where the growth potential is very high and where the Group also has a strong presence.

The Group has a solid presence in France, its historical country of operation, and in Germany, since the acquisition of the Nuclear Blast label and the distribution company Groove Attack in 2018, these countries represented 16.6% and 17.7%, respectively, of its consolidated revenue for the financial year ended December 31, 2021. The Group is also present in a large number of other European countries, which together represented 28.5% of its consolidated revenue for the financial year ended December 31, 2021, including the United Kingdom, Italy and emerging markets such as Russia, Turkey and several Eastern European countries. The Group began investing in Asia in 2013 where it has a leadership position and is now present in 14 countries. Believe has strong potential for expansion in growth markets in Asia, Oceania and Africa, which together represented 22.6% of consolidated revenue for the financial year ended December 31, 2021. Lastly, the Americas region represented 14.5% of consolidated revenue for the fiscal year ended December 31, 2021.

The Group is organized as a digital global powerhouse to develop and provide digital go-to-market solutions for all music artists, from music creators emerging artists or top artists(1) to maximize exposure, grow audience and increase monetization. Believe has built a unique model based on a central data-driven, scalable technology platform which allows the Group to deliver the same level of service in all geographies while generating economies of scale. The Group leverages a unified backbone to provide the best user experience, centralize data management and analysis to deliver best results globally. The Group thus has a digital-first approach and a strong focus on technological innovation, as it uses technology to empower creators, artists and labels with the necessary tools for their development.

The Group has built strong local teams trained to leverage the tools developed by its Central Platform to offer the best level of services in all covered geographies. With 1,430 employees as of December 31, 2021(2) and a presence in more than 50 countries(3), the Group offers local and international creators, artists and labels its expertise in music, digital marketing and data analysis, supported by over 200 product and IT experts(4). The Group manages several brands, including Believe, TuneCore, Nuclear Blast, Naïve, Groove Attack and AllPoints.

(1) The Group classifies the artists it serves (directly or via their labels) into emerging artists, music creators 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) At the end of December 2021, the Group also relies on the expertise of more than 300 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 organization allows the Group to help music creators, artists and labels to develop their digital audiences, at every stage of their career and in all local markets, with respect, expertise, fairness and transparency. The Group uses the following breakdown for its reporting purposes, corresponding to the two activities carried out by the Group[(1)]:

i) Premium Solutions, which addresses the emerging and established artist tier and the top artists tier. The Premium Solutions segment mainly include the marketing, promotion and delivery of digital content for labels and artists who have entrusted the Group with the development of their catalogue to digital service providers and social media, according to a revenue-share business model, as well as, to a lesser extent, solutions to support the development of artists in the areas of physical sales, secondary products, synchronization[(2)], neighboring rights and music publishing. The Premium Solutions segment accounted for 57.9% of DMS, 93.8% of consolidated revenues and 93.6% of the Group's consolidated adjusted EBITDA (excluding adjusted EBITDA contributed by the Central Platform) for the financial year ended December 31, 2021; and

ii) 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 digital service providers and social media 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 42.1% of DMS, 6.2% of consolidated revenues and 6.4% of the Group's consolidated adjusted EBITDA (excluding adjusted EBITDA contributed by the Central Platform) for the financial year ended December 31, 2021.

The Group develops technological solutions and digital marketing strategies to make available, commercialize and promote audio and video content dedicated to each tier of the market. In 2021, the content made available by the Group generated more than 224 billion streams on the nine main streaming platforms and more than 547 billion views on YouTube.

These streams and videos views are the basis of the DMS (Digital Music Sales)[(3)] that are generated by Believe. The Group derives the majority of its DMS from licensing digital audio and video content to digital service providers and social media. 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 the terms of these agreements, an artist or label grants the Group the right to market, in digital form, all or part of its catalogue. If the agreement has been signed with a label, the Group is not in a direct contractual relationship with the artists in the catalogue of the label.

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 CSR program Shaping Music for Good is based on (i) developing local, independent and diverse artists and labels in local markets first, (ii) cultivating talent for the digital music era, (iii) building trusting relationships with stakeholders through respect, fairness and transparency, and (iv) empowering Believe communities to have a long-term positive impact. The CSR strategy is described in detail in chapter 2 of the Universal registration document.

(1) Certain costs of centralized operational functions are also allocated to the Central Platform, which is not an operational sector 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 audiovisual 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 digital services providers 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 digital distribution and social media platforms. These correspond to the digital revenue of the Premium Solutions segment; (ii) or the Automated Solutions segment, invoices issued and recognised during the fiscal year in question in consideration for the provision of audio and video content to digital distribution and social media platforms.The invoices are based on the financial statements provided by the platforms. A portion of the DMS amount is then paid to the artists and labels in the case of Premium Solutions. 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 Believe at the core of the digital music revolution

The emergence of digital technology in the music industry, linked in particular to the strong growth of the digital music market and streaming and to the emergence of new means of production and distribution for music creators, independent artists and labels, has led to the transformation of the value chain, in which the Group, with its range of high value-added technological solutions, believes itself to be significant player.

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 distribution platforms as its main channel for delivering content. These platforms generate their revenue mainly from subscriptions paid by their users (for paid offers) and from advertising remuneration paid by advertisers (free offers, ad-supported services). The platforms then pay distributors (like the Group), publishers or, where applicable, directly the producers (artists and labels). The sums paid are calculated according to predefined formulas, in return for delivering the content.

It is generally estimated that around 70% of the value of the streaming market is thus captured by distributors, publishers or producers, via the amounts paid by the platforms, with the remaining 30% being retained by the platforms as their profit.[1]

Licensing contracts with Digital Service Providers and Social Media at market standards

The Group enters into license agreements with the digital service platforms such as Spotify, YouTube (through Google), Apple Music and Deezer, and social media platforms such as Instagram (through Facebook) and TikTok, under which it delivers the audio and video content of artists and labels that have subscribed to its Premium Solutions or Automated Solutions offering. 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 platform cover, in particular, 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 allowing 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-supported.

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.

For subscription-based offerings on digital platforms, 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 amounts due to the Group is generally equal to a percentage of the amount paid by the end user to acquire the music.

(1) For example, in 2021, 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 73.5% of the revenue from its paid services (source: Spotify 2021 Annual Report).

For free ad-supported services, the amounts 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 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 listens 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 period for amounts due from platforms under the Group's main contracts is generally between 30 days 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 the event of a serious breach of their terms, and almost all of them are concluded on a non-exclusive basis.

The contracts entered into by the Group generally include an obligation for the digital service providers 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 Believe is a global powerhouse offering top service level thanks to its digital expertise and technology

The Group has built a unique model based on central data-driven, scalable technology platform allowing to deliver 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 the Group's key functions, from the processes of ingesting, checking and delivering audio and video content, to the processes of collecting and managing payments, identifying artists, marketing and promotion, and analyzing data. The Group has developed strong in-house expertise to operate and provide creators, artists and labels with a leading technology platform to support their career development and run its business 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, which helps support the growth of its business activities.

The technology central platform *(the "Central Platform")* developed by the Group gives it a clear competitive advantage, which it intends to maintain in the future by continuing to invest, in particular by 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 described below), by developing its data management and analysis systems in order to improve its ability to identify high-potential artists, and by continuing to develop 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.

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 have made it possible to make large volumes of content available to digital music platforms in 2021 (for example, over 32 million tracks were made available on Spotify and Apple Music), while at the same time carrying out in-depth processing of each piece of content, its metadata and the accompanying elements such as the booklet, the cover and the artist's biography. More than 30 data fields (metadata) are checked for each piece of audio content, from the title and performer of the content to the mood, allowing for optimal searchability and thus visibility on digital platforms.

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, check 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. For video content, the process may vary. Some of the video content is uploaded directly by artists or labels to video distribution platforms 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 *"The Group's servers and IT infrastructure"* below), 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 digital service providers and social media. 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 checked and enriched, the content is made available to over 150 digital service providers and social media platforms worldwide, using proprietary technology tools developed by the Central Platform. More than 80,000 audio and video content items were thus made available each month by the Central Platform in 2021. 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 relations with the platforms).

Backstage, 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 catalogues 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 catalogue management tool, allowing artists and labels to optimize their listings 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 market ecosystem

After creating an account, music creators using Automated Solutions send in their audio content, cover art, and information about the release. Artists may select where they wish to distribute their content from among 89 digital distribution platforms. The Group makes this content available in accordance with the terms of the contracts entered into directly 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.

With the TuneCore interface, artists 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 according to country, album or song, for example). Artists also receive sales reports reflecting the breakdown of their sales from each digital platform (by country, platform or song), on a monthly or quarterly basis (depending on the reporting frequency of the digital platforms).

Finally, the TuneCore interface also allows artists 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 may choose to use TuneCore to search for music titles they created that have been used in video content generated and uploaded by third-party users on video platforms, and then monetize that content. The 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 networks). 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).

A digital DNA providing unparalleled business insight

Data analysis is central to the digital music business.

It further improves and 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 their audience and of 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 have also information about their audience, with a breakdown of streams by age group and gender.

Investing massively in technology and developing proprietary algorithms and applications to empower artists with the necessary tools

The Group has a team of more than 200 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 investing significantly in storage solutions.

It currently has servers located in France in three data centers, which will soon be reduced to two, operated internally and able to process and deliver data 24/7. As of the date of this Universal registration document, more than 1,300 terabytes of data are stored in these servers, for a total capacity of more than 1,700 terabytes.

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

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

Investment in the Central Platform remaining at a sustained level

The Group's business requires making large investments in the development of its technology platform, in order to guarantee the reliability and security of the content and to continuously improve and enrich its range of solutions. A portion of these development costs (which mainly include the costs of internal and external staff) are capitalized by the Group if they meet certain criteria (detailed in note 6.2 to the Group's consolidated financial statements for the financial years ended December 31, 2021 and 2020) and are presented in the Group's cash flows as acquisitions of intangible assets.

The Group continued its investment policy in the development of its Central Platform and in its commercial and marketing development during the financial year ended December 31, 2021, with capital expenditure on tangible and intangible assets (excluding external growth expenditures) amounted to approximately 4.5% of consolidated revenue, down compared with 7.9% for the fiscal year ended December 31, 2020, particularly due to investments to extend the head office.

The following table shows the total amount of Group investments made over the last two years:

(In € thousands)	**Financial year ended December 31 2021**	Financial year ended December 31 2020
Acquisitions of property, plant and equipment, and intangible assets	(26,699)	(34,658)[(1)]
Decrease/(Increase) in loans and non-current financial assets	2,362	(315)
TOTAL	**(24,337)**	**(34,971)**

(1) Corresponds primarily to the capitalization of €27.3 million in development costs for intangible assets in 2021 and 2020. This also includes the payment of acquisitions of property, plant and equipment for €7.0 million in 2020, mainly related to the development of certain Group premises in France and the United States.

The Group is continuing its investments in the Central Platform and local teams in 2022 and is on track to reach the average target of 4% of revenue. The way these investments were financed is detailed in chapter 5.3.2.1 of this Universal registration document.

The Group intends to continue the investment policy described above and applied in 2021, with capital expenditure on property, plant and equipment and intangible assets (excluding external growth expenditure) expected to increase in absolute value in the coming years to support the growth of its business, but to decrease as a percentage of revenues to approximately 4% of revenues by 2025 (compared to 4.5% for the year ended December 31, 2021). This trend is expected to continue beyond 2025.

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

The Group signs digital distribution, promotion and marketing agreements aligned with market practice in terms of length and terms. Artist contracts are usually signed for period depending on the type of services and comprised between 3 and 15 years as it is for the rest of the industry, but include clauses, such as no exclusivity clause on featuring, shorter exclusivity clause post last album and no rebates on royalty rates that are assessed by the Group above market standards.

Furthermore, in order to build up its catalogue and benefit from the rights to it, the Group enters into digital distribution agreements with artists and labels as part of its Premium Solutions offer.

In addition, for its smaller music production business, in which it directly produces the recordings of its performers, the Group enters into artist contracts with them through its own labels.

As part of its Premium Solutions offer, contracts can cover all recordings or the catalog of an artist or label ("label" or "catalogue" contract) or one or more recordings by a particular artist ("artist" or "project" contract).

Under the terms of these agreements, 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 catalogue or the catalogue 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 digital platforms and social media.

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-distribute the audio and video content covered by the contract.

The duration of the agreement is usually between two years and seven years. 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 10 years – covering the period during which the Group may market the recordings provided by artist 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 instalments, 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 therapist's or label's gross negligence, the artist or label is general 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 (also see sections 3.1.4.1 and 5.3.4.3 of this Universal registration document).

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

For the Artist Services offered in the Premium Solutions, the contracts signed with artists and labels also cover additional services such as promotion and advertising, creation of visuals, branding partnership opportunities, synchronization, the sale of secondary products and the payment of advances to finance the development of singles or albums. In exchange for these extra services to the artist, the Group collects additional remuneration and benefits from longer exploitation rights.

Finally, in addition to digital distribution, promotion and marketing agreements, 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 agreements and reserved for artists selected by the Group who wish to continue making and selling physical media.

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.

Contracts with the artists

The Group enters into recording contracts – or artist contracts – with performing artists for whom it acts as producer. The Group also enters into license agreements for performing artists' recordings when the Group acts as the licensee of a third-party producer.

Recording contracts or artist contracts

The Group has developed a music production business, wherein it acts as a producer, through its own labels, notably in France with Naïve and All Points.

In this regard, the Group signs exclusive phonographic recording contracts, also known as artist contracts, on an exclusive basis, with performing artists who hold neighboring rights on their performances (see 1.3.2 *"Legislative and regulatory environment"* of this Universal registration document), for a term generally between two and three years to market one to three musical projects, sometimes more.

The Group bears the costs of recording and also manufactures, promotes and distributes the recordings; in return, the performing artists grant the Group the neighboring rights they hold to their performances.

In return for the transfer of rights, the performing artist receives remuneration calculated on the basis of a predetermined percentage of the revenue 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.

License agreements

The Group also enters into license agreements, under which it acts as the licensee of a third-party producer. In this context, the Group signs a contract with the producer of a performing artist to exploit that artist's recordings. Under the terms of the contract, the producer grants the Group the exclusive exploitation rights to the recordings.

As opposed to digital distribution agreements (see section "*A development platform for local artists and labels offering digital distribution contracts in line or exceeding with market practice"* of this Universal registration document), the Group, acting as a licensee, bears all the operating expenses for the recordings, such as the costs of manufacturing, marketing and promotion.

1.2.4 Believe provides digital go-to-market solutions for all music artists, from music creators to top artists

The Group uses its integrated model to address all tiers of the market by developing go-to-market solutions adapted to each stage of the career development of artists, whether they are creators, emerging, established or top artists [(1)].

The Group's technology platform offers them a single access point to a set of innovative digital solutions for developing their careers, all centered on their needs. This includes applications for delivering and commercializing their content as well as for financing, marketing, promotion, synchronization, music publishing and organizing musical events.

Leveraging this unique platform, Believe developed two suites of solutions: Premium Solutions and Automated Solutions.

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

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

A survey conducted in the third quarter 2019 revealed, for example, 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.

(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 income threshold for each category of artist varies according to the geographic market considered.

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 platforms 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 revenues;
- transparent, artist-centric solutions that provide near real-time access to in-depth data and analytics of catalogue performance;
- a local presence in all key geographical areas[1], 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 labels or artists directly, through teams specific to each activity.

Premium Solutions mainly comprise Label & Artist Solutions. These include marketing, promotion and provision services, to digital service providers and social media, or physical points of sale, as the case may be, of the digital or physical content of labels or artists who have entrusted the Group with the marketing and promotion of their catalogue. As part of this offer, labels and artists also benefit from a flexible service for the collection and payment of their remuneration, a simplified access in real time to their catalogue's audience data and, for certain labels and artists, financial advance solutions.

The Group has also developed Artist Services, an expanded offer for established or newly popular artists which, based on the same core of services, ensures more advanced promotion and marketing of musical works by accompanying the artists in the definition and the 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 catalogues 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).

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 from digital distribution and social media platforms, a portion of which is then paid by the Group to the artists and labels concerned. The average payment rate to artists and labels varies according to the type of the client (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 audiences. 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 (according to the type of offers: Label Managers, Artist Relationship Managers, Project Managers) 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 catalogue, 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 catalogue and the resolution of any technical issues;
- the video channel managers, responsible for developing and optimizing 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.

(1) The geographic markets identified as key by the Group are the markets in which it has the most important 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.

The Group's operational process for Premium Solutions

The identification, provision and remuneration of audio and video content on digital service providers and social media 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 1.2.2 *"The Group's technology platform"* of this Universal registration document). This contract conforms, as appropriate, to one of the Group's 250 contract templates (the majority of contracts signed by the Group with artists and labels labels) (see the section "Digital distribution contracts with artists and labels" of this Universal registration document). A producer account is also created (in 2021, more than 29,000 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 enhanced to meet the quality standards of digital service providers and social media (see section 1.2.2 *"The Group's technology platform"* of this Universal registration document).
- Once ingested, checked and enhanced, the content is uploaded to the digital service providers and social media, using proprietary technological tools developed by the Central Platform. More than 80,000 digital audio and video assets were uploaded by the Central Platform in 2021 on average each month.
- The digital service providers 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 given the amount of content uploaded.
- Once checked and validated by the digital service providers and social media platforms, the content is made available online and sales reports are sent to the Group by the platforms and social media, usually on a monthly basis. For example, more than 4,700 sales reports were processed by a dedicated team in 2021.
- On the basis of the sales reports received from the digital service providers and social media, the Group prepares and sends out its invoices. Once these invoices have been paid by the platforms and social media (in most cases within a few days), the Central Platform teams in turn 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 stipulations.
- 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 catalogue, 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, acquired from Kobalt in February 2021, 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

As part of the Automated Solutions, the Group enables creators, via its TuneCore digital platform, to distribute their audio content in an automated manner to digital service providers and social media. The Group is then responsible for collecting from the digital service providers and social media sites 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 and used to create user-generated content.

For content delivered to audio streaming platforms, the creators pay the Group an annual subscription to be able to access TuneCore. The amount of this subscription varies, depending on whether a single title or an album is made available. Revenue from these subscriptions accounted for 67% of the revenue generated by Automated Solutions in the financial year ended December 31, 2021.

For content delivered to video platforms or social media and used to create user-generated content, the artists pay an annual subscription to the Group, which also deducts a margin (booked as revenue) from the amounts it pays to the artists. This method of remuneration accounted for 23% of the revenue generated by Automated Solutions in the financial year ended December 31, 2021.

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 solutions accounted for 10% of the revenue generated by Automated Solutions in the financial year ended December 31, 2021.

In November 2021, TuneCore introduces a distribution solution on social media, a new distribution service, whereby music can be uploaded to social media networks as a pre-step to releasing music to streaming and download platforms. The service was created as a one-stop solution to facilitate discovery and virality for music creators while monetizing their music right away. With this service, music creators are now able to distribute their music directly into the music libraries of social media networks including TikTok, YouTube, Facebook, Instagram, and Reels. There is no upfront fee for this new service. TuneCore will participate in a small share of revenues generated by the tracks on the platforms.

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 90 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 platforms 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 profit by the Group.

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 2005, at a time when the streaming market was just being formed. The Group believes that its Automated Solutions offering has a number of competitive strengths that allow it to be a leader in its market.

The Automated Solutions offering is a pioneer in its field, which has enabled the Group to build up a vast community of hundreds of thousands of artists who regularly use the solutions offered. This has allowed the Group to benefit from natural publicity, also derived from the strong recognition of the TuneCore brand on the market (more than 584,000 TuneCore followers on social platforms in December 2021). In 2020, about 40% of the artists using these solutions had TuneCore recommended to them by an acquaintance,[(1)] and about 60% of artists newly subscribing to TuneCore were acquired by the Group with low marketing expenses (under $5). The Automated Solutions offering is supported by a stable subscriber base, with a subscriber retention rate[(2)] of 81% in 2021.

The Automated Solutions offering also benefits from international geographic coverage, with local sales teams (and, in some cases, a local domain name) set up in 14 countries in 4 continents. It allows artists to upload their content on digital audio and video platforms and social media, including the major players in the industry such as Spotify, Deezer, Apple Music, Amazon Music and

(1) Based on answers provided by TuneCore users on the questionnaire filled out when subscribing to the Automated Solutions offering.

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

YouTube in audio and video streaming, and TikTok and Instagram in social media. After deployment in Brazil, Russia and India in 2020, the Group further rolled out the Automated Solutions offer in Africa, South-East Asia, Latin America and Benelux in 2021. The Automated Solutions reached 60% in new international clients[1] in 2021, compared to 40% in 2020

The integration of TuneCore has enabled the development of the Automated Solutions offering by leveraging the Group's in-depth knowledge of all music genres, in order to maintain the best strategic positioning of this offering, and by benefiting from the Group's expertise in brand strategy and talent acquisition, in order to further develop TuneCore's brand recognition with artists and attract new ones. The Group has also leveraged its international experience to successfully structure the roll-out of TuneCore outside the US, as well as its privileged relationships with digital service providers, developed as part of its Premium Solutions business, to negotiate the most competitive terms with them and facilitate the integration of content.

Main competitors of the Group's Automated Solutions

With regard to Automated Solutions, the Group's main competitors are CD Baby, Distrokid and Ditto. Some majors have also developed competing offers, such as such as Spinnup for Universal Music Group and Level for Warner Music Group.

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.

In 2021, Believe continued to invest and innovate in building its suite of data-based and marketing automation solutions. For example, the Group invested in a SaaS media buying automation platform, a future-proof marketing solution to develop and engage audiences of artists and labels by automatically building and executing targeted media-buy marketing campaign. The Group has enriched an advertising platform and tailored it for the music industry to offer a unique multi-local solution from emerging to top artists and labels. The solution was already deployed in 12 countries at the end of 2021.

Believe also developed an algorithmic technology which aims at predicting the virality of a track on TikTok. The algorithm classifies recommended tracks on various categories (emerging, rising, booming, top hits and sunsetters), which Believe can then use to alert its artists and labels to existing and emerging opportunities and implement digital strategies at the optimum time in order to grow their audience.

Believe also pursued to build innovative partnerships to build unique and long-term proprietary technologies. This included an innovative partnership with Spotify on the *Discovery Mode* platform, and a partnership with YouTube for the launch of *Shorts,* positioning the Group as one of the first partners of the leading video streaming service for this mobile phone feature enabling artists to further engage their communities.

(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 market information in this section 1.3, including size and growth potential, is taken primarily from independent sources such as IFPI[1] (Global Music Report, 2022) and MIDiA (particularly the MIDiA Research Global Music Forecasts, 2021 – 2028, June 2021, and MIDiA Recorded Music Market 2021, March 2022) and GFK Entertainments (also see section 8.1.3 "Information from third parties, statements by experts and declarations of interest" *of this Universal registration document). All data and information presented in this Universal registration document attributed to IFPI reflect the Group's interpretation of the data, research and viewpoints expressed in the Global Music Report published by IFPI in March 2022 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 extracted from studies, reports or other materials prepared by IFPI, MIDiA, or GFK Entertainments. The sizes of the various markets presented in 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 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: recording *versus* publishing market

The global music market is made up of the recorded music market and the music publishing market. Since its founding, the Group has been positioned in the largest segment of the music industry, the recorded music market, which is centered on developing artists' careers, through the distribution, promotion, marketing, sale and licensing of neighboring rights to audio and video recordings.

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 exchange for the use of these rights, the publisher receives remuneration, part of which is paid to the creator.

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 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.

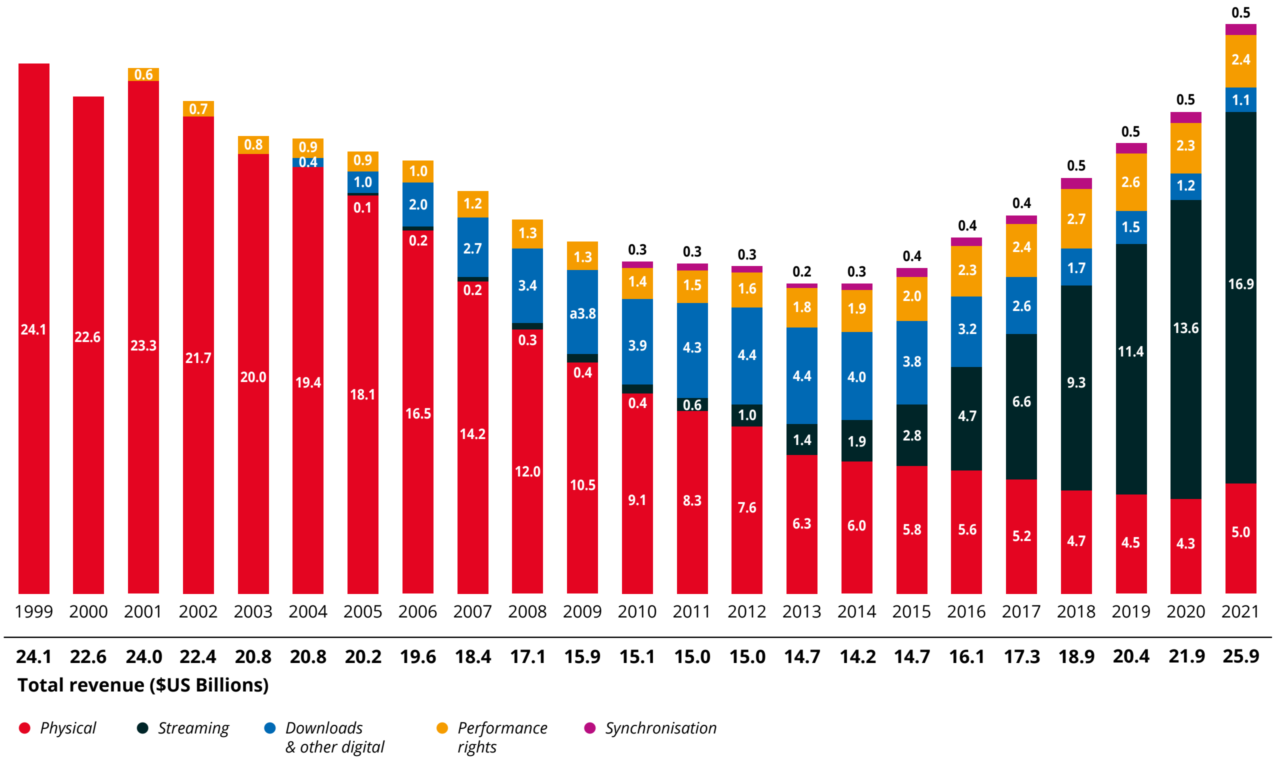
According to IFPI, the global recorded music market has enjoyed steady growth over the past few years, with revenues rising from $14.7 billion in 2015 to $25.9 billion in 2021, or a CAGR of 9.9% over the 2015–2021 period *(source: IFPI, Global Music Report 2022).* This market can be broken down into four segments with different dynamics.

In 2021, the digital music market reached $18 billion and accounted for 69.3% of the recorded music market, mainly driven by the worldwide adoption of streaming which generated $16.9 billion of revenue thus representing 65% of the market (*source: IFPI, Global Music Report 2022*).

The physical music market, which accounted for 19.2% of the global recorded music market in 2021 (*source: IFPI, Global Music Report 2022*), experienced an uptick in 2021 after a year of significant decline, in part due to the Covid-19 pandemic and its restrictions. This decline is also structural, a noticeable trend over the past few years, due in particular to the increasing uptake of streaming; a reduction in retail outlets and a decline in the available offering (accompanied by an increase in the cost of physical distribution with, in particular, higher costs for vinyl records, a format that consumers increasingly prefer over CDs); and a fall in the popularity of particular artists or genres traditionally distributed in physical format.

(1) International Federation of the Phonographic Industry.

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 2.1% of the global recorded music market respectively in 2021 *(source: IFPI, Global Music Report 2022).*



Source: IFPI, Global Music Report 2022.

According to estimates by MIDiA, the recorded music market is expected to continue its strong growth to reach more than $33 billion by 2028 *(source: MIDiA Research Global Music Forecasts, 2021 – 2028, June 2021).*

Impact of the Covid-19 pandemic on the recorded music market

In 2021, the recorded music market continued its growth, reaching $25.9 billion in revenue *(source: IFPI, Global Music Report 2022)*, recording a growth rate of 18.5% from 2020. After 2020 was penalized by the pandemic, significantly impacting certain recorded music market segments, the industry benefited from a "return to normal", in particular with physical sale points reopening. However, social distancing and lockdown measures imposed by public authorities halted the reinstating of concerts and other public performances during a large part of the year.

After a decline in 2020 revenue, physical sales grew by 16.1% from 2020 *(source: IFPI, Global Music Report 2022).*

The digital music market, and in particular the streaming market, grew strongly in 2021, boasting respective upticks by 21.4% and 24.3% from 2020. This is complemented by their great display of resilience in 2020 with an estimated grow of around 15% and 19.1%, respectively, compared to 2019[(1)].

The streaming market benefited from the favorable structural trends observed in recent years (see section below) and in particular from an increase in use from Q2 2020 to Q2 2021, with 2020 particularly affected by a decrease in streaming revenue funded by advertising.

(1) Growth calculated on the basis of the size of the digital music market and the streaming market in 2019, estimated by IFPI at €12.9 billion and €11.4 billion, respectively.

Streaming, a market with strong growth potential

The streaming market has experienced steady growth for several years, going from $2.8 billion in 2015 to $16,9 billion in 2021 *(source: IFPI Global Music Report 2022),* and has been the main reason for the growth of the recorded music market, to the detriment of the traditional physical market. The growth of this market has been driven largely by the growing preference of users for this play format which allows users to listen to the desired song 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.

The streaming market is served by two types of business: subscription streaming, whereby users have a paid subscription to digital platforms or social media, giving them ad-free access to the features of that interface; or ad-supported streaming, giving users no-cost access to certain features of the interface, with the regular appearance of advertising messages, in return for which advertisers pays remuneration to the platforms and social media. Numerous digital distribution platforms offer both types to their users. It is estimated that in 2021, subscription streaming accounted for 47,3% of the global market of recorded music (about 73% of the streaming market), compared to 17,7% for ad-supported streaming (about 27% of the streaming market) *(source: IFPI, Global Music Report 2022).*

According to MIDiA, streaming market revenue should reach $19.5 billion by 2023 and $26.4 billion by 2028 (79% of the of the recorded music market), of which the subscription streaming market represents $18.9 billion *(source: MIDiA Research Global Music Forecasts 2021 – 2028, June 2021).*

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

Increasing adoption of subscription-based streaming

According to MIDiA, the number of subscribers to a subscription-based streaming service jumped from 144 million worldwide in 2016, representing a 2% penetration rate, to 467 million users worldwide in 2020, representing a 8% penetration rate, and is expected to reach 921 million users *i.e.* an 14% penetration rate in 2027 *(source: MIDiA Research Global Music Forecasts 2021 – 2028, June 2021).*

Subscription-based 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-based streaming is still low.

Subscription-based streaming rates are still low in geographic markets with high growth potential

The adoption rate of subscription-based streaming in certain developed countries where the recorded music market is of a significant size and where the Group has a strong presence, such as Western Europe,[1] is still at a relatively low level (22% in 2020). Subscription rates vary highly from one country to the other, with 29% in Germany, 18% in France and 8% in Italy, low numbers compared to mature markets such as the Nordic countries (including Sweden, Spotify's home country with 47% in 2020) and North America[2] (36% in 2020).

Some so-called emerging markets, such as Latin America[3] (penetration rate of 10% in 2020, with 10% in Brazil, 10% in Mexico, Eastern Europe and Russia[4] (penetration rate of 9% in Russia), and Asia-Pacific[5] (penetration rate of 4% in 2020, with 5% in China, 1% for Indonesia and Thailand, 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 play formats, such as ad-supported free videos (in India in particular, where pirated music listening is still widespread) *(source: MIDiA Research Global Music Forecasts, 2021 – 2028, June 2021).*

(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.

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 220 million in 2020 (47% of worldwide number of subscribers) to 561 million in 2028 (61% of worldwide number of subscribers), while developed markets[(1)] are expected to experience more limited growth in subscribers from 247 million in 2020 to 361 million in 2028 *(source: MIDiA Research Global Music Forecasts 2021 – 2028, June 2021).*

The Group, which has recently strengthened its presence in emerging countries, in particular with the acquisition of companies in India, the Philippines and Turkey between 2019 and 2021, intends to continue developing in such countries, relying on these favorable market trends to support its growth strategy (see also section 1.5 *"Strategy and medium- and long-term objectives"* of this Universal registration document).

The increasing adoption of streaming by older generations

According to a survey, 60% of respondents aged 16 to 24 years reported having used a paid subscription-based streaming service in the last month. This percentage rises to 61% among 25–34 year old, 49% among 35–44 year old, 37% among 45–54 year old and 28% among 55–64 year old *(source: IFPI, Engaging with Music Report 2021).* 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.

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

Ad-supported streaming is a powerful tool for artists to be discovered and become known to a wider audience. Revenue generated by ad-supported streaming is typically more sensitive to changes in the economic climate, in particular because of its impact on the level of advertising expenditure by advertisers. In this respect, the economic consequences of the health crisis had led to a decrease in advertising expenditure by advertisers in 2020, which had affected the Group's digital sales activities related to the ad-supported free offer (in particular on video platforms), particularly during the second quarter 2020.

Over the past few years, the Group recorded significant growth in revenue generated from making audio and video content available on video digital platforms, such as YouTube, which uses a content monetization model based mainly on ad-supported streaming.

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 notoriety acquired through 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 catalogues, 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 have contributed to the emergence of a middle class of artists whose goal is to capture a significant share of the recorded music market, which is now less concentrated than it was before streaming and distributed over a greater number of artists and labels. At the same time, there is a multitude of music creators adding to this new pattern of value creation. For example, in Germany, it is estimated that top artists (0.5% of the total number of approximately 42,150 artists identified in that country) account for 24.6% of the revenues generated

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

on the digital music market,[1] compared to 45.8% for emerging artists (although the latter only represent 11.4% of the total number of artists) and 29.7% for music creators (88.2% 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 ownership of their copyrights, a rebalanced sharing of value and a higher level of transparency and independence from their record companies and partners. 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 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 platforms 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 on digital service providers and social media, aimed primarily at artists at the beginning of their career. These solutions are included in the Group's Automated Solutions offering.

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.

In a number of countries in which the Group does business, local artists generally represent a substantial share of the best-selling albums in the country. For example, in 2021, French artists made up 83% of the 200 best-selling albums in France *(source: SNEP).*

These trends have led to a shift in the distribution of value in the recorded music market among the majors (revenue estimated at $18,9 billion in 2021), artists direct (artists without a label) (revenue estimated at $1,5 billion in 2021) and independent labels (revenue estimated at $8,4 billion in 2021) *(source: MIDiA "Recorded Music Market 2021", March 2022)*. Over the 2015-2020 period, the market share[2] of artists direct and independent labels, segments where the Group considers itself as one of the leaders, has increased at the expense of the majors, from 29% in 2015 (with revenue estimated at $4.4 billion) to 34,5% in 2021 (with revenue estimated at $10 billion). Independent direct artists and independent labels also recorded a CAGR in revenue of 35% and 12%, respectively, over the period, compared to 10% for the majors *(source: MIDiA "Recorded Music Market 2021", March 2022).*

These trends are also reflected in the evolution of the share of streams generated by the majors[3] on Spotify, from 87% of total streams in 2017 to 78% in 2020 *(source: Spotify "Dream On", January 2021),* as well as the increase in the number of independent music creators (including podcast creators) whose content is made available on Spotify, from 3 million in 2018 to 11 million in 2021 *(source: Spotify "Stream On," February 2022, MIDiA).*

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 main regulations governing the Group's activities are set out below. About its digital sales activities and, to a lesser extent, its music production activities, the Group is mainly subject to regulations regarding literary and artistic property. In this context, it is mainly subject to regulations on copyright-neighboring rights – which are owned by producers and performing artists, and to a lesser extent to regulations on copyrights – which are owned by songwriters.

The Group's Legal Department, with the support of external advisors, ensures compliance with local laws relating to its sector of activity in all the countries in which it operates.

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

(2) Market share is the ratio of the revenue generated by the majors or independent artists and labels to the total revenue generated in the recorded music market.

(3) Share of streams generated by the three majors, Universal Music group, Warner Music Group and Sony Music, as well as Merlin, an organization that manages the rights of its member artists and labels.

Digital sales

The Group specializes in the digital distribution of music and video content. Its activity is to market and promote, through online streaming or download platforms in a large number of countries, the recordings of the independent producers who have signed with the Group for the distribution, promotion and marketing of their catalogues.

To distribute its catalogue, the Group enters into contracts with digital service providers, such as Deezer or Spotify. The Group then receives a share of the revenue generated by the digital distribution of the catalogue as remuneration from the digital service providers.

In order to be able to distribute this catalogue and to benefit from the digital sale rights on this catalogue, the Group enters into contracts under which a producer grants the Group the right to market all or part of its catalogue in digital dematerialized format, exclusively in a given region. More specifically, producers grant the Group neighboring rights that they own or have obtained through assignment. In return for this concession, the Group pays the producer a share of the revenue generated by the digital distribution of the catalogue. It is thus subject to the regulations applicable to producers' neighboring rights.

Complementary services to artists

In addition to digital distribution, the Group offers artists whose music recordings it distributes a wide range of services enabling them to optimize their exposure, increase their audience and develop and diversify their revenue. These services include: promotion and publicity, creation of visuals, branding partnership and endorsement opportunities, the exploitation of additional rights (*e.g.,* synchronization or sale of secondary products) or the payment of advances to finance the development of singles or albums.

In return, the Group receives remuneration.

Music production

In addition to digital distribution, the Group can occasionally engage in a music production activity, in which it directly produces the phonographic recordings of its own performing artists, mainly in France. In this context, the Group enters into phonograph recording contracts with performing artists known as masters or artist contracts. The Group assumes the recording costs and the contract specifies the terms pertaining to the recording, its exploitation and its promotion. The performing artists, in turn, grant the Group a part of the neighboring rights they hold to their performances. In return, the Group pays performing artists a share of the revenue.

The artist contract is governed by the provisions relating to neighboring rights, since performing artists assign the neighboring rights of their performances to the Group, in its capacity as producer. The Group also holds neighboring rights to the recordings and/or videograms thus produced. The artist contract is also an employment contract subject to the rules of employment law and social security law in France.

Music publishing

To a lesser extent, the Group is a music publisher, mainly in connection with the performing artists whose recordings it produces. In this context, the Group enters into publishing and assignment contracts with songwriters for their musical works. These songwriters are the creators of the musical work (the composer composing the melody and the writer writing the lyrics) included in a phonographic recording ("master"); sometimes the performing artists themselves are writers and composers. In this case, only the copyright is the subject of the contract, not the neighboring rights of performing artists or producers.

The relationship between the Group and the writer-composer is governed by a publishing contract and by the specific legal provisions on copyright.

Live productions business

In addition to the above activities, the Group stages live performances, in particular producing concerts and putting on stage performances. In this context, the Group relies on co-producers of performances and calls on various contributors, such as musicians, stage managers or technicians, who are each paid their own fee. A specific regime for casual workers in the entertainment industry is applicable to these different contributors.

Online activity

Finally, the Group operates websites, notably TuneCore in the United States, through which it can provide online services to end users who are mainly professionals (artists, producers or distributors) holding rights to a music catalogue.

The Group has also developed dedicated websites for some of its own labels or for some of the artists it produces, where merchandising items can be sold. This activity may involve additional obligations for the Group in terms of content liability, e-commerce or consumer law.

1.3.2.1 Regulations relating to literary and artistic property

In its various countries of operation, the Group is required to comply with the various regulations protecting literary and artistic property, particularly with regard to copyright-neighboring rights, and to a lesser extent with regard to copyright. The rules applicable in France and then the specificities of the other countries of the European Union and the rest of the world are detailed below.

Europe

Numerous secondary legislation texts have been adopted to approximate the national laws of the Member States of the European Union in the field of literary and artistic property. More specifically, within the European Union, Directive 2001/29/EC of the European Parliament and of the Council of May 22, 2001 harmonized certain aspects of copyright and neighboring rights in the information society. More recently, Directive (EU) 2019/790 of the European Parliament and of the Council of April 17, 2019 (the **"Copyright Directive"**) has clarified the scope of copyright and neighboring rights in the digital age. In particular, the Copyright Directive provides for various measures concerning the use of protected content by online services, such as YouTube, as well as measures relating to the contractual rights of writers and performing artists. Member States must transpose the Copyright Directive into national law by June 7, 2021. In France, a law empowering the Government to legislate by decree in order to partially transpose the Copyright Directive was adopted on December 4, 2020.

In the Member States of the European Union, the assignment of rights relating to intellectual works or neighboring rights and the applicable formalities are harmonized, in particular as regards the rights that can be assigned, the duration and the territoriality of the assignment and the need for a written document.

More generally, the Group is also subject to the Berne Convention adopted in 1886, which deals with the protection of literary and artistic works, including the protection of works and the rights of authors over 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.

France

In France, copyright rules are codified in Articles L. 111-1 to L. 135-7 of the French *Code de la propriété intellectuelle* (Intellectual Property Code). Those relating to copyright-neighboring rights are codified in Articles L. 211-1 to L. 217-3 of the French *Code de la propriété intellectuelle* (Intellectual Property Code).

Copyright-neighboring rights

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

On the one hand, as part of its digital sales activity, the Group enters into contracts with producers who hold neighboring rights to the recordings covered by these contracts.

In addition, as part of its music production activity, the Group enters into contracts with performing artists who hold neighboring rights to their performances. In the context of this activity, the Group must also respect the rules of employment law (see section 1.3.2.2 *"Employment law regulations"*).

Neighboring rights refer to the rights granted to those involved in literary and artistic creation such as performing artists, producers of recordings and videograms, audiovisual communication companies, and publishers or press agencies.

In the context of copyright-neighboring rights, the prerogatives granted by law, in particular to performing artists and producers of recordings and videograms, are comparable to those granted to authors. Performing artists thus enjoy the exclusive right to authorize the fixation of their performances, their reproduction and their communication to the public. Producers of recordings and videograms benefit in the same terms from a right of reproduction, a right of communication to the public, and a right to make the phonorecord or videogram "available to the public by sale, exchange or rental". Neighboring rights have a duration of 50 years, extended to 70 years for producers of recordings and performing artists whose performances have been fixed on these recordings.

In contractual matters, the transfer or concession of the performing artist's rights is subject to the condition that each of the rights transferred is the subject of a distinct mention in the contract concluded with the phonorecord or videogram producer and that the scope of exploitation of these rights is limited as to its extent and its intended use, both in terms of place and duration. The main singularity concerns the performing artist's status as an employee, which implies a close interweaving of intellectual property and labor law (see section 1.3.2.2 *"Employment law regulations"*).

Copyright

To a lesser extent, the Group is subject to copyright regulations in its capacity as a music publisher, particularly in the case of physical distribution of works related to artists produced by the Group.

Copyright includes all the rights, both moral and economic, granted to the creators of what regulations designate as "intellectual works". An intellectual work must result from a creative activity and be original, *i.e.,* it must bear the mark of the creator's personality.

The creator of an intellectual work benefits from moral rights and economic rights to their work. French law places the creator's moral right at the forefront, recognizing that it is perpetual, inalienable and imprescriptible: the creator cannot waive it in advance or assign it to a third party. Secondly, economic rights reserve, for the creator or their successor in title, all the economic uses of the work through an exclusive right of exploitation, including a reproduction right and a representation right. Economic rights last 70 years after the creator's death.

In principle, a copyright can only arise for a natural person (individual), or several natural persons in the case of a work of joint authorship, even if this person has created the work in execution of an employment contract, with the exception of the case of a collective work, which belongs to the natural or legal person under whose name the work is distributed. The creator may also grant assignments or concessions (licenses) to natural or legal persons, including publishers. These assignments or concessions are subject to rather cumbersome formalities and are subject to strict interpretation in favor of the creator-assignor. The remuneration stipulated in return for the transfer must, in principle, be proportional to the revenue from the exploitation of the work, but the law admits, in many cases, that the remuneration may consist of a fixed amount.

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, the intellectual property law applicable to creators of intellectual works also has a typology comparable to that of French law with, in particular, protection of 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 typology of rights similar to French and European law, with the exception in particular of penalties, which may include punitive damages in the event of deliberate infringement, where the amount of which is directly set by the law (statutory damages), and may reach amounts generally higher than in France or other European countries.

US practice places the onus on producers or their distributors, such as the Group, to identify the owners of mechanical reproduction rights on works embodied in the phonographic recordings they allow to be downloaded and to obtain and pay for licenses for such reproduction. The Group uses the services of external service providers to identify the rights holders capable of providing these licenses, exposing it in particular to the risk of not being able to identify certain rights holders and not being able to fully control the procedures implemented for this purpose. It should be noted that in almost all other countries (as well as in the area of music streaming in the United States), this responsibility lies solely with the digital platforms offering the music recordings to end users and not with the Group.

The US music industry has benefited from positive regulatory developments in recent years.

The Music Modernisation Act (MMA), which came into force in 2018 in the United States, has thus brought about major reforms in music licensing, which should, among other things, make it easier for digital music services to identify rights holders and obtain licenses for musical compositions.

Finally, the Copyright Royalty Board (CRB) decided in 2018 to significantly increase the mechanical royalty rates paid for musical compositions in the US from 2018 to 2022. This decision is currently being appealed by some digital music players.

Other countries

Due to its global presence, the Group is subject to various local regulations in each of the countries where it operates. Although these local regulations generally have similarities with the regulations applicable in Europe (particularly in terms of the typology of protected rights), some of their specificities or their interpretation and application by local market players and local jurisdictions have led the Group to adapt its commercial processes as well as some of the stipulations of the contracts it concludes in these countries, in particular in India and Russia.

In addition, the Group operates in a number of countries where copyright regulations and case law are relatively new and therefore subject to change. The Group's contracts with digital service providers in these countries may also provide for the application of local law and the jurisdiction of local courts.

1.3.2.2 Employment law regulation

Any contract by which a person secures, in return for remuneration, the assistance of a performing artist in their production, shall be presumed to be an employment contract if the artist does not carry out the activity that is the subject of the contract under conditions involving their registration in the trade and companies register.

With regard to contracts with artists in France, the Group must therefore comply with the applicable rules of employment law for all the performing artists it produces.

In France, the contract by which the artist undertakes to record songs for the exclusive benefit of the Group is subject to labor law and social security law, under certain conditions specific to the artist's status.

Performing artists are covered by the general social security system. They may, however, have exemptions regarding their affiliation and the benefits they receive, as well as regarding the calculation of their contributions, which differ according to the capacity of their employer (promoter of shows or another capacity); moreover, under certain conditions they benefit from unemployment insurance schemes for intermittent workers in the entertainment industry.

In addition, with regard to live productions, a regime specific to intermittent entertainment industry workers is applicable to the various people (musicians, stage managers, technicians, etc.) working for the Group.

The unemployment insurance scheme for intermittent workers is governed in particular by French Law No. 2015-994 of August 17, 2015 on social dialogue and employment and by a decree on the unemployment insurance scheme for intermittent workers in the entertainment industry dated July 13, 2016. 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

Directive 2000/31/EC of the European Parliament and of the Council of June 8, 2000 on certain legal aspects of information society services, in particular electronic commerce **("Directive on Electronic Commerce"),** provides for an exemption from liability of the hosting provider for content stored under certain conditions. It benefits from a reduced liability regime compared to the liability of content publishers. It cannot be held liable if it was not actually aware of the unlawful nature of the content and if, as soon as it became aware of it, it acted promptly to remove it. In France, the Directive on Electric 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"**).

As a provider of content to third parties (mainly digital service providers) for online distribution, the Group is not considered to be a host within the meaning of the Directive on Electronic Commerce or the Law on the Digital Economy and the neighboring rights and obligations are therefore not applicable.

Two new draft regulations, the Digital Services Act **("DSA")** and the Digital Markets Act **("DMA"),** were published on December 15, 2020 by the European Commission and are currently under discussion at the European level. The DSA will apply to any intermediary offering online services to the European market and will aim to impose new obligations in relation to the content it hosts. The DMA 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.

In the United States, a number of laws regulate the liability of online technical platforms for infringing content. These include the Copyright Act of 1976, the Digital Millennium Copyright Act (DMCA) and, to a lesser extent, the Music Modernisation Act (MMA) and the Online Copyright Infringement Liability Limitation Act (OCILLA).

Liability for the distribution of content

In France, as a content distributor, the Group is subject to the provisions of the Law of July 29, 1881 on the freedom of the press. This law establishes a fundamental principle of freedom of the press, limited by specific incriminations provided for by the law on the press, such as defamation, insult or the offences of provocations and apologies.

Under this law, the Group may be held liable for the content it distributes, including on the Internet, either as a result of contractual guarantees that would be called into play by the digital service providers to which the Group has provided the illegal content, or directly, as a distributor of illegal content. The Group could thus be required to remove or have removed content that could be considered illegal (for example, infringing content or content of a racist or denialist nature or content calling for violence) in the territory in which it is disseminated, or even be subject to civil and/or criminal penalties in this respect. In order to limit this risk, the Group has put in place internal controls to ensure that the content it distributes is legal and that it is removed quickly if necessary.

In the other countries of the European Union, the principle of liability for the distribution of content is similar to that applicable in France.

1.3.2.4 Electronic commerce and consumer law regulations

Electronic commerce

The Group is subject to US and European e-commerce regulations, particularly in relation to the activities of its subsidiaries TuneCore, Nuclear Blast and Believe SA, notably in the context of their websites, but also in relation to the secondary product sales sites operated by the Group.

In Europe, the Directive on Electronic Commerce applies to the Group. It aims to establish a legal framework to ensure the circulation of economic activities that take place online. In particular, a certain amount of information and statements about the electronic merchant must be communicated to the recipients of the services concerned.

In France, the Law on Digital Economy applies to the Group's e-commerce activities. In particular, Article 19 of the Law on Digital Economy imposes an identification obligation on any person "publishing an online public communication service".

Consumer law

The Group is also subject to European and French consumer law in relation to the activities of its subsidiaries for end users who would be consumers. For example, there are competitions organized by Believe SA for fans of artists and Nuclear Blast merchandising sales sites. In contrast, TuneCore's online services are not subject to consumer law as they are primarily intended for music professionals who use the services for commercial purposes, although they may be used to a lesser extent by consumers.

In Europe, Directive 2011/83/EU of the European Parliament and of the Council of October 25, 2011 on consumer rights imposes a pre-contractual information obligation on the Group and prohibits professionals from placing consumers in a position of weakness, in particular by means of unfair contractual terms.

In addition, European Directive 2019/2161 of November 27, 2019 was introduced in order to strengthen and ensure better enforcement of consumer protection rules. The main improvements concern increased transparency for consumers when shopping online, the application of effective and harmonized sanctions and 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 France, the *Code de la consommation* (Consumer Code) applies to the Group's consumer activities. In particular, any professional proposing the conclusion of a contract must provide the consumer with the pre-contractual information set out in Article L. 111-1 of the Consumer Code and, in the case of a distance selling contract, the mandatory information set out in Article L. 221-5 of the Consumer Code. Moreover, Articles L.221-18 *et seq*. of the Consumer Code grant consumers a 14-day withdrawal period for any contract, including sales contracts, concluded remotely. This right must be exercised free of charge. All e-commerce operators are therefore required to inform their consumer customers of the existence of this right and to make it easily accessible via a dedicated form. The regulations on unfair terms also apply to contracts concluded with consumers or non-professionals (in particular, Article L.212-1 *et seq*. of the French Commercial Code).

In the United States, the protection of consumer rights is less developed than in France.

1.3.2.5 Personal data regulation

In the course of its business, the Group collects and processes information that is subject to personal data protection laws and regulations in Europe and in other regions where the Group operates. These personal data processing operations are carried out on behalf of the Group companies, in their capacity as data controllers or joint data controllers, or on behalf of other Group companies as subcontractors. This processing relates to personal data collected in the context of the Group's activities, in particular data relating to the Group's employees, the Group's service providers, artists who have entered into contracts, data collected via the Group's e-commerce sites and data relating to the various marketing and commercial operations carried out in relation to artists.

In Europe, Regulation (EU) 2016/679 of the European Parliament and of the Council 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. The GDPR established the new regulatory framework for personal data protection in Europe when it came into force on May 25, 2018. The GDPR applies to the processing, whether automated or not, of personal data by any entity established in the territory of the European Union or to the processing by an entity outside the European Union where the processing activities relate to the supply of goods or services to individuals within the European Union or to the monitoring of the behavior (targeting) of those individuals. Personal data is broadly defined as any information relating to an identified or identifiable natural person, whether directly or indirectly, regardless of that person's country of residence or nationality.

In accordance with the GDPR, the Group must comply with several key rules, mainly in the areas of:

- information given to persons concerned by the processing;
- use of personal data;
- protection and storage of personal data.

Depending on the breach, non-compliance with the provisions of the GDPR may result in penalties of up to €20 million or 4% of annual worldwide revenue, whichever is higher.

The GDPR offers European Union Member States the possibility to adopt local specificities. France made use of this option in the context of the Law of June 20, 2018, reforming Act No. 78-17 of January 6, 1978 on data processing, data files and individual liberties (*Loi informatique et libertés,* or the **"Data Protection Act"**). Therefore, in addition to the GDPR, local data protection laws in the countries in which the Group is established or offers services must be taken into account, in this case the French Data Protection Act.

The Group has implemented a number of measures for the purpose of establishing GDPR compliance within the various Group entities affected by this regulation. In this framework, The Group intends to proceed in the near future with the appointment of DPO.

In this context, the Group intends to appoint a Data Protection Officer (DPO) in the near future. Lastly, the Group is also subject to similar laws and regulations in other countries outside the European Union. For example, the Group's US activities may be subject to the provisions of the California Consumer Protection Act of 2018, which came into force in January 2020, as well as the California Privacy Rights Act, which will come into force in 2023. Both pieces of legislation grant personal data rights to residents of the State of California.

1.4 Group strengths and competitive advantages

1.4.1 Believe is strongly positioned within the core of the digital music revolution, offering more opportunities to monetize music in more geographic areas and a better value split between artists.

Strong long term growth prospects thanks to streaming penetration trend and the emergence of new sources of monetization

The Group operates in the global recorded music market, which is estimated to have generated $25.9 billion of revenue for the various participants in 2021. This market recorded strong growth in recent years, with a 9.9% CAGR over the 2015 – 2021 period *(source: IFPI, Global Music Report 2022),* and is expected to reach $33.4 billion by 2028 *(source: MIDiA Research Global Music Forecasts, 2021 – 2028, June 2021).*

The Group operates mainly on the digital music market segment, which is dominated by streaming and which represented 65% of the global recorded music market in 2021 *(source: IFPI, Global Music Report 2022).* The streaming segment has benefitted from significant growth in recent years with a 34.9% CAGR over the 2015-2021 period, increasing from $2.8 billion in 2015 to $16.9 billion in 2021 *(source: IFPI Global Music Report 2022).* This segment is characterized by attractive dynamics and positive outlook within the recorded music market and is expected to achieve an estimated market size of $19.5 billion in 2023 and $26.4 billion in 2028, at which point it is expected to represent 79% of the global recorded music market *(source: MIDiA Research Global Music Forecasts 2021 – 2028, June 2021).*

This growth is expected to be driven in particular 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 livestreaming 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.

Digital music, and streaming in particular, continued to grow significantly in 2021, with an annual growth of 24.3%. In 2020, they were less impacted by the Covid-19 pandemic compared to other segments of the recorded music market, such as physical sales or synchronization, recording yearly growth of 7% estimated at 2% for the entire recorded music market) against 15% for digital music overall and 19.1% for streaming *(source: IFPI Global Music Report 2022).* In 2021, the streaming market has benefitted from continuing favorable structural trends, as well as users' increasing appetite 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 (*i.e.,* subscribers to a paid streaming service as a percentage of total subscribers) are high in certain mature markets such as the Nordic countries (including Sweden, the home country of Spotify), 47% in 2020) and North America (36% in 2020), they are still relatively low in certain other developed countries where the recorded music market is significant in term of size and the Group has a strong presence, such as Western Europe (22% in 2020), representing significant growth potential. In particular, some markets (considered to be "emerging" in this respect), such as Latin America, Russia and Asia-Pacific which have low paid streaming penetration rates (10%, 9% and 4% respectively in 2020), also exhibit high growth potential, as the digital music market remains dominated by other listening formats, such as ad-funded videos *(source: MIDiA Research Global Music Forecasts, 2021 – 2028, June 2021).*

This growth potential is expected to translate into a nearly three-fold increase in the number of paid streaming subscribers in the emerging markets referred to above, or from 220 million in 2020 to 561 million in 2028, while developed markets are forecast to grow less rapidly, from 247 million subscribers in 2019 to 361 million subscribers in *2028 (source: MIDiA Research Global Music Forecasts 2021 – 2028, June 2021).*

The music revolution mix: rise of the independent artists and value shift to the music creators and emerging artists

Digital and Streaming are leading to structural changes in the artist market, resulting in a higher number of music creators with digital reducing production costs, a new value split in the artist and label market and reshuffled artists' expectations.

The Group's offering and positioning was initially centered on independent artists and labels market (including the artist direct segment, *i.e.,* artists without a label), which has shown faster growth than the "majors market" over the last few years and where the Group has established a strong position.

Over the 2015 – 2020 period, the market share of the direct artists (i.e. without a label) and independent labels segment has increased at the expense of the majors, growing from 29% in 2015 to 34.5% in 2021. More precisely, the artist direct and independent labels segments have recorded a revenue CAGR of 35% and 12%, respectively, over the same period, compared to 10% for the majors *(source: MIDiA "Recorded Music Market 2021", March 2022).*

The rise of independent artists has been driven by several factors with potential global reach, including: technology democratizing market access for more creators (with technological tools to produce, release and promote music more independently); a reshaping of the market value towards the middle tier of artists, with broader music discovery (fostered by streaming services) driving a growing number of mid-tier artists; and disruption at the top tier, with artists expecting digital-first go-to-market expertise and a continuing shift in artists' expectations in terms of IP retention, fair value sharing and transparency.

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

A unique model with intensive use of technology and data

The Group's entire organization is technology-driven, with agile tech and product teams comprising more than 200 highly-skilled centralized product and IT experts,[1] supporting each key function of the Group's business and operational value chain. In addition, the Group deploys a digital-first approach and is focused on technological innovation. As a result, around 41% of central costs were allocated to innovation in product and technologies in 2021.

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 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 revenue generation.

Furthermore, the Group maintains strong and scalable content management processes, which have enabled the Group to efficiently receive (from artists and labels), store, enrich and distribute 32 million tracks on Spotify and Apple Music. The Group has secured scalable storage capacities, as it currently stores more than 1,300 terabytes of data (with a total storage capacity of more than 1,700 terabytes) on its servers currently located in three data centers in France.

A digital DNA providing an unparalleled business intelligence

Its data management capabilities allow the Group to ingest and process more than 490 million rows of data per day from digital platforms, with an average time to display statistics to artists and labels of 9 hours (see also section 1.2.3 *"The Group's technology central platform"* of this Universal registration document). Thanks to these efficient technological capabilities, the Group has also obtained a "preferred partner" status from key digital services providers which grants additional benefits such as privileged access to additional data or instant on-store availability. Thanks to its long-standing and trusted relationships in the digital music ecosystem, Believe has a strong understanding of the platform proliferation and therefore can identify greenfield opportunities. All of these attributes represent key competitive advantages to source labels and artists.

(1) Comprising employees and consultants.

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 local artists 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 22.4% of the Group's consolidated revenue for the financial year ended December 31, 2020) and the Americas (14.5% of its consolidated revenue for the financial year ended December 31, 2020).

The Group's strong local presence is evidenced in particular by its robust market share in some of its key geographies[1], with estimated digital music market shares[2] circa 20% in India, 15% in France and 10% in Germany.

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 the tools and solutions developed by the Central Platform, Believe delivers a strong quality of services to artists and labels, in all markets and at scale.

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

Believe provides 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 first-time artists, primarily through a subscription model based on the provision of a fully digitized platform (see also section 1.2.4.2 of this Universal registration document) and Premium Solutions, focused on emerging to top-tier labels and artists, based on a revenue-share model and leveraging the music industry, digital marketing and data analysis expertise of the Group's sales team to provide solutions tailored to labels' and artists' needs, through its Label & Artist Solutions or Artist Services offers (see also section 1.2.4.1. *"Premium Solutions (5.6.2.1): a customized product operated by experts in music and data analysis and supported by cutting-edge technology, targeting the needs of all artists, from the emerging to the established to thetop*" of this Universal registration document).

Believe develops tools 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 developed in-house upselling opportunities by a solid presence in each tier of the market (music creators, emerging and established artists, top artists) and by leveraging data analysis. Believe has for example launched in 2021 the Signed by program, which allows the most promising music creators distributed on the TuneCore platform to accelerate their careers by benefiting from the Premium solutions offered by the Group. At the end of December 2021, more than 390 artists and labels worldwide had already switched from TuneCore to Believe and its various subsidiaries (Nuclear Blast, Naïve, All Points, Groove Attack and PIVTL Projects).

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

(2) Geographical markets identified as being key for the Group are markets where the Group has the largest local teams or where it intends to strengthen its local teams in the future, and include France, Germany, the UK, Italy, Russia, Turkey, India, China, Mexico and Brazil.

Believe empowers artists as a trusted partner

The Group has built dedicated offers to best serve artists at each stage of their career and development with respect, fairness and transparency. These values are the foundation of the relationship with artists and are developed in the pillars of our CSR strategy presented in the next section.

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

1.4.4 The Group's strategy is led by a management team piloted by the founder and a CSR *Shaping Music for Good* strategy with strong commitments

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 founder of the Group, and includes managers with many years of experience within the Group, the music industry, digitalization and technology, focused on providing innovative digital solutions to develop artists' careers on a global scale.

In recent years, the Group's management team has successfully designed and implemented its strategy, generated steady growth in terms of revenue and catalogue, and established long-term relationships with artists and labels, digital services providers and social media platforms, while establishing a strong musical and digital culture in order to foster the emergence of new talent with an entrepreneurial dynamic.

Before being listed, members of the management team were invested in the Group's performance through share subscription warrants (*bons de souscription de parts de créateurs d'entreprise* (BSPCE) and *bons de souscription d'actions* (BSA)) and the inclusion of a significant variable component in their total compensation, subject to quantitative and qualitative performance criteria. The Group further strengthens management involvement in the Group's performance and success by implementing in the second half of 2021 a long-term incentive plan (described in detail in Chapter 4.2.2.4 of this Universal registration document) following the admission of the Company's shares to trading on the regulated market of Euronext Paris on June 10, 2021.*The Group's talent – its people and its artists – at the center of its CSR strategy "Shaping Music for Good", a strategy fully aligned with its mission.*

Group's talent, its employees and artists, at the core of its CSR strategy Shaping Music for Good, a strategy fully algned with the Group's values

The Group's mission is to develop all artists & labels in the most suitable way at each stage of their career and development, in all local markets around the world, with respect, expertise, fairness and transparency.

At the center of its CSR strategy *Shaping Music for Good,* fully aligned with its mission, the Group relies on its "two hearts": its people and artists.

The Group's CSR strategy is based on four pillars and described in detail in chapter 2 of this Universal registration document:

a) develop local, independent and diverse artists and labels in local market first: the Group is focused on developing local, independent and diverse artists and labels at each stage of their career. The Group is also building inclusive and diverse teams locally and globally with a specific focus on gender equality;

b) cultivate talent for the digital era: the Group is committed to support artists and labels to transition their career and business development to the digital world through upskilling, reskilling and support. The Group is also growing and training the new generation of digital music executives and digital first go-to-market strategists and experts;

c) build trusting relationships through respect, fairness and transparency: The Group aims at driving respectful and fair stakeholders' relationships and is strongly committed to respect artists' creative independence & freedom of expression. The Group is also strongly committed to respect the data privacy of artists and label, while striving for transparency in all aspects of our activities;

d) empower community to have a long-term positive impact: Believe leverages technology for sustainable talent development and aims at expanding it ambassadors' network for sustainable development. Finally, the Group is engaged in reducing its digital carbon impact and in setting the path for carbon neutrality.

1.4.5 Believe model drives strong operating leverage and 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, salesforce and talent scout teams.

Over the 2018-2021 period, the Group recorded strong revenue growth, with a CAGR of 34.3% from €394.5 million for the financial year ended December 31, 2019 to €577.2 million for the financial year ended December 31, 2021, driven in particular by the increasing adoption of streaming, the growth and performance of the Group's catalogue and the successful integration of several targeted acquisitions, the latter having contributed to approximately one-third of the Group's growth over the 2018-2021 period. For the financial year ended December 31, 2020, the Group's revenue grew only by 12% despite the negative impact of the Covid-19 pandemic on certain activities of the Group (in particular digital sales relating to ad-funded streaming and physical sales), showing the resilience of the business and financial model. The Group's revenue grew by 30.7% in 2021 as the Group continued to strongly invest in the Central Platform and local teams during the financial year ended December 31, 2020 notwithstanding the Covid-19 pandemic impact on the business.

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

The Group's external growth has benefitted 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.

With its demonstrated ability to successfully integrate acquisitions and accurately identify acquisition opportunities, the Group believes it is well positioned to seize additional external growth opportunities which should contribute to the future growth of its revenue and activities.

See also section 1.5.3 *"Accelerate revenue growth through a targeted external growth strategy"* below.

A diversified revenue mix providing adequate visibility over future growth

The Group maintains a large base which stood at the end of December 2021 at around 1,000,000 artists and strong relationships with more than 150 digital services providers and social media.

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].

The Group also benefits from a geographically diversified revenue mix, with 16.6% of its consolidated revenue generated in France, 17.7% in Germany, 28.5% in the rest of Europe, 14.5% in the Americas and 22.6% in Asia/Oceania/Africa for the financial year ended December 31, 2021.

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 catalogue.

A financial model offering solid operating leverage

Following strong investment to scale up the Central Platform since end 2018 notably to serve more geographies, ensure high quality e and to adapt to stores demand, investment cycle is now entering a period of stable investment. The Group continued to invest in 2021, but at a lower pace. As a result, costs related to the Central Platform decrease as a percentage of sales and therefore support Adjusted EBITDA margin which amounted to 4.0% in 2021.

Over the 2018-2021 period, the Group already demonstrated its ability to deliver profitable growth, despite heavy investments made in the development of its technological platform and its marketing and commercial development, with an adjusted EBITDA margin of 10% and 9% for the financial years ended December 31, 2018 and 2019, respectively.

The Group's adjusted EBITDA margin decreased to 1.7% for the fiscal year ended December 31, 2020, mainly due to a significant increase in its Central Platform costs deployed to support its growth and accelerate its development, along with continued investments in its technological platform and the development of new services in its key geographies. This margin more than doubled for the fiscal year ended December 31, 2021, reaching 4%, largely due to an increase in revenue.

(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).

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. There is one global single point of digital revenues collection, which supports a central control and The Group has deployed unified tools and processes across all countries thanks to the Central Platform.

Customer advances which are part of the global services are managed centrally. The Group set up criteria of return on assets, Adjusted EBITDA margin, payback and risk scoring to make its decision regarding customer advances agreed as part of a contract and makes sure to maintain a stable level of recouped advances, which represented 53% of the overall customer advances in 2021 compared with 54% for the financial year ended December 31, 2020.

1.5 Strategy and medium- and long-term objectives

The Group's strategy is to build the leading global artist digital development platform by reinforcing its overall attractivity by expanding existing capabilities through investments in the technological central platform (5.3.3), by continuing to invest heavily in its local teams (5.3.1) and by accelerating growth through its targeted external growth strategy (5.3.2).

In addition, in order to finance its external growth strategy, the Group raised €300 million in the context of the capital increase carried out in connection with the admission of the Company's shares to trading on the regulated market of Euronext Paris in June 2021. Part of the proceeds of the issuance were used to refinance its existing debt and M&A investment amounted to €60 million in 2021.

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

In order to reinforce its attractivity and support its growth, the Group intends to enhance and expand its existing capabilities, by maintaining investment in the development of its technological central platform at a sustained level.

The Group intends to develop new tools and solutions to labels and artists. By way of illustration, new music creation tools and Automated Solutions are currently being developed for Automated Solutions, which also benefits from greater integration with the Group's technologies, such as dedicated tools for social media, developed by the central IT teams for the Group as a whole. The Group is also accelerating its investment in data analysis and digital marketing capabilities (to best source and serve artists and labels) and dedicating significant resources to improve artists' referencing on the main digital services providers.

The Group also intends to invest in technology to: further improve its technological capabilities in order to continue partnering with fast-growing digital services providers, social media and other emerging actors proposing new forms of music monetization; further automate complex internal processes (such as content ingestion, control and validation); develop the Group's data analysis tools to facilitate decision-making for its geographical expansion and its investments in order to optimize the execution of its strategy consisting of expanding multiple commercial offers in new geographies.

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 is expected to translate into nearly triple the number of paid streaming subscribers in the emerging markets referred to above, which should grow from 220 million in 2020 to 561 million in 2028, while developed markets are forecast to grow less rapidly, from 247 million subscribers in 2020 to 360 million subscribers in 2028 *(source: MIDiA Research Global Music Forecasts 2021 – 2028, June 2021).* These markets are expected to represent 59% of the streaming market in 2028 compared with 46%, 2020, with the Asia-Pacific region leading in terms of subscribers (see also section 1.4.1 *"Believe has a solid positioning at the heart of the digital music revolution, offering more monetization opportunities in more geographies and a better sharing of value between artists"* above).

In addition, the Group's market shares gains in selected key geographies,[1] despite its strong position in a number of countries in which it is established, represent significant upside potential for the Group. In 2021, the Group's digital music market shares were estimated at around 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 in new countries is supported in particular by the worldwide expansion of digital services 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, annual report Spotify", February 2022).* Present in 14 countries for its Automated Solutions[3] and in more than 50 countries in total,[4] this leaves more than 130 new countries as potential complementary markets that the Group could enter, supporting its 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 ancillary services or offers.

This international expansion strategy has proven to be successful in the past, such as, for example, the expansion of the Group's operations in Russia in 2013. The Group was among the first international players to identify an opportunity in Russia, which was already digitally focused and is now one of the fastest growing markets and entered the market by hiring a locally-based Russian speaking team and invested in training to develop a recognized group of digital experts, supported by the tools and the capacities of its innovative proprietary tech platform. The Group demonstrated its ability to execute its expansion strategy in Russia, by entering the market at the right time, quickly building a team of experts and turning several emerging artists into top artists thus attracting an increasing number of labels and artists.

(1) Geographical markets identified as being key for the Group are markets where the Group has the largest local teams or where 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) 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.

Another illustration of the successful international expansion of the Group is its expansion in India in 2013 by distributing catalogues of movie soundtrack-related songs (essentially Bollywood music), then significantly diversifying its catalogue towards other genres, becoming one of the largest and most recognized players on the local digital music market. In 2019, the Group leveraged external growth as a key expansion driver in India, with three acquisitions (Venus, Entco and Canvas), and launched its Automated Solutions offering in this country in 2020. The Group has furthered its growth strategy in 2021 by the acquisition of the South-Indian Think Music, expanding the Group's presence in the Indian market. Locally, the Group relies on an extensive local network with offices in seven regions as well as in Pakistan and Bangladesh to better address needs of local artists and local music genres. The Group has developed an excellent reputation across this country, 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.

1.5.3 Accelerate revenue growth with a targeted external growth strategy

Over the past six years, the Group has made 23 synergistic acquisitions in eight countries, ranging from tech 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; partial acquisition of 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 integration of these targets into the Group's business enables it in particular to increase its sourcing capacities, enrich its services offering and also expand in new geographies.

Some acquisitions have also added new marketing and tech capabilities to the Group's offering, by broadening its digital stack of marketing and promotion capacities and further building its tech 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, and which is now one of the Group's segments. The Group also acquired SoundsGoood in 2020, specialized in creating innovative digital marketing tools for artists, and took a minority stake in IRCAM Amplify, IRCAM's[(1)] 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 specialized in urban music.

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

The Group's external growth strategy has benefitted from its differentiated opportunity-sourcing and qualification capacities, relying on the Group's on-the-ground market knowledge, established local relationships and "glocal" presence. 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 over the 2022 – 2023 period. 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 catalogue 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 well-recognized brand and team in the industry, benefitting 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 revenues. Upon its integration within the Group, Nuclear Blast (whose business was historically dominated by physical sales) rapidly turned into a digital platform for metal artists, with, by way of illustration, the launch of Blood Blast, a digital-only offer for the younger generation of metal bands. In 2021, Nuclear Blast continued its strong growth and achieved record revenue despite the review of contracts with too much physical exposure. Nuclear Blast also continued to improve its profitability as in 2019 and 2020, due to cost savings initiatives, an improvement in efficiency and the creation of an online direct-to-consumer platform.

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

1.5.4 Mid-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"* 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 in particular on market trends and prospects in line with those set out in section 1.3.1 *"Market trends"* of this Universal registration document) and on the assumptions presented in Section 5.4 below (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 at a CAGR[2] 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%.

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 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.

In addition to this organic growth, the Group aims to invest in external growth transactions of around €100 million in average per year over the next four years, as part of its targeted acquisition strategy (see section 1.5 *"Strategy and medium- and long-term objectives"* of this Universal registration document). As of the date of this Universal registration document, the Group has undertaken four strategic external growth operations over the second half of 2021, in line with the targeted acquisitions strategy.

The Group also aims to achieve an adjusted EBITDA margin[3] of between 5% and 7% by 2025, and anticipates a gradual stabilization around 15% beyond this horizon. The Group intends to benefit from a gradual reduction in its Central Platform costs expressed as a percentage of revenues, under the combined effect of revenue growth over the period and better absorption of fixed costs due to improved operating leverage, enabling it to continue to invest heavily in the development of its Central Platform and its sales and marketing development, while improving its profitability.

(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. As a reminder, organic growth for the financial years ending December 31, 2020, 2019, 2018, presented in particular in chapter 7 of this Universal registration document, is given at current exchange rates.*

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

By 2025, the Group’s expenditure on tangible 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 revenues, to approximately 4% of revenues (compared with 4.6% for the financial year ended December 31, 2021). This trend is expected to continue beyond 2025.

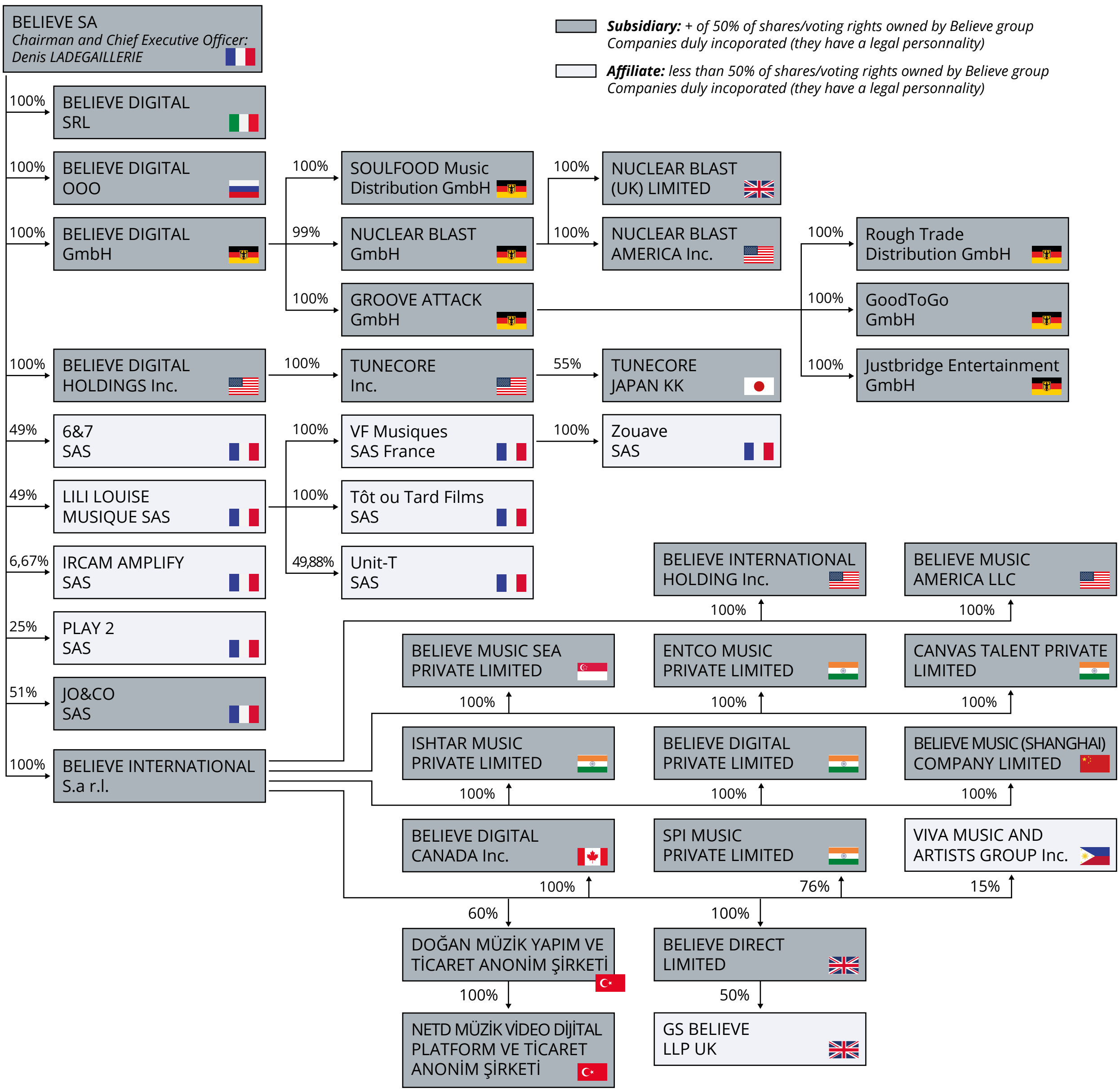
Finally, the Group intends to pursue its strategy of offering financing solutions to certain artists and labels via the payment of advances, in support of its commercial strategy in the Premium Solutions activity. The implementation of this strategy will have an effect on the Group’s working capital requirements[1], which should have a negative impact on the Group’s cash flow of around 5% of the change in its annual consolidated revenues by 2025 (decreasing after 2021, when this percentage amounted to 11%).

(1) 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 8.2.1 “Working capital requirement” of this Universal registration document).

1.6 The Group's organization and headcount

1.6.1 Simplified organizational chart

The simplified organization chart below shows the legal organization of the Group and its main subsidiaries as of December 31, 2021. The percentages indicated correspond to the percentage of capital and voting rights held. See also Note 2.2 to the Group's consolidated financial statements for the years ended December 31, 2021 and 2020, which sets out the Group's scope of consolidation.



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, with registered office at 251, Little Falls Drive, Wilmington, New Castle, Delaware, United States, and 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 €12,000, with 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, with share capital of €500,100, registered office at Oeschstrasse 40, 73072 Donzdorf, Germany, and registered under number HRB 540822 in the German Commercial Register *(Handelsregister)* of the Ulm region. Nuclear Blast GmbH is a music label specialising in heavy metal and all its derivatives;
- **GoodToGo GmbH** is a German limited liability company, with share capital of €25,000, with registered office at Mathias-Brüggen-Straße 85, 50829 Cologne, Germany, and registered under number HRB 58201 in the German Commercial Register *(Handelsregister)* of the Cologne region. GoodToGo GmbH provides distribution services in the segments of music, film, audio books, software and sports.

The Group's recent acquisitions and disposals are described in section 5.1.2.4 of this Universal registration document.

1.6.3 Employment data

1.6.3.1 Number and breakdown of employees

As at December 31, 2021, the Group had 1,430 employees in the companies included in its scope of consolidation, including 559 in France.[1]

For the financial year ended December 31, 2021, the Group's payroll amounted to €104,8 million compared to €78.6 million for the financial year ended December 31, 2020 and €53.0 million for the financial year ended December 31, 2019. The payroll is the sum of all gross salaries the employer's social security contributions, as well as employee profit-sharing and other personnel costs, paid during each financial year.

The table below shows the evolution, over the last three financial years, of the Group's employees by segments area:

	Employees as of December 31		
Segments	**2021**	**2020**	**2019**
Premium Solutions & Automated Solutions	940	860	636
Central Platform	490	410	264

The table below shows the evolution, over the last three financial years, of the Group's employees by geographical area:

	Employees as of December 31		
Geographical areas	**2021**	**2020**	**2019**
France	559	471	313
Germany	246	245	232
Other Europe	220	184	104
Americas	156	150	111
Asia/Oceania/Africa	249	220	140
TOTAL	**1,430**	**1,270**	**900**

(1) In this Chapter, the Group's employees are 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 evolution, over the last three financial years, in the breakdown of the Group's employees by type of contract:

Breakdown of workforce by type of contract	FY 2021	FY 2020	FY 2019
Percentage of permanent contracts	91.5%	93.1%	92.8%
Percentage of fixed term contracts	8.5%	6.9%	7.2%
TOTAL	**100%**	**100%**	**100%**

The table below shows the proportion of women in the Group's employees over the last three years:

Percentage of women	FY 2021	FY 2020	FY 2019
Percentage of women in the workforce (Group)	40%	42%	38%
Percentage of women on the Executive Committee	54%	55%	NA

The table below shows the age pyramid for the Group's employees over the last three years:

Age pyramid	FY 2021	FY 2020	FY 2019
≤ 25 years	5.7%	6.2%	7.5%
26 – 30 years	28.4%	28.7%	26.8%
31 – 40 years	39.3%	37.0%	34.6%
41 – 50 years	18.6%	18.4%	21.1%
51 – 60 years	7.4%	7.6%	8.8%
> 60 years	0.6%	2.0%	1.3%
TOTAL	**100%**	**100%**	**100%**

1.6.3.2 Employment

The table below shows the evolution of employment within the Group over the last three years:

Employment	FY 2021	FY 2020	FY 2019
Departure rate (attrition)(1)	19.1%	11.3%	16.6%
Retention rate(2)	30.2%	51.4%	52.2%
Permanent contract retention rate (3)	27.0%	47.3%	49.2%

(1) Calculation of the attrition rate: total number of headcount permanent departures/Average permanent annual headcount.
(2) Calculation of the retention rate: total number of entries/Average annual headcount.
(3) Calculation of the permanent contract retention rate: total number of permanent employees/Average permanent annual headcount.

From 2019, Believe's workforce has grown by 58.9%. In 2021 workforce continued to grow by 12.6% to further support the acceleration and structuring of Believe's growth. New hires represented 24.1% of the average workforce for the financial year ended December 31, 2021.

Over the same period, Attrition increased to 19.1% caused by tension on labor markets and rarity of competencies. Human resources continue to strengthen actions to attract and recruit, take care of and retain employees.


adidas

2.

Social and environmental responsibility

2.1 Presentation of Believe

Founded in 2005 by Denis Ladegaillerie, Believe has become one of the global leaders in the digital music market. Since the beginning, Believe's mission has been to support artists at each stage of their career development by providing them with technological and digital solutions.

In a music streaming market that was just getting started, Believe paved the way to make these technologies within everyone's reach, to enable all artists and labels to produce and promote themselves widely.

For over 15 years, the Group has helped to reshape the landscape of the music industry by constantly expanding its digital distribution network and training a new generation of experts.

Beyond the digital music market, Believe aims to change the music industry and engage it in collaborative, sustainable and responsible practices.

"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 in ten key dates

Believe's story illustrates more than 15 years of discovering and supporting local artists, expanding into new geographic markets as well as developing solutions and the digital music distribution network.

2005: Creation of Believe in Paris (France).

2007: Expansion of Believe in Europe (England and Italy) and deployment of the first digital development tools for artists and labels.

2010: Launch of Backstage, a unique interface for artists and labels, to manage, promote and analyze their performance on music platforms.

2013: Development in Russia, India, Canada, Southeast Asia, Eastern Europe and Latin America.

2015: Acquisition of US group TuneCore and French company Musicast.

2016-2017: Launch of the 'All Points Services to Artists' offer in France and the United Kingdom, acquisition of naïve (France) and Soulfood (Germany), launch of Data Music, a powerful analytical tool for artists and labels.

2018: Acquisition of Nuclear Blast and GoodToGo in Germany and acquisition of an equity stake in Lili Louise Musique in France.

2019: Expansion in 15 new countries (Chile, Peru, Malaysia, Vietnam, etc.) and acquisitions in India (Venus Music, Entco Music, Canvas Talent), and of an equity stake in 6 & 7 (France).

2020: Acquisition of Soundsgoood (France) and DMC (Turkey). Partnership with IRCAM Amplify in France.

2021: IPO (Euronext Paris – France). Acquisition of equity stakes in Play Two and Jo & Co (France), Think Music (India) and Viva Music Group (Philippines). Formalization of the CSR strategy: "Shaping Music for Good". CSR survey on stakeholders. CSR Committee within the Board of Directors. First carbon assessment carried out. Creation of the Diversity, Equity and Inclusion Charter.

2.1.1 Shaping the music industry, together

The early 2000s marked a major turning point in the music industry's history: the arrival of the Internet, followed by digital technology triggered a change in artists and users behavior and utilization, thereby modifying the role and needs of the various players in the music industry.

In this highly evolving context, traditional record companies no longer entirely meet the expectations of artists. Believe provides an alternative, a new online platform model, 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.

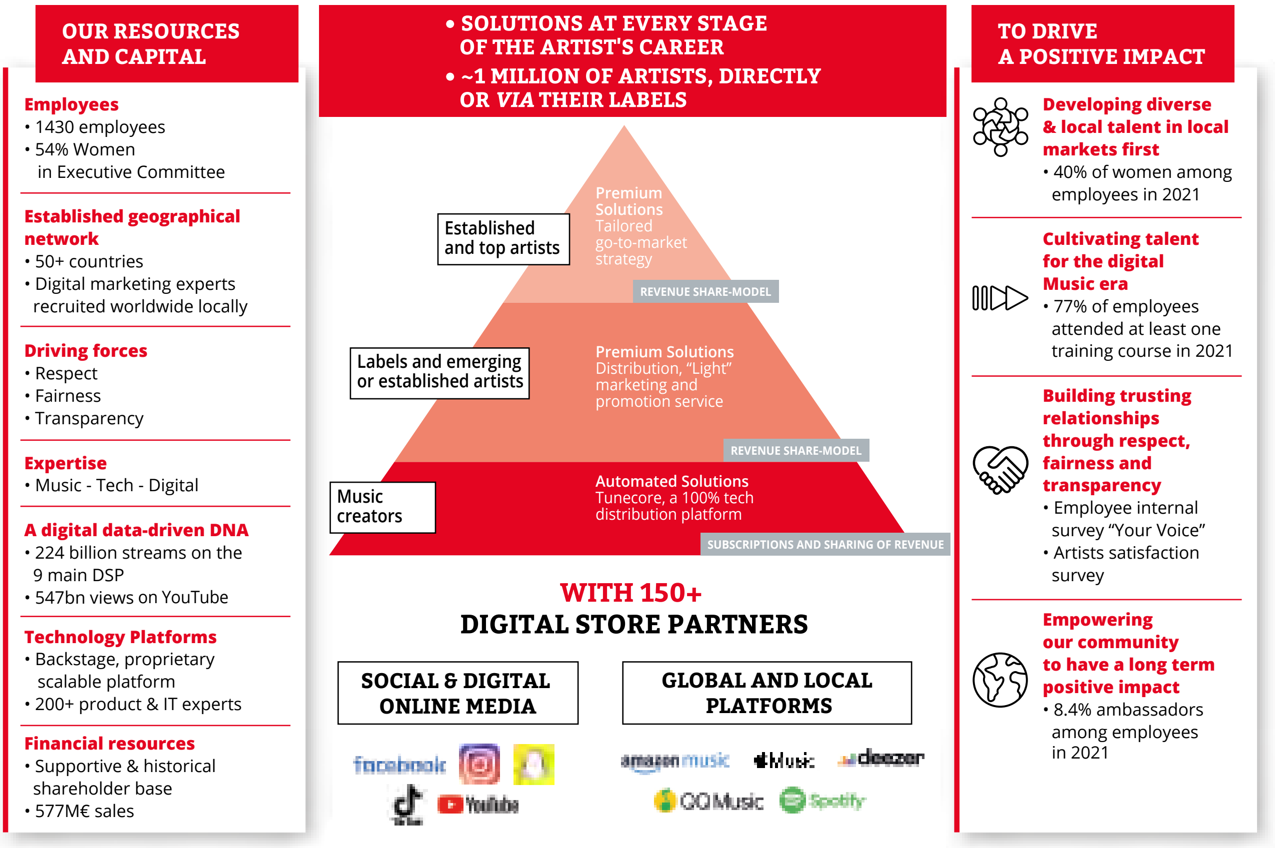
It is with this partnership mindset that Believe has built its growth and affirmed its original model to serve artists and labels through two main offers. Automated Solutions, consisting mainly of the TuneCore offer which enables music creators to be distributed automatically with digital service providers and social media. Premium Solutions, for emerging, established and top artists, offer more comprehensive and personalized support from a team of experts.

Beyond economic performance, this model firmly demonstrates a genuine vocation by giving everyone the opportunity to have the audacity to innovate, imagine and learn together. By cultivating this forward-thinking and bold mindset among artists and labels, its employees and its partner platforms, Believe intends to inspire and shape the future of the music industry.

2.1.2 Believe's Artists & Labels centric business model

Business model *Shaping Music for Good*

Believe's mission is to develop diverse artists and labels, with solutions best adapted to each stage of their career and development and to the digital world, in all local markets around the world, with respect, expertise, fairness, and transparency.



The Group is one of the leaders in the digital music market for artists and labels, 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 outside France very early on, 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. With more than 1,400 employees 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 in all local markets, with respect, expertise, fairness and transparency. The Group has designed its Shaping Music for Good strategy based on four CSR (Corporate Social Responsibility) pillars with the aim of having a positive impact for these different stakeholders (see section 2.2 of this chapter).

2.1.3 Believe's core values

Since its creation, Believe has based its decisions and actions on four core values that guide everyone's behavior: respect, expertise, fairness and transparency. Generating trust for artists and labels, these values empower them while providing them the autonomy they need. For employees, they are also a source of efficiency, openness and proximity.

"At Believe, the concept of respect is very important, and the entire management team is committed to bringing this value to life everywhere and at all times. This is what unites the team because we are aligned and share the same conviction".

Sandrine Bossard, Chief People Officer

Believe's four values:

RESPECT for all artists and employees at every stage of their career and in all countries where the Group operates.

EXPERTISE of the teams, guaranteeing the efficiency and excellence of the services provided to artists.

FAIRNESS in relations with artists and teams to offer equal opportunities and freedom of choice in terms of personal development.

TRANSPARENCY in projects, information and contracts, shared with artists and partners, to enable everyone to make informed decisions.

These values form the basis of the Group's philosophy reflected in its manifesto.

BELIEVE'S MANIFESTO

We believe in artists and labels	We believe in our people
WE BELIEVE THAT EACH ARTIST AND EACH LABEL IS DIFFERENT We strive to provide the most appropriate solutions for their needs, at every stage of their career and development.	**WE BELIEVE IN THE COMBINATION OF INDIVIDUAL TALENT** Our talents in music, technology and digital collaborate to build unique and innovative solutions for our artists and labels.
WE BELIEVE IN LOCAL ARTISTS AND DIVERSITY We build local teams to support artists and labels with close proximity. We also aim to promote diversity by working with artists and labels from all genres and music communities.	**WE BELIEVE IN LOCAL AND DIVERSE TEAMS** Our teams work in complete proximity with our artists and labels, taking an active part in the music ecosystem and with an indisputable passion for local music.
WE BELIEVE IN RESPECT, FAIRNESS AND TRANSPARENCY We work to live by these values in all our activities to build long-term trust relationships with the artists, the labels and all our partners.	**WE BELIEVE IN RESPECT, FAIRNESS AND TRANSPARENCY** of our internal teams.
WE BELIEVE THAT INDEPENDENCE MEANS FREEDOM AND POWER Artists should own their art and the freedom to make their own decisions with no limit on what they can do.	**WE BELIEVE IN THE POWER OF OUR EMPLOYEES** Our teams are encouraged to express their full personality, to be proactive, and to be responsible for the excellence of the services provided to artists and labels.
WE BELIEVE THAT CREATIVITY AND TECHNOLOGICAL INNOVATION GO HAND IN HAND We use technology to step up the development of artists, without ever replacing human creativity.	**WE BELIEVE IN INNOVATION** We encourage our teams to invent new services for the benefit of our artists and labels.

2.2 Corporate Social Responsibility at the heart of Believe's business model

The concept of social responsibility is embedded in Believe's history and its primary purpose. By creating, as early as 2005, the missing link to facilitate access to the emerging digital market, the Group positioned itself from the start with artists and labels in an inclusive dimension: access to musical platforms and digital monetization for all.

Drawing on this historical commitment, in 2021 Believe formalized a Corporate Social Responsibility (CSR) strategy, which is at the very heart of its business model (see section 2.1.2 of this chapter): **Shaping Music For Good.** True to its ambition and its slogan "Let's Shape The Future of Music Together", this program is the result of an in-depth reflection on how Believe can positively impact society. This impact needs to extend beyond its business and yet be consistent with it in order to link financial performance with extra-financial performance.

Believe has designed its CSR strategy around four strategic pillars:

- developing diverse & local talent in local markets first;
- 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.

2021 was a pivotal year for the formalization of Believe's CSR strategy. The Group has strengthened its governance model (2.2.1), conducted wider consultation with its stakeholders (2.2.2) and formalized its business model (2.1.2). The CSR strategy and roadmap were structured around the four pillars above (2.2.3), thus providing a structuring framework for identifying CSR risks and opportunities (2.2.4).

This document is the first edition of the Non-Financial Performance Statement (NFPS) that Believe has produced for the 2021 fiscal year. It provides an overview of the Group's CSR commitment and presents the initiatives already launched, as well as the areas for improvement to tackle in the short and medium term.

2.2.1 Believe's governance model

2.2.1.1 CSR governance: a structured and integrated organization

The Group has set up a governance based on four bodies with well-defined missions and responsibilities:

Board of Directors

The Board of Directors integrates the CSR strategy into Believe's business model. It ensures the final validation of this strategy, the overall objectives, the reporting as part of the Non-Financial Performance Statement (NFPS) and the overall roadmap. It also validates the principles of CSR governance, as well as the remuneration models aligned with the CSR strategy.

CSR Committee

The CSR Committee is one of the three Committees of the Board of Directors. It is composed of three members of the Board of Directors, including the Chairman of the Board of Directors and one member appointed from among the independent members of the Board of Directors. They are appointed by the Board of Directors, on the proposal of the Nomination and Compensation Committee. Its main mission is to validate the CSR strategy while integrating the risks and opportunities, the overall objectives and the NFPS. It also advises on good governance practices and submits remuneration models incorporating CSR criteria, in coordination with the Appointments and Remuneration Committee.

Executive Committee

The Executive Committee approves the overall CSR strategy and objectives and ensures that it is in line with and integrated into the Group's strategy and values. It approves, prioritizes and oversees the overall roadmap. It ensures the validation of the overall budget. It also validates the local objectives, is informed of the various local actions and makes decisions where necessary. CSR criteria have been incorporated into the long-term compensation of the members of the Executive Committee and the executives of the Group's main subsidiaries.

CSR Department

The team is charged with developing the Group's CSR strategy, as well as the objectives, budget and extra-financial reporting. It is also responsible for constructing, coordinating and implementing the overall CSR roadmap, and providing stakeholders with indicators to verify its implementation. The team also provides advice and support for the network of CSR ambassadors within Believe.

In addition, in 2021, the Group consulted various stakeholders as part of its approach to formalizing its CSR strategy and the completion of the NFPS (see Section 2.2.1 of this chapter).

2.2.1.2 A global network of committed ambassadors

Believe ambassadors are employees who devote part of their time to projects that have a positive impact on the teams and their environment. They propose, initiate and contribute to actions in areas such as respect for and promotion of gender equality, diversity and environmental protection.

To this end, the ambassadors meet regularly and receive information on the CSR strategy, objectives and resources allocated. Meetings of all ambassadors as well as local meetings are held regularly to define and ensure the implementation of the actions. The ambassadors also contribute to the preparation of the NFPS by providing the data and testimonies necessary for its realization.

The network of ambassadors brings together nearly 120 employees and is organized into different communities depending on the country (2.2.1.2 and 2.6.3): Believe for Parity, Believe for People, Believe for Planet. The Believe Group also wants to rely on this network to implement its CSR strategy and objectives at local level (2.2.3.2).

2.2.2 Believe's stakeholders

Believe's Stakeholders

2.2.2.1 Consultation with 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. Six categories of stakeholders have been identified to ensure that their expectations are taken into account when identifying priority CSR issues. This also involves ensuring regular dialog between Believe and all players in its ecosystem.

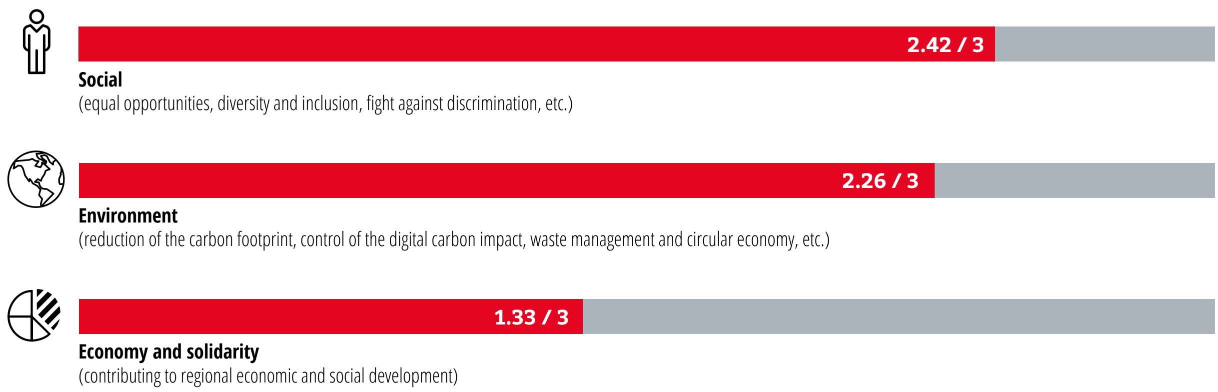
As part of its co-construction approach to develop the NFPS, Believe consulted certain of its employees, artists and labels, and main partner platforms throughout the second quarter of 2021.

This consultation made it possible to identify the priority material issues and to reinforce and challenge Believe's strategic priorities. In addition, it 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.

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, analysts, etc.) in accordance with the best practices of the profession. Believe's management and Investor Relations department maintain a regular dialogue on CSR/ESG topics, particularly during roadshows, individual meetings and thematic conferences, and also participate in events related to socially responsible investment (SRI).

Results of the stakeholder survey on a panel of 320 people (employees, artists & labels, platforms, etc.)

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



2.2.2.2 Believe serving artists and local communities

Believe's mission is to develop local artists in their communities, by working alongside of them to support their ambition to become the best artists in their country and region.

Believe is convinced that music serves local communities who listen to artists sing in their language, thereby shaping and enhancing their culture with their musical repertoire. Believe builds and develops local teams that draw on their proximity, digital expertise and unique relationships with their music and digital media partners to develop the careers of local artists.

Today, Believe supports 1 million artists around the world by offering a wide range of services based on cutting-edge technology and training. The objective is to enable everyone, both artists and employees, to master all the specificities of a music market that has become highly digitized and in which local characteristics must find new opportunities to emerge.

Believe has thus become a leading provider of audio and video music content for its partner platforms.

2.2.2.3 Federating and structuring partnerships

With the aim of amplifying its impact, Believe launched new partnerships with organizations aligned with its commitments for a more eco-responsible future of the music industry.

Believe joined **Music Declares Emergency,** a group of artists, professionals and organizations striving to achieve a carbon-neutral music industry. The Group is contributing to implement their recommendations in its daily practices, offices and with its partners, including CD and vinyl manufacturers.

The Group has also signed the **Keychange** commitment, supporting gender equality in the music industry. In addition to this commitment, Andreea Gleeson, Chief Executive Officer of TuneCore, a subsidiary of Believe, was appointed Keychange US Ambassador, and TuneCore sponsored the Keychange hub for gender equality at the Reeperbahn Festival.

Believe has also partnered with **50inTech,** an organization aiming to achieve 50% representation of women in technology by 2050 and a platform to connect women who have technology profiles with companies committed to an inclusive culture.

These various partnerships, which cover the key issues of the music industry (climate, diversity and gender equality, and inclusion of women) are described and accompanied by testimonies throughout this document.

2.2.3 Believe's CSR strategy

2.2.3.1 Shaping Music for Good: a committed and ambitious CSR strategy

"Shaping Music for Good" illustrates the CSR ambition that Believe has set for the Group and for the digital music industry. Believe has defined CSR strategy with very strong commitments, and integrated at the highest level of the Company, in a cross-functional and long-term manner. Its CSR strategy and roadmap are structured around four pillars which address material challenges, associated with key indicators or major initiatives.

The table summarizing the pillars of the CSR strategy, extra-financial risks, policies and indicators/actions is presented in section 2.2.4 of this chapter. Sections 2.3, 2.4, 2.5 and 2.6 provide a detailed description of each pillar with examples of initiatives. Lastly, section 2.7 shows details on the methodology and all indicators (key and additional indicators).

believe *Shaping Music for Good*

Developing diverse & local talents in local markets first, by supporting artists and labels at every stage of their career thanks to Believe's local teams present around the world, and by emphasizing diversity, inclusion and parity.

Cultivating talents for the digital music era, by supporting the transition of artists to the digital world and by developing and training a new generation of digital market experts.

Building trusting relationships through respect, fairness and transparency with all of Believe's stakeholders to promote and protect the interests of its artists and labels.

Empowering our community to have a long-term positive impact on society by making the most of technology, further reducing the environmental impact, and using a network of ambassadors in favor of sustainable development.

2.2.3.2 From CSR strategy to local implementation

On the basis of its CSR strategy defined in 2021, the Group relies on the teams in the countries, in particular the network of ambassadors (2.1.2) to deploy the roadmap and objectives at the local level on the one hand, and identifying and organizing the feedback of specific local issues.

Following 2021, which was devoted to the formalization of its strategic and ethics commitments and the training of all its employees in the fundamentals of CSR, 2022 opens up new thematic projects, in particular regarding climate and the environment. Believe has decided to define and launch an action plan in 2022 concerning the trajectory of reducing its carbon footprint. On the social front, Believe is continuing and expanding its commitments in terms of diversity, fairness and inclusion, particularly by reaffirming its support for the development of Keychange in the United States and by encouraging the work of the network of ambassadors in the Believe For People and Believe for Parity groups *(see sections 2.2.1.2 and 2.6.3.1 of this Chapter)*.

2.2.4 Extra-financial performance risks and opportunities

This statement for the 2021 fiscal year is based on a risk analysis, pursuant to Order 2017-1180 of July 19, 2017, in order to reflect the expectations of its main stakeholders regarding the assessment and management of CSR risks and opportunities *(see section 2.2.1 of this Chapter)*.

The methodology for identifying material risks is presented in section 7.1 of this Chapter. This assessment is a first step towards a more detailed materiality analysis that will be carried out for the 2022 fiscal year.

The table below presents the results of the analysis as well as the description of the main CSR risks and opportunities selected and classified according to the four main pillars of Believe's CSR strategy.

CSR pillars	Material risks	Policies	Indicators/actions
DEVELOPING DIVERSE & LOCAL TALENT IN LOCAL MARKETS FIRST	• Risks related to partnerships with reliable local platforms (which ensure distribution and growth)	• Partnership with local and diversified platforms	• See Chapter 3 • See Section 3.1.2 of this Chapter 2
	• Risks related to the remuneration of Believe artists	• Fair distribution of value with artists and labels under simple and clear contracts.	• See Chapter 3 • See Section 5.1 of this Chapter 2
	• Risks related to discrimination and equal opportunities	• Promoting diversity and inclusion internally and externally	• % of women among employees • % of women on the Executive Committee • % of women among managers • Women/Men Index (France)
CULTIVATING TALENT FOR THE DIGITAL MUSIC ERA	• Risks related to technological and digital changes in the sector	• Competitive, technical, innovation and regulatory watch • Actions to strengthen talent acquisition	• See Chapter 3 URD • See Section 5.1 of this Chapter 2
	• Risks related to the attractiveness, retention and shortage of external talent essential to establish a lasting relationship of trust with artists and labels	• Training and information for artists and labels • Customized offer and support for certain categories of artists • Excellence and expertise of local teams to serve artists	• See Section 4.1 of this Chapter 2 • See Chapter 1 • % of employees who have attended at least one training course • % of mid-year career reviews completed

CSR pillars	Material risks	Policies	Indicators/actions
BUILDING TRUSTING RELATIONSHIPS THROUGH RESPECT, FAIRNESS AND TRANSPARENCY	• Legal, image and reputational risks related to the content of artistic productions or their dissemination, and non-compliance with the values promoted	• Transparency and availability of artist and label data • Raising awareness of sensitive content among artists	• See Chapter 3 • See Section 5.1 of this Chapter 2
	• Risks related to the protection of sensitive data of stakeholders and respect for privacy	• GDPR policy and implementation	• See Chapter 3
	• Risks related to employee health and safety	• Well-being program (3.2.2)	• See Section 3.2 of this Chapter 2 • Turnover & attrition rate
	• Risks related to fraud, corruption and ethics • Risks related to human rights and fundamental freedoms	• Psychosocial risks prevention and management platform • Professional whistleblowing system • Ethics and anti-corruption codes	• % of employees who have completed the code of ethics training course
EMPOWERING OUR COMMUNITY TO HAVE A LONG-TERM POSITIVE IMPACT	• Climate-related risks: climate change (physical risks and transition risks), carbon intensity of activities, particularly related to digital pollution (data centers, networks, user terminals)	• Carrying out a carbon footprint assessment (Scope 1, 2, 3) and defining a plan to reduce GHG emissions (Scopes 1 & 2)	• Total energy consumption of the site/m^2
	• Risks related to waste electrical and electronic equipment (WEEE), the circular economy and the shortage of materials	• Implementation of actions for waste sorting and recycling	• WEEE waste recycling rate in France
	• Risks of poor stakeholder engagement in the Group's CSR policy and/or lack of impact on the music industry	• Implementation of a network of internal ambassadors • Implementation of partnerships with associations/NGOs	• % of Believe ambassadors among employees

2.3 Developing diverse & local talent in local markets first

Today, music is created and distributed through digital technologies that have become essential to simultaneously reach a large audience. However, this digital revolution in the music industry may exclude music genres with a strong local resonance that do not have access to digital tools. It is therefore necessary and vital for the sector to **preserve and promote creative diversity.**

This is the mission that Believe has set itself: to support independent artists and labels in their communities to promote their creative and cultural characteristics, in their local markets first and among the largest audience possible.

With its network of expert employees hired locally, the Group provides solutions adapted to music creators and artists, whether they are emerging, established or top players, and whatever their music genre. This mission of Believe is expressed in particular in the first pillar of its social responsibility.

2.3.1 Focusing on developing local artists and labels

Believe's aim to serve local artists and labels first is reflected in the implementation of partnerships with local platforms (2.3.1.1). The Group also works to promote diverse and inclusive music by facilitating access to the digital market (2.3.1.2), and attaches great importance to highlighting and promoting women artists (2.3.1.3).

2.3.1.1 Promoting diverse and local music through access to the digital market

Music reflects the changes 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. Drawing on this conviction, Believe is committed to growing its artists in their market.

In a music industry undergoing major transformation, this commitment to social responsibility is materialized as follows:

- a dissemination policy as broad as possible which enables artists and labels to step up their exposure and monetize their creation, whatever the stage of their career development;
- a fair remuneration policy that respects the distribution of value with the artist according to the levels of career development and services requested by the artists and labels *(see Section 2.4 of this Chapter, as well as Chapter 1 "* Presentation of the Group*", Section 1.2.4.2);*
- teams serving artists located directly in the main cities and regions for music production;
- a local recruitment program for artists and training initiatives for employees and artists and labels to support them in their development. Believe has invested in markets where the streaming penetration rate is still low and can thus support its artists and employees in the digital transformation of the music industry in each corresponding market.

"When we arrived in Asia, we set up a model with a genuine local presence. We recruited experts from the local music industry. Through this proximity, these experts were able to better understand the culture, local specificities and trends, in order to ensure the best approach with artists and labels.

Through digitization, Believe managed to make new music catalogs available on platforms. Initially, it was very small-scale, as we went to collect the boxes of CDs ourselves to digitize them. We did this in India, Thailand, the Philippines and China. Without Believe, a whole section of these local musical cultures would be missing, which could even end up disappearing!".

Sylvain Delange, managing director Asia Pacific

"Manchester is not considered the typical music hub of the UK compared to London, however, there is a Manchester sound and culture with it's own music universe. The mission of 'Scruff of the Neck' is to bring out the best local music amongst other similar sounds UK wide. We are proud of Manchester culture and embrace it using Scruff of the Neck as a vehicle to amplify our city".

Mark Lippmann, Founder of the label *Scruff of the neck*

As part of its global initiative "Shaping Music for Good", Believe is proud to partner with the Snehadhara Foundation & Vasu Dixit in India.

PaDa Project, which stems from an idea of Indian music artist Vasu Dixit, is a documentary series that aims to highlight the many musical traditions of India. Believe is proud to be the catalyst for this remarkable project, in partnership with this artist and the Snehadhara Foundation.

2.3.1.2 Develop unique partnerships with local digital platforms

Local communities provide a powerful resonance for artists who sing in their language and shape the local culture while putting it forward in their music. Believe focuses on the development of local artists and labels in their own region and ensures their independence.

To this end, Believe strengthens its relationships with major local and global music, gaming, social media and entertainment platforms every day. Today, Believe has 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 platforms are at the heart of the Group's development model and ensure responsible risk management and protection for artists. The process set up to select partner platforms is carried out in three stages: identification, contractualization and dialog.

The final choice of a local platform depends 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 distribution of 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.

Quarterly reviews of the main partner platforms are carried out in order to assess their quality and the progress made with regard to these various criteria, thus making it possible to monitor them in the form of a score card.

2.3.1.3 Highlighting and promoting women artists

Diversity through gender equality has become a major corporate social responsibility issue. Believe is particularly committed to the promotion of female music talent and to **the place of women in the music industry.**

2021 was marked by several initiatives in this area:

- in March 2021, Believe and its subsidiary TuneCore, a leading provider of music content for music creators, joined forces with MIDiA Research to conduct **the "Be the Change: Women making music in 2021" study.** This study analyzed the discrimination and under-representation of women in the music industry and identified action levers to attract women artists and help to degender access to music composition and production;
- in September 2021, Andreea Gleeson, Chief Executive Officer of TuneCore was appointed Ambassador for the United States of **Keychange, a global movement supporting gender equality in the music industry.** TuneCore also sponsored the Keychange hub for gender equality at the Hamburg Reeperbahn Festival, a major meeting point for the global music industry.

"I was surprised to discover that only 28% of TuneCore artists were women in 2021. Even though we were above industry averages, which hovers around 11%, we needed to do better. Women do not want to be treated differently. They want to have access to the same resources and opportunities as their male counterparts".

Andreea Gleeson, Chief Executive Officer of TuneCore

- Believe 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 cause of women artists is also at the heart of the work carried out by the network of Believe for Parity Ambassadors as part of one of its working groups. Created in October 2019 to promote gender equity within Believe and more broadly in the music industry, **Believe for Parity launched the Aurores project in 2021 to highlight French beatmaker women artists.** The aim of this project is to produce an urban-oriented album composed entirely by women and gender minorities with the participation of female and male performing artists known to the general public. All profits will be donated to the Fondation des Femmes.

"A lot has been done to tackle gender inequalities over the past four years at Believe. As an ambassador of Believe for Parity, I am convinced that Believe is sincerely and actively involved in this issue".

Axel Prunier, Head of Retail Market Intelligence
& Believe for Parity Ambassador

Be the change: women making music 2021

Entitled Be The Change: Women Making Music 2021, the study conducted on the independent artist sector by Believe/TuneCore and MIDiA Research highlights the challenges and experiences of 401 women creators from all over the world. Among the findings of this study, four major trends illustrate the huge area for improvement:

- 81% of the artists surveyed believe that being recognized is more difficult for women than for men;
- 63% feel excluded from composition and production;
- Almost two-thirds identified sexual harassment or objectification as the major issue;
- More than 90% of those surveyed said they had been victims of unconscious prejudice, including almost half of them on a regular basis.

The entire study *Be The Change: Women Making Music 2021* on the MIDiA website.

Women In Tech and Female Talent on the Group's blog (https://www.believe.com/en/blog)

72% **of employees consider that Believe takes action against discrimination and promotes inclusion and diversity. For 90% of employees, this topic is very important (Stakeholders survey).**

2.3.2 Building inclusive and diverse teams locally and globally

With a presence in more than 50 countries, diversity is part of Believe employees' daily lives. Echoing its commitment to creative diversity, the Group firmly believes in the power of inclusion and diversity within its teams (2.3.2.1). It also actively fights against sexism, racism and all forms of discrimination (2.3.2.2.).

2.3.2.1 Supporting diversity and inclusion at all levels

Believe promotes and supports diversity in all its forms – gender, ethnicity, religious beliefs, sexual orientation, disability, age – as a source of creativity, innovation, and individual and collective development. In line with its mission with artists, Believe accelerated the implementation of its corporate social responsibility commitments across the Group in 2021.

"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 of Believe

Believe has adopted a diversity, fairness 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" 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 to help employees develop more inclusive behaviors and inform them about applicable legislation. The training and information modules are made up of several courses and are available on Believe Academy, the employee training platform. In order to continuously identify potential areas for improvement and adapt the sessions accordingly, Believe also relies on the "Your Voice" engagement survey (see section 2.5.1.2), to better understand its employee experience in terms of diversity, fairness and inclusion.

All Believe's human resources teams and local managers have also benefited from training programs since 2020 to help them recruit and manage employees in line with the Group's values. In January 2021, a training course on diversity and inclusion targeted all of the Group's recruitment teams.

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, and among managers. Largely exceeding the provisions of French law underway, the 54% of Executive Committee members are women. The Group has also adopted a gender parity indicator for all employees, as an extra-financial criterion included in the variable compensation of executives. In addition, the Board of Directors includes 50% women (*see Chapter 4 of the Universal registration document).*

In France, Believe also monitors the professional gender equality index according to the criteria provided by French legislation[1]. The improvement in this index in France between 2019 (56/100) and 2021 (99/100) is mainly due to better monitoring of human resources processes and demonstrates the Group's commitment to parity.

The Group has decided to draw on this indicator in France to gradually implement a relevant and globally measurable indicator in all the countries where it operates, and to implement progress plans.

The ambassadors of the Believe for Parity group worked very actively on the issues of gender equality and the fight against sexism and sexual harassment in the workplace. A mentoring program sponsored by Believe for Parity is currently in France before being rolled out globally.

Indicators	2021
% of women among employees	40%
% of women on the Executive Committee	54%
% of women among managers	34%
Female/Male Index (France)	99/100

Believe Diversity and Inclusion Charter

- **Ensuring equal opportunity within the recruitment, development and promotion processes.**

  The recruitment process has been designed to be objective and fair, thus avoiding any discrimination. Personality or technical tests and other assessment tools have been incorporated into the process to select the best talent. Employee development and empowerment require career development and promotion. To this end, all employees are encouraged to follow the training courses that best meet their needs.

- **Ensure fair compensation for equal work, performance and skills.**

  A guide to the various positions and levels of responsibility with internal and external compensation benchmarks has been put in place and is used as a reference to ensure pay equity. In addition, compensation is reviewed once a year.

- **Raise awareness of unconscious bias and discrimination and educate employees about** legal implications to promote inclusive behavior in everyday life.

  Diversity and inclusion workshops were rolled out in all countries. The aim is to inform and federate all employees on Believe's commitments and legislation.

- **Creating an environment where people always feel safe to express themselves** (more details in section 2.3.2.2).

  A whistleblowing protocol to manage discrimination complaints has been implemented in 50 countries. It is critical that everyone feels safe, heard and, above all, accepted.

- **Encourage employees to join ambassador communities** to propose, promote and implement concrete initiatives that encourage a more diverse and inclusive environment (more details in section 2.6.3).

  Volunteers around the world have formed local ambassador groups organized around diversity and inclusion topics. They communicate on Believe's commitments, share best practices, propose and carry out significant initiatives and actions.

- **Proposing, promoting and implementing concrete initiatives for diversity and inclusion in the workplace and in the music industry.**

  Rolling out this framework for all employees, artists and partners regardless of their gender, ethnicity, religious beliefs, sexual orientation, disability, age and in all countries where Believe operates.

(1) 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.

2.3.2.2 Combating all forms of discrimination

For Believe, respect is a key value to offer an inclusive work environment, where everyone can feel safe, heard and accepted. This is why the Group has put in place a system to detect sensitive situations and encourage its employees to express themselves in a confidential manner (see section 2.5.3.2).

A platform for reporting inappropriate behavior has been available since January 2021. A whistleblowing management protocol has been rolled out within the Group. The purpose of these tools is to enable employees to anonymously report any reprehensible behavior in terms of discrimination or harassment. The protocol provides for the opening of an investigation by the human resources teams in order to analyze the situation and take the appropriate measures or sanctions, if any. Believe is committed to considering all complaints and treating them with respect and confidentiality (2.5.3.2).

Believe is also active in the prevention of psychosocial risks for its employees. In November 2021, the Group partnered with Eutelmed, an international healthcare and quality of life provider, to conduct a survey among employees on psychosocial risks, while respecting the principles of confidentiality. Respondents who obtained results above the risk thresholds received a proposal for an individual assessment with a psychologist. (More details are provided in section 2.5.1). In May 2020, the Group set up a psychological support system with Eutelmed during the pandemic period (see section 2.5.1.2).

"Respect is the key to an inclusive workplace, as the strict application of our code of ethics. It is important to promote an environment where everyone feels safe, heard and, above all, accepted. This is why we encourage our employees to speak out when they are victims or witnesses of harassment, discrimination or unacceptable practices. We treat all complaints with respect and confidentially".

Solange Viegas Dos Reis, Chief Legal Officer

2.4 Cultivating talent for the digital music era

The development of new technologies and the rapidly changing digital uses (streaming, social networks, etc.) have triggered in-depth changes in the music industry, thereby promoting the emergence of local independent artists and facilitating access to both a larger and more local audience.

Several factors explain the development of independent artists and labels:

- 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, focused more on the control of their rights, a rebalanced sharing of value and a higher level of transparency and independence from their record companies and partners.

For example, a survey conducted in the third quarter of 2019 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).*

Thanks to its digital solutions and its local network of digital music experts, Believe acts as a genuine accelerator in the transition of artists and labels toward digital, supporting them in mastering these new digital codes and practices. Throughout the world, the teams assist, distribute and promote them and facilitate their access to the streaming market. With its offer tailored to each class of artists and their needs, Believe meets the expectations of independent artists and labels according to their career development.

2.4.1 Supporting artists and labels in the evolution of their careers and business development to the digital world

Believe has always put the development of artists at the center of its missions through personalized support and training (2.4.1.1). To this end, the Group has developed extensive expertise at the cutting edge of technology to serve artists (2.4.1.2).

2.4.1.1 Training artists and labels in digital technology

Developing the careers of artists and labels in the digital world requires personalized support. This is what makes Believe so unique: it offers training, information and support programs that enable artists to learn, understand and use their digital environment to their best advantage.

2010 set the pace with the creation of Backstage, comprehensive distribution software for artists and labels. This software offers solutions to manage, promote and analyze their music via a single interface. In July 2021, Backstage launched "Artist Resources", an educational program for artists that includes more than 150 articles written by Believe experts. These articles in the form of tutorials explain how to use social media and video platforms, how to stream, how promotion triggers engagement on the internet, etc. Since the launch of this educational program, these articles have totaled around 11,000 views in just six months.

In March 2021, TuneCore launched the TuneCore Rewards program. This is a unique training program that covers a wide range of key areas, such as social media, release planning and the promotion of music 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 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.

"Believe's tools help artists promote their music, boost their streams and grow their audience across all music and social media platforms to reach a comprehensive digital presence. Starting from the social media platforms using Believe's tool helps artists to migrate their audience into the music streaming platforms, increasing their streams and listens to their music".

Celine Hitti, Editorial & Marketing Partnerships
Senior Leader - MENA

In addition to these online support solutions, Believe also offers and supports events and meetings throughout the year.

- For example, since 2019 the Group has been organizing the "Believe Days", which were initially held in Asia and have now been extended to Eastern Europe and Latin America. These are "educational" days dedicated to a digital theme, to which artists, labels, competitors and digital platforms are invited. These days are an opportunity to help artists to better harness digital technology, and to advance the entire ecosystem from an "artist friendly" perspective.
- In the same vein, in 2021 Believe also took part in the Music Matters Academy in Singapore. Various Group experts took part in training courses which recorded more than 750 registrations. The videos of these courses, made available online free of charge, totaled more than 20,000 views during the first week of their publication.

2.4.1.2 Being at the cutting edge of technology and innovations

As digital technology is constantly evolving, Believe is particularly focused on the latest innovations and technical and regulatory developments in the market. This ongoing monitoring work enables it to anticipate opportunities and threats, and to adapt its services and technological solutions offer to better support artists and labels. The deployment of the most current and relevant technologies contributes to the sustainability of its activity, as well as that of the artists and labels who trust it.

In addition, Believe strives since its creation to make the most of its technological platforms, its data and its relationships with its partners.

Three examples in 2021 which illustrate Believe's ability to innovate and forge partnerships with recognized platforms – Spotify, TikTok, YouTube, – anticipating technological developments, future uses and artists' rights issues:

- with Spotify on the Discovery Mode platform, which enables independent artists to expand their audience and find new fans by optimizing the discovery of their tracks on Spotify. As part of a large-scale beta-test with its artists, Believe invested in a data platform and digital marketing solutions. The first tests showed that the songs included in Discovery Mode attracted on average over 40% more listeners;
- with TikTok, thanks to the development by the Believe teams of an algorithmic technology that aims to predict the virality of a piece of music on this 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;
- with YouTube : for the launch of YouTube Shorts which enables artists to engage more with their communities, including via mobile phone. This partnership positions Believe as one of the top partners in the leading video streaming service YouTube.

Believe also promotes a disruptive vision, which has demonstrated its strength through numerous investments and recruitments in Tech, and in strategic partnerships around innovation (see section 2.4.2).

Believe's active contribution to Midem Digital 2021

In November 2021, Believe took part in the 2021 edition of Midem, an international event in the music industry. Denis Ladegaillerie, Chairman and CEO of Believe, shared his vision for an innovative, fair and inclusive music industry, and on the role and contribution of artists and labels to the new economy of creativity. Recognized experts from Believe also participated in various conferences and workshops, in particular on technologies and services to promote artists and local labels.

Conference at the 2012 MaMa – "Innovation to serve independent artists and producers".

The acceleration of the digitization of the music market is a source of challenges and opportunities for independent artists and labels. Reaching fans on the right platform, at the right time and with the right content has become the fundamental issue in which Believe continually invests, for the benefit of the artists and labels that the Group supports.

The MaMA Festival & Convention, which is the largest gathering of the music industry in France, took place on October 14, 2021. On this occasion, Believe experts took part in the conference "Innovation to serve independent artists and producers". The aim of the conference was to summarize the key stages in the implementation of an innovative digital strategy and to present some of the levers available to artists. It was an opportunity to present the results of an unprecedented study conducted by Youtube in partnership with Believe and Ekimetrics, a leading datascience firm, on the business impact of artist engagement on Youtube.

https://live.mamafestival.com/user/event/12371

2.4.2 Developing and training the new generation of digital music leaders

For Believe, it is critical to train the new generation of leaders and experts in digital music (2.4.2.1). The Group intends to continue its commitment to developing its employees by supporting them throughout their careers (2.4.2.2).

2.4.2.1 Training employees for the future world

Believe is also a career accelerator for its employees. A wide range of training programs are offered to all employees as soon as they join Believe, so that everyone can remain or become an expert in digital music. Believe Academy and Believe Campus offer different training programs and content in various areas:

- sales and marketing, with programs tailored to each employee's level of development, as well as video modules on the offers and solutions sold by Believe;
- professional training, modules created by dedicated teams. Depending on the needs expressed by employees and managers, tailor-made courses and content are offered to everyone;
- development of skills, in particular in management. A program for all managers, including coaching, e-learning and regular training courses on key management practices, was rolled out. To complete this offer, Believe has put in place co-development, coaching and mentoring actions to strengthen knowledge sharing;
- self-learning training via the LinkedIn Learning platform, based on "playlists" of modules proposed by the human resources teams.

The Group has adopted a training indicator for all employees, as an extra-financial criterion for 2023 included in the variable compensation of executives (see Chapter 4 "CGR").

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

In addition, Believe has put in place internal communication tools and means to share and make the necessary information easily accessible to all employees, in particular through quarterly global webcasts, regular newsletters and "Believe Insider", a dedicated information platform.

"The Believe Academy offers a range of training and professional development solutions. Employees have access to the knowledge and skills required for the various current positions. Employees can thus build their own learning path adapted to their professional project and to the constantly and fast-moving digital music market".

Julie Aveillan, Global Leadership Development Partner

77%

**of employees consider that Believe makes its digital expertise available to artists and labels.
The subject is very important for 83% of them.**

2.4.2.2 Supporting employees throughout their career

Believe provides its employees with skills management tools adapted to their needs. Since 2020, the Group has been conducting half-yearly career reviews in all countries via a global digital platform. This initiative enables employees to identify their needs in terms of coaching and training, and to share their projects in terms of professional development. Ultimately, the tool enables to support each employee in the co-construction of their personalized development plan with their manager.

Indicator	2021
% of mid-year career reviews completed	95%

In 2021, a new skills-based platform called Believe Talents was rolled out to enable employees to build their career paths and development opportunities, thus encouraging and facilitating internal mobility. This platform uses artificial intelligence to analyze the profiles of employees. It enables them to view open job opportunities within the Group that corresponds to them, and gives them information on what skills they need to acquire to advance their career.

"At Believe, we have decided to support skills management with a specific platform: Believe Talents. This solution offers each employee visibility and support for their career and professional development thanks to accurate, transparent and shared data. The information from the various individual profiles enables the Believe Talents platform to propose development prospects that correspond to the skills and ambitions of employees and in line with the current and future needs of Believe".

Damien Montvernay, Chief of Staff-People team

2.5 Building trusting relationships through respect, fairness and transparency

Believe's leadership in the digital music industry has always been based on building trusting relationships. Those are the relationships that have enabled the construction, emergence and interoperability of an innovative ecosystem in the music industry, which has made Believe so successful today.

Drawing on its historical values, Believe is committed to maintaining respectful, fair and transparent relations with each of its stakeholders and to placing respect for the fundamental rights of artists at the heart of its governance.

2.5.1 Driving respectful and fair stakeholders relationships

Trust is at the heart of the relationship that Believe maintains with artists and labels since its creation (2.5.1.1), as well as with its employees (2.5.1.2).

2.5.1.1 Protecting the interests of artists and labels

Believe wants to ensure a fair distribution of value with artists and labels under simple and clear contracts. Transparency is key in the relations between the Group and the artists.

These values of fairness and transparency form the basis of the remuneration system for artists proposed by the Group. The contracts that Believe signs with its artists and labels are at or above market standards, in particular through the proposal of more favorable clauses such as no rebate, much shorter periods of exclusivity for new albums at the end of the contract, or no exclusivity on featuring.

The distribution of remuneration is thus defined in a fair way between Believe and the artists, according to their revenue and career, by the exclusivity for new albums with shorter contract terms, and the absence of exclusivity on featuring. With TuneCore, Believe provides music creators with offers tailored to each stage of development and enabling them to be broadly distributed.

"I am proud of the relationships of trust we have built with artists and labels. We do not offer alienating contracts. We are committed to a partnership and transparent approach: everything must be understood, justified and evidenced, because shared data is not always easy for the artist to understand. It is this trust that has enabled Believe to occupy the place it occupies today in the music industry. We have contributed to the progress of our industry".

Max Fovelle, Project Manager Finance
& Believe for Planet Ambassador

Almost all artists can thus access information concerning their remuneration, as well as all data relating to their relationship with Believe, via the interfaces offered by the Group.

"Believe is just awesome! Believe employees act in an ethical manner and provide transparent access to artists' data. Power is given to independent artists".

Mathieu Rousselot, YouTube.

"The Believe team has always given me its opinion in a very fair, appropriate and, above all, honest manner".

Fabrizio Paterlini, pianist and composer

"Keep up this wonderful work! I am very happy to work with Believe. I love them and I will continue with them".

Safree, singer and songwriter

2.5.1.2 Ensuring a healthy working environment and listening to Believe employees

Believe maintains respectful and fair relationships with its employees. Believe is committed to offering professional opportunities (2.4.2.1) and fair compensation for all of its employees (2.3.2.1). As for well-being and the fight against discrimination, action plans have been put in place (2.3.2.2). Collective bargaining agreements also govern the internal framework, and internal investigations are regularly carried out.

In 2021, Believe conducted a survey on employee engagement and well-being: "Your Voice".

This anonymous survey "Your Voice", conducted on a voluntary basis, measures several indicators, in particular:

- the level of satisfaction and fulfillment of employees at Believe;
- the net recommendation rate of employees for the Group;
- understanding of the strategy by employees;
- participation in the ambassador program;
- the perception of being able to grow and learn within the Group;
- the opportunity to be yourself at work;
- recognition of their work.

"In this challenging period related to Covid-19, the voluntary participation of 60% of employees in this survey is positive and allows us to better understand the level of satisfaction and well-being at Believe. It is also a powerful management tool for identifying areas for improvement and implementing actions with local teams".

Audrey Chemir, HR - People Engagement

Likewise, Believe is committed to offering professional opportunities and fair compensation to all employees (2.3.2.1). As for well-being and the fight against discrimination, action plans have been put in place (2.3.2.2).

The Group also maintains a permanent and satisfactory social dialogue with employee representatives and signed several collective bargaining agreements. In France, Believe SA has a Social and Economic Committee since 2019, which replaces the Unique Staff Representative Body (DUP). Believe SA has also signed a profit-sharing agreement based on the legal formula for calculating the profit-sharing amount for France. No incentive agreement or corporate savings plan has currently been put in place.

Indicator	2021
Turnover rate	28%

Supporting employees during the Covid-19 period

In light of the exceptional situation related to Covid-19, the Believe management team and managers fully mobilized to support their employees, in particular by implementing the most appropriate physical and mental health measures and in strict compliance with local regulations, while ensuring an excellent level of service for artists and labels:

- protocols for safety, cleaning of premises and "barrier gestures";
- equipment for employees for a rapid and effective implementation of remote work;
- psychological support for those who so wish, by an external organization;
- adaptation and flexibility of work organization (work time, etc.) according to needs and schedules, in particular for parents who have to look after their children;
- information meeting and regular video-conference updates with employees at both Group and local level;
- monitoring of stress levels and the state of mind of employees through ongoing dialogue with their managers and also through career reviews.

2.5.2 Respecting artists' fundamental rights

Believe is committed every day to defending the fundamental rights of its artists and labels. The Group encourages and protects the independence of its artists (2.5.2.1) and ensures respect for and protection of their data (2.5.2.2).

2.5.2.1 Respecting creative independence

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 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, a discussion with the artist may be necessary to better clarify his/her intentions, explain the legal texts and adjust the communication around the content in question.

The Group's primary approach is not to remove or modify the texts or music, but to educate and engage dialogue with artists and the general public.

"Always supporting new, modern and open minded ways of expression".

Kaydy Cain, rapper

"We place a special focus on compliance with the regulations of the various sales platforms. We explain to our artists, who might be tempted to deviate from the rules, why it is in everyone's interest over the long term to comply with them. We maintain dialogue with our artists to empower them and develop their careers".

Isabelle Andrès, Chief Technology, Operations and Product Officer

84%

of employees and 76% of artists consider that Believe promotes freedom of expression

2.5.2.2 Respecting the data privacy of artists and labels

Respecting the data privacy of artists and labels is a crucial issue for Believe. The Group has put in place measures to protect personal data

Measures implemented internally include:

- 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 the Group. Several data protection officers have been appointed within the Group;
- a register of the personal data processed by the Group has been set up to identify when an impact assessment (PIA) is necessary. This register is based on a solution published by a specialized third party;
- an impact assessment tool (PIA) has been implemented. It ensures that data is processed in compliance with the General Data Protection Regulation (GDPR) and respectful of privacy, in particular when sensitive data is processed (*e.g.* origin, nationality, religion, biometric data, etc.) and it there is a material risk for the rights and freedoms of the persons concerned. This tool is a functionality of the processing register: when the processing of data requiring an impact assessment is identified, a questionnaire must be completed and, depending on the answers, remedial recommendations are proposed by the tool;
- an intranet module dedicated to compliance and including a "personal data protection" section with press articles, procedures and templates, is made available to employees.

Believe also works closely with platforms to engage in dialogue to protect artists' data. In partnership with the major global platforms, the Group is developing solutions that allow artists to choose between sharing their information or not. Due diligence and quarterly reviews (2.3.1.2) have been implemented to assess the platforms based on a set of weighted criteria (data security, supply chain, finance, etc.).

2.5.3 Striving for transparency in all aspects of our activities

Various tools and systems guarantee ethics and compliance across all Believe activities (2.5.3.1). These include the establishment of a professional whistleblowing procedure (2.5.3.2).

2.5.3.1 Implementing tools to ensure compliance and transparency

To combat corruption, Believe has appointed a Compliance Officer responsible for designing and implementing the Group's compliance program. This program includes several tools. These include a Code of ethics (available in nine languages) and an anti-corruption Code (available in ten languages). These codes, available on the Group's website (Ethics & Compliance| Believe), set out the recommended ethical behaviors, those prohibited as well as the sanctions incurred for any reprehensible behavior committed by Believe directors, shareholders and employees.

In addition, Believe has set up several training courses to reinforce its stakeholders' knowledge of ethics and compliance requirements. Internally, employees have also benefited from training workshops on this subject.

"Since its creation, Believe's core values have been transparency, expertise, fairness and respect. 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. We are all Believe ambassadors. It is the adherence by each one of us to Believe's values that contributes to its success".

Xavier Dumont, Chief financial officer,
Chief operating officer

2.5.3.2 Establish the necessary whistleblowing procedures

A professional whistleblowing system, available in five languages, has been rolled out to enable everyone to report wrongdoing online, whether proven or suspected (2.3.2.2). In 2021, four alerts were received and processed under this system. Believe has set up training modules for employees to inform and explain how this whistleblowing procedure works. This system, which meets the requirements of the Sapin II law, is available on the Group's website:

"In line with the values of the Believe Group and as part of its global compliance effort, Believe set up a whistleblowing platform. It is accessible internally to all Believe employees via its Intranet, and externally via Believe.com and Backstage Links. Believe's whistleblowing platform is available in 10 languages to report in good faith a serious breach of the law or of Believe's internal rules".

Christine Bacoup-Tidas, Compliance Officer

Indicator	2021
% of employees having completed the Code of ethics training course	67%

2.6 Empowering our community to have a long–term positive impact

Faced with major contemporary challenges, including climate change, the digital divide, diversity and inclusion, Believe is making progress in defining its commitments and indicators, in line with international standards. The Group's ambition is to develop responsible digital technology for musical talent with a reduced and controlled environmental impact. This is why the Group is keen to engage all its stakeholders in becoming active game changers within the music industry, by strongly involving artists, labels and employees in its positive impact research approach.

2.6.1 Leveraging technology for sustainable talent development

Technology is inextricably linked to Believe's mission: it supports the creativity and development of artists and employees, and enables the development of their skills in a highly digitized music industry. Believe also ensures that technology contributes to fostering and disseminating creativity as much as possible, without ever attempting to replace it.

The arrival of streaming increases the risk of marginalization of local artists who do not have access to new technologies. Believe's mission is to identify and support these local talents who are likely to suffer from the digital divide. To this end, the Group has invested in the establishment of teams of local experts (2.3.2) and in training artists in digital music tools and uses (2.4.1).

The Group also intends to capitalize on technology to expand the social and environmental commitment of artists and labels. Music is both a reflection of its time and a powerful tool for conveying committed messages reaching a very large audience.

The cellist Christian-Pierre La Marca, artist of the Naïve/ Believe Label is one of its greatest representatives. Today recognized on the international stage, this artist sees his instrument and his creations as a way of racing awareness among political and economic players and the general public on the planet's condition and the emergency to take action to protect it.

Wonderful World Project

This concert-show was imagined and created by the cellist Christian-Pierre La Marca, as part of his commitment to raising public awareness about saving the planet and protecting the environment. This project interweaves several art forms in order to raise public awareness of the beauty of the world and nature, and to alert people to the dangers that threaten our planet.

In the background, images and extracts of the films and works of the photographer and director Yann Arthus-Bertrand are displayed. The musical works presented alternate between baroque music, film scores, jazz and other modern styles. They accompany the poems, speeches and reflections declaimed by the actress Julie Depardieu, as well as the works of women and men pioneers or activists in ecology, such as Lucrèce, Rousseau, Ghandi, Rimbaud, Hugo, Al Gore, J. Chirac, Pope Francis, P. Rabhi, M. Ricard and G. Thunberg.

Believe funded the production of this project and donated a portion of the proceeds to the GoodPlanet Foundation.

The event's album is also designed in an "eco-friendly" manner (in particular, 100% plastic-free and FSC certified[1]).

(1) Forest Stewardship Council® is an international NGO whose mission for over 25 years has been to promote environment-friendly, socially responsible and sustainable forest management.

2.6.2 Reducing Believe's carbon impact

As a digital company, Believe is aware that its activity must contribute to the challenges of climate change specific to the digital sector. To this end, in light of its carbon footprint assessment, and as part of its eligibility to European taxonomy, the Group is determined to make progress and is committed to implementing concrete actions to measure and reduce its CO_2 emissions (2.6.2.1). These actions are supported by the involvement of the ambassadors of the "Believe for Planet" working group and by all the teams concerned, throughout the world (2.6.3.2). This ambition to make further efforts in the area of climate and environmental protection also meets the expectations of stakeholders (2.2.2.1).

"We want to raise awareness and demonstrate that we are determined to have a positive impact on the music industry"

Alix de Carnavalet, Believe for Planet ambassador and Group talent acquisition director.

2.6.2.1 Controlling and reducing Believe's environmental footprint

The carbon footprint assessment for 2020

Companies are now encouraged to set targets for reducing their greenhouse gas (GHG) emissions in line with scientific recommendations, in accordance with the recommendations of the Intergovernmental Panel on Climate Change (IPCC) and the Paris Climate Agreement.

Aware of the importance of its carbon footprint, Believe has tackled this project and intends to continue and strengthen its action. The first step in Believe's environmental strategy was to carry out in 2021 a Group-wide assessment of its 2020's carbon emissions.

This assessment was carried out by EcoAct (Atos Group) according to the GHG Protocol international carbon accounting methodology.

This methodology takes into account the three emission scopes (called scopes) applied to Believe's activities:

- **Scope 1** includes the greenhouse gas emissions produced directly by the Company, *e.g.* those related to the heating of offices, the combustion of fuel from vehicles owned by the Company;
- **Scope 2** includes indirect energy emissions. These are mainly emissions related to the production of energy such as the electricity consumed by the Company, which does not emit directly at the workplace but at the time of its production (*e.g.* combustion of a gas-fired power plant).

  For these two scopes 1 & 2, the Believe's emissions represented 871 TCO_2eq (tons of carbon equivalent) in 2020;
- **Scope 3** represents all other emissions generated as a result of the Company's activity from sources that are neither owned nor controlled by the Company, upstream and downstream of the value chain. An initial calculation was carried out but was not sufficiently precise in the data collection process according to the quality criteria Believe was looking into. To this end, Believe has set itself the objective of assessing scope 3 more closely in 2022 in order to be able to report reliable information in 2023.

Following the carbon footprint assessment, the Group has set up an annual report on energy, water and electricity consumption (2.7.3.1). The Group also assesses, for France, the volume of waste electrical and electronic equipment (WEEE), which are also sources of CO_2 emissions (2.6.2.4).

Initiatives to reduce the carbon impact

Alongside the carbon footprint assessment and the initial results, working groups were mobilized to reflect on and identify initial areas for improvement and implement actions in the following areas:

- the carbon performance of offices;
- the performance of Believe's digital platform;
- passenger transport;
- purchases of services and goods and associated freight transport.

Believe has started its transition at a few sites by increasing the share of electricity from renewable sources. Two sites in Germany and the United Kingdom use 100% renewable electricity.

In addition, Believe has also begun to implement waste reduction actions in its CD and vinyl production activity, particularly in France by using a supplier with a close-to-zero waste policy.

In 2022, Believe has set itself the goal of fine-tuning its plan to reduce its GHG emissions according to a trajectory aligned with the objectives of the Paris Agreement and the recommendations of the Science Based Targets Initiative (SBTi).

Indicator	2021
Total site energy consumption/m²	96.80 kWh/m²

2.6.2.2 Activities eligible for green taxonomy

The European Taxonomy for Sustainable Economic Activities aims to establish a classification of economic activities considered as environmentally sustainable on the basis of ambitious and transparent technical criteria. The introduction of this standard designed to distinguish economic activities contributing to the European objective of carbon neutrality – the Green Deal – underlines the magnitude of the economic and industrial transformations to be carried out as well as the ambition of the European authorities in terms of sustainable finance and transparency. Drawing on its environmental, social and societal commitments, Believe fully supports the European Commission in its work to analyze activities and define technical review criteria intended to guide the investments of public and private players in projects contributing to the transition towards a sustainable and low-carbon economy[1].

In accordance with European Regulation 2020/852 of June 18, 2020 on the establishment of a framework to promote sustainable investments within the European Union (EU)[2], the Believe group is required to publish, for the 2021 fiscal year, the portion of its revenue, its eligible investments and operating expenses resulting from products and/or services associated with economic activities considered sustainable within the meaning of the classification and criteria set out in the Taxonomy for the first two climate objectives.

This first eligibility assessment was carried out on the basis of a detailed analysis of all its activities carried out jointly by the CSR Department, the Finance Department and the business line teams, with regard to:

- Delegated Climate Change Regulation of June 4, 2021 and its appendices[3] supplementing Regulation (EU) 2020/852 by specifying the technical criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation;
- European Commission Delegated Regulation 2021/2178 of July 6, 2021 and its appendices supplementing Regulation (EU) 2020/852 specifying the method used to calculate key performance indicators and the disclosure obligations[4].

The methodological elements on which the Group conducted its analysis are described below. The Group will revise its methodology, analysis and calculations as the taxonomy is implemented, the clarification of certain activities by the regulator, and the changes in said activities and the technical review criteria that supplement them.

Determination of eligible activities within the meaning of the Taxonomy

A large part of the Group's distribution and promotion activities, representing more than 90% of the Group's consolidated revenue, may be considered covered by economic activity 13.3. "Production of motion pictures, videos and television programs; sound recording and music publishing of Delegated Act of Objective 2 – Climate Change Adaptation".

However, the Group remains dependent on clarifications regarding:

- how to consider this activity as eligible if it is not primarily related to the objective of climate change adaption; and
- the so-called enabling nature of this activity, which makes it possible to value the aggregate revenue, namely an activity that "provides or encourages the use of a technology, product, service, information or practice, for the purpose of increasing the level of resilience or contributing to efforts to adapt to the physical climate risks of other populations, nature, cultural heritage, assets and other economic activities."

Indeed, due to the editorial and cultural neutrality advocated in its values and through its activities, climate change adaption is not the first objective of the Group, which it does not wish to influence artists on specific themes.

This initial analysis combined with the expectation of clarifications from the regulator has led the Group, to date and in a cautious approach, not to value these activities as eligible activities for the 2021 fiscal year.

The analysis of the eligibility of capital expenditure (CAPEX) mainly focused on the identification of that defined by the taxonomy of individual measures – i.e. those that are not directly related to eligible activities but that which nevertheless consist of the purchase of the production of eligible activities. For Believe, this includes acquisitions or long-term leases of buildings, vehicles and servers.

The analysis of operating expenses (OPEX) resulted in considering the amount as non-significant with regard to the Group's materiality thresholds, the "OPEX Taxonomy denominator" to "Total Group OPEX" ration being less than 5%, which means that, together with the fact that the Group's activities are not currently eligible, it leads the Group to use the exemption provided for not calculating the OPEX Taxonomy indicator in greater detail.

In addition to the data published by the Group pursuant to the Taxonomy Regulation, it is recalled that the Group demonstrates its commitment to fight against climate change and to make progress in this area (2.6.2.1)

Results of the eligibility analysis of Believe's activities according to the "green taxonomy":

- revenue = 0 for objectives 1 & 2;
- investments (Capex) = 9.06% relating to acquisitions or long-term leases of buildings, vehicles or servers;
- operating expenses (OPEX) non-significant (below 1%).

(1) https://ec.europa.eu/info/business-economy-euro/banking-and-finance/sustainable-finance/eu-taxonomy-sustainable-activities_fr
(2) https://eur-lex.europa.eu/legal-content/FR/TXT/PDF/?uri=CELEX:32020R0852&from=F
(3) https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=PI_COM:C(2021)2800&from=EN
(4) https://eur-lex.europa.eu/legal-content/FR/TXT/PDF/?uri=CELEX:32021R2178&from=EN

Calculation of indicators

The Group calculated the indicators in accordance with the provisions of European Commission Delegated Regulation 2021/2178 of July 6 2021 and its appendices supplementing Regulation (EU) 2020/852 based on its current processes and reporting systems and assumptions made by management.

The results cover all the Group's activities included in the scope of financial consolidation as of December 31, 2021.

The financial information used was sourced from the Group's information systems (monitoring of investments, consolidation) after the annual reporting date of the financial statements. They were analyzed and checked jointly with the CSR Department, the Finance Department and the business line teams, in order to ensure consistency with the capital expenditure (CAPEX) presented in the financial Appendices.

2.6.2.3 Believe's contribution to mobilize the music industry for the planet

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.

"This organization encourages all committed players in the music industry to follow the same direction and speak the same language".

Leigh Morgan, Global Director Believe Electronic

"Today, the music industry has the opportunity to lead the way, it can become the example to follow for an ecological rebound and help the public understand and support the very essence of the movement".

Lewis Jamieson, Music Declares Emergency spokesperson

Reducing Believe's carbon emissions is an important topic for

76%

of employees

2.6.2.4 Involving employees with "Believe for Planet"

The Group encourages all its employees, in all functions and business lines, to measure their personal impact using the Good Planet Carbon calculator (https://www.goodplanet.org/en/carbon-calculator/) and to become voluntary ambassadors of the Believe for Planet working group.

In addition to climate actions, Believe is also developing initiatives to promote the circular economy and the preservation of resources. The Group measures an indicator on the waste recycling rate specific to its activity (waste electrical and electronic equipment) for France.

Indicator	2021
WEEE waste recycling rate in France	95%

In addition, the group of Believe for Planet ambassadors proposes and implements actions to improve the working environment in the offices, in line with the Group's CSR strategy. Thanks to the commitment of the ambassadors, the Group's mission is to help improve working environments, reduce the footprint of Believe's activities and build a virtuous model for the music industry. Concrete actions in the field have been put in place, such as selective sorting and recycling in several Believe offices, such as in France, China or England, or the implementation of an employee mobility plan in Germany, or a flat rate in France encouraging the use of soft mobility.

"Believe actively supports the Believe for Planet initiative. When we proposed the mobility package, we obtained an agreement and it was implemented very quickly".

Max Fovelle, Finance Project Manager
and Believe for Planet Ambassador

Respect for the environment is important for

80%

of employees

Global warming is important for

68%

of employees

2.6.3 Expanding Believe's ambassadors' sustainable development network

In addition to Believe for Planet, other working groups are in place and enable employees to become ambassadors and to disseminate and implement Believe's CSR strategy within the Company and among stakeholders (2.6.3.1). Ultimately, the objective is to get all employees involved in CSR (2.6.3.2).

2.6.3.1 Forming voluntary groups of ambassadors

Believe's ambition is to involve its employees in its CSR approach (2.2.1.2) with the implementation, since 2019, of a network that in 2021 brought together nearly 120 local volunteer ambassadors.

Believe encourages and brings together passionate and deeply committed employees for a more responsible music industry. Around the world, voluntary groups of ambassadors are formed, structured by theme to share best practices, propose and manage concrete actions and initiatives.

These groups of ambassadors are now an integral part of Believe's CSR strategy. They work together on environmental and social issues hand in hand with Believe's Executive Management. The Group therefore aims to increase the number of employees involved in the ambassador network (extra-financial criterion included in the variable compensation of executives (see Chapter 4)).

Indicator	2021
% of Believe ambassadors among employees	8.4%

These groups of ambassadors address Believe's major CSR challenges:

- "Believe for Parity" dedicated to gender equality (2.3.1.3, 2.3.2.1);
- "Believe for People" dedicated to diversity and inclusion (2.3.2.1), but also well-being at work, etc.;
- "Believe for Planet" focuses on environmental issues (2.6.2.2. and 2.6.3.2).

Their role is to identify and implement innovative and concrete actions, to raise awareness among teams and make themselves available to answer their questions. The aim is to create a community to put together and share best practices.

"In 2019, we launched our network of Believe ambassadors with four volunteers in the area of gender equality. In 2021 we are proud to be close to 120 ambassadors committed to Believe's major CSR challenges: gender parity, diversity & inclusion, and the environment. My goal is to give them the means, to help them set goals, structure their projects, develop action plans and coordinate teams. We support them! We encourage them! We want to promote what they do, while giving them a leeway and freedom".

Sandrine Bossard, Group Chief People Officer

Believe for Parity in France

This initiative was launched in France in October 2019 to promote gender equality. The Believe for Parity ambassadors are a source of proposals for human resources. They raise awareness among employees and act as local intermediaries. Lastly, they put in place actions to highlight female talent. Five teams are working on focus areas (such as mentoring, improving living conditions, etc.) and one team is dedicated to coordination and communication.

Some strong actions:

- 26 women employees supported during their individual interviews, all of whom recommend this support;
- a guide on parenting and raising awareness among managers to support employees;
- a competition organized to spotlight French beatmaker artists in 2021;
- a code of conduct drafted and signed by all ambassadors;

2.6.3.2 Getting all employees involved in CSR: Believe Tomorrow

In October 2021, a new event was scheduled at Believe with the organization of a Believe Tomorrow Citizens Day. On a voluntary basis, all employees, regardless of their function, were able to participate in activities organized over a full day by the HR teams and local ambassadors. The aim of this event was to raise employee awareness on Believe's CSR commitments and encourage their implementation through concrete actions. Employees can get involved in issues that are important to them, create stronger bonds between them and strengthen their cohesion. The work of the ambassadors is highlighted and encourages new employees to get involved. These actions aim to have a real impact internally and for local communities.

This first edition involved more than 530 employees in 16 countries, i.e. nearly one-third of Believe's headcount, and had a strong impact on local communities with 305 participants and external stakeholders from various local ecosystems (stakeholders, charities, volunteers, etc.).

More than 25 projects were implemented, nine of which were specific to music and the music industry:

- 7 projects on gender equality, diversity and inclusion;
- 5 educational projects through music;
- 13 projects dedicated to environmental protection, in particular on the issue of waste and responsible digital technology.

At the end of the day, several prizes were awarded. For each of the above topics, employees from different countries were rewarded thanks to the vote of their colleagues. The Coordination Committee and event sponsors also awarded a prize for the most "original" action.

India – Protecting the environment

Employees helped clean up beaches in Mumbai and collected plastics to donate to an organization specializing in recycling.

France – Promoting diversity and inclusion

French employees took part in conferences and workshops on the themes of diversity and inclusion in the world of music.

Thailand – Making music education a priority

Five classes were organized for young people to introduce them to music. Specifically, these are courses dedicated to digital streaming, music creation and how to produce and monetize music on digital platforms.

The Philippines – An original and strong initiative

The Believe teams supported the Performing Arts and Recreation Center (PARC) Foundation, which offers stringed instrument and singing lessons. Employees offered training sessions on music writing to the Foundation's beneficiaries, as well as conferences with artists.

2.7 Summary table of indicators and methodology

Believe has built its Non-Financial Performance Statement (NFPS) with the aim of ensuring uncompromising standards in terms of extra-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.

This document includes:

- Believe's business model, presented in section 2.1.2;
- a description of the policies, objectives and actions implemented to identify, prevent and limit the occurrence of risks, presented in Section 2.2.4, then in detail in 2.3, 2.4, 2.5 and 2.6;
- the results of these policies through key performance indicators and objectives, presented in Sections 2.3, 2.4, 2.5 and 2.6, then in summary in Section 2.7 .

The publication of this first NFPS is the culmination of an approach to formalize the CSR strategy, based on a cross-referenced approach of the most robust CSR standards and economic, social and governance (ESG) criteria.

This methodology takes into account recognized standards:

- the Global Reporting Initiative (GRI) for its fields of application, its recommendations on performance indicators and its guidelines entitled "GRI GA";

- the standards of the Sustainability Accounting Standards Board (SASB) in particular to carry out risk analysis.

The reporting of extra-financial indicators is based on the internal guidelines specific to Believe's activities and on the basis of recognized standards: order no. 2017-1180 of July 19, 2017 on the publication of a Non-Financial Performance Statement (NFPS), decree no. 2017-1265 of August 9, 2017 and the guidelines of the Global Reporting Initiative (GRI) (2.7.3).

The reporting protocol for the environmental, social and societal data of the Believe group subsidiaries has been updated for this first year of publication of the NFPS (for the 2021 fiscal year). It enables to apply unified definitions, data collection, validation and consolidation rules within the Group's entities (2.7.5).

The risks covered and the societal, social and environmental indicators are presented in this chapter (2.7.1 and 2.7.2).

2.7.1 Extra-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 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 (URD);
- a cross-analysis of these CSR risks with regulatory expectations, sector monitoring, the Sustainability Accounting Standards Board framework for material CSR issues, the Global Reporting Initiative framework, and Believe's CSR pillars;
- a comparison of these CSR risks with the results of the stakeholder survey conducted in July 2021 (2.2.2.1 Consultation with stakeholders);
- the result of the risk analysis were reviewed by the independent third party as part of its SEFP audit engagement.

The table summarizing the pillars of the CSR strategy, extra-financial risks, policies and indicators/actions is presented in section 2.2.4.

2.7.2 Scope of the risks covered

This statement for the 2021 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 2.2.4 "Extra-financial performance risks and opportunities".

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 Extra-financial indicators

2.7.3.1 Key Performance Indicators in line with the CSR strategy

Key performance indicators (KPIs) have been identified in order to steer Believe's CSR strategy, monitor the implementation of the four CSR pillars both within the Group and locally, and to address identified extra-financial risks.

In 2022, Believe will continue its work to define medium- and long-term objectives in certain areas, particularly for environmental and climate protection.

As part of its active external growth policy, Believe is also committed to gradually integrating new subsidiaries and activities into extra-financial reporting.

The detailed definition and scope of each indicator is available in the table below.

Performance indicator	2021	Definition	Scope
Developing diverse & local talent in local markets first			
% of women among employees	Women: 40% Men: 60%	Number of women and men among all employees (all professional categories: executives/managers/ individual contributors/support and administrative functions) by legal entity on the last day of the quarter for each quarter. (excluding "other contracts" & "consultants")	2021 CSR reporting scope
% women among managers	Women: 34% Men: 66%	Number of women among employees holding a managerial position (MD/MDO, Head of distribution, Head of artist services, Head of Tunecore, Head of Customer support, etc.) by Legal Entity on the last day of each quarter, for each quarter. The definition of manager is based on the job title and career. (excluding "other contracts" & "consultants"	2021 CSR reporting scope
% of women on the Executive Committee	Women: 54% Men: 46%	Number of women on the Executive Committee (13)	2021 CSR reporting scope
Gender equality index (France)	99/100	Methodology recommended by the French government based on four indicators: equal opportunities, fair compensation, prevention and protection, and commitment. Pay gap: 39/40 Pay increase gap: 10/10 Promotion gap: 15/15 Maternity leave: 15/15 10 highest paid employees: 20/20	France

Performance indicator	2021	Definition	Scope
Cultivating talent for the digital music era			
% of employees who have attended at least one training course	77%	Training courses attended on different platforms at the end of the period (excluding employees who left the company), by legal entity, attended by the headcount present at the end of the period.	2021 CSR reporting scope
% of mid-year career reviews completed	95%	An interview is considered validated when the final report has been drafted by the assessor at the end of the interview and validated by the assessor and the employee. Trainees and apprentices are not in scope for this indicator.	2021 CSR reporting scope
Building trusting relationships through respect, fairness and transparency			
Turnover rate	28%	This includes employees with a permanent contract, fixed-term contracts and professional training contracts. External staff such as external consultants, temporary contracts and interns are not included. Calculation: (([Total number of departures during the period] + [Total number of hires over the period*])/2)/ Total headcount on the first day of the year.	2021 CSR reporting scope
Attrition rate	19%	Total number of departures over the last 12 months/Average number of employees over the last 12 months.	2021 CSR reporting scope
% of employees trained on the Code of Ethics	67%	Employees who have completed at least one of the two code of ethics training courses	2021 CSR reporting scope
Empowering our community to have a long-term positive impact			
% of Believe ambassadors among employees	8.4%	Employees participating in at least one of Believe's ambassador networks: Believe for Parity, Believe for People and Believe for Planet	2021 CSR reporting scope
Total site energy consumption/m^2	0.0968 MWh /m^2 96.80 kWh/m^2	Total energy consumption on site during the year per m^2 (electricity, natural gas, heating oil, urban heating, other energies, etc.) in quantity (MwH and kWh)	2021 CSR reporting scope
WEEE waste recycling rate	95%	WEEE recycling rate at the end of the period (in weight) Waste Electrical and Electronic Equipment	France

2.7.3.2 Additional social, environmental and societal indicators

Believe has put in place several social, societal and environmental indicators to monitor and measure its extra-financial performance.

Additional indicators	2021	Definition	Scope
Human ressources			
Total headcount at year-end	1,405	Number of employees on permanent contracts, temporary contracts, interns and professional training contracts at December 31 of the year (excluding consultants)	2021 CSR reporting scope
Total Group headcount at year-end	1,430	Number of employees on permanent contracts, fixed-term contracts, professional training contracts, apprenticeship contracts and student contracts (for Germany) by legal entity at 31 December of the year	Group scope
Share of total headcount by type of contract	% permanent contract: 88.62% % short-term contract: 7.92% % other type of contract (internship, etc.): 3.46%	Headcount by type of contract/total headcount by legal entity on the last day of the quarter each quarter	2021 CSR reporting scope
Share of total headcount by gender and working time (full-time and part-time)	% women part-time: 2.5% % men part-time: 2.2% % full-time women: 37.6% % full-time men: 57.7% (in the total headcount)	Headcount by gender (Men or Women) by working time category by legal entity on the last day of the quarter for each quarter	2021 CSR reporting scope
Total new hires	453	Total number of employees hired on a permanent contract and Total number of employees hired on a fixed-term contract.	2021 CSR reporting scope
Total departures and layoffs	251 Voluntary departures: 185 Dismissals and job cuts: 66	This includes all types of departure relating to permanent contracts (resignation, amicable settlement and end of probationary period (employee))	2021 CSR reporting scope
Absenteeism rate	2.04%	Absence due to occupational illness or any other illness during the period.	2021 CSR reporting scope
Workplace accident frequency rate	0.46	Cumulative number of hours of lost time related to a workplace accident/theoretical number of hours worked over the period, e.g. 1,000,000	2021 CSR reporting scope

Additional indicators	2021	Definition	Scope
Share of total headcount by age group	Under 30 years old: 28.6% Between 30 and 39 years old: 41.6% Between 40 and 49 years old: 20.3% Over 50 years old: 9.5%	Headcount (permanent, fixed-term, and professional training contracts) by age group/total headcount by legal entity on the last day of the quarter for each quarter. (excluding "other contracts" & "consultants")	2021 CSR reporting scope
Number of employees by key regions	France: 559 Germany: 246 Other Europe: 220 Americas: 156 Asia/Oceania/Africa: 249	Number of employees on permanent contracts, fixed-term contracts, apprenticeship contracts and student contracts on the last day of each quarter in key regions	Group scope
Environment			
Total energy consumption in quantity	2,505.55 MWh 2,505,550 kWh	Total energy consumption (electricity, natural gas, heating oil, urban heating, other energies, etc.) per year in quantity *(Megawatt and Kilowatt)*	2021 CSR reporting scope
Scope 1 and 2 carbon footprint: GHG emissions per year	871.07 tCO_2eq	Total GHG emissions generated by Believe's activities per year *(in tonnes of CO_2 equivalent)*	2021 CSR reporting scope
Total water consumption per year	5,208.02 m^3	Number of m^3 of water consumed during the year	2021 CSR reporting scope

2.7.4 Cross-reference table

2.7.4.1 Cross-reference table with Global Reporting Initiative (GRI) guidelines

The Global Reporting Initiative (GRI) is an independent, non-profit, international standards-setting organization involving companies, NGOs and other stakeholders. The organization has developed sustainability reporting guidelines to provide companies with a comprehensive framework for reporting their economic, environmental and social performance.

GRI categories and requirements	References
General information	
GRI 102-15 Key impacts, risks, and opportunities	Part 2. Corporate Social Responsibility at the heart of Believe's business model
GR 102-16 Values, principles, standards, and norms of behavior	Part 1. Believe overview
GRI 102-18 Governance structure	2.2.1 Believe's governance model
GRI 102-19 Delegating authority	2.2.1 Believe's governance model
GRI 102-20 Executive-level responsibility for economic, environmental, and social topics	2.2.1 Believe's governance model
GRI 102-21 Consulting stakeholders on economic, environmental, and social topics	2.2.2 Believe's stakeholders
GRI 102-29 Evaluating the highest governance body's performance	2.2.1 Believe's governance model 2.2.2 Believe's stakeholders
GRI 102-30 Effectiveness of risk management processes	2.2.4 Extra-financial performance risks and opportunities
GRI 102-31 Review of economic, environmental, and social topics	2.2.4 Extra-financial performance risks and opportunities
GRI 102-32 Highest governance body's role in sustainability reporting	2.2.1 Believe's governance model
GRI 102-40 List of stakeholder groups	2.2.2 Believe's stakeholders
GRI 102-41 Collective bargaining agreements	2.5.1.2 Ensuring a healthy environment for 2.employees
GRI 102-42 Identifying and selecting stakeholders	2.2 Believe's stakeholders
GRI 102-43 Approach to stakeholder engagement	2.2.1 Believe's governance model 2.2.2 Believe's stakeholders
GRI 102-44 Key topics and concerns raised	2.2.2 Believe's stakeholders
GRI 102-46 Defining report content and topic Boundaries	2.7.5 Reporting and audit methodology
GRI 102-47 List of material topics	2.2.4 Extra-financial performance risks and opportunities
GRI 102-50 Reporting period	2.7.5 Reporting and audit methodology
GRI 102-52 Reporting cycle	2.7.5 Reporting and audit methodology
Fight against corruption	
GRI 205-1 Operations assessed for risks related to corruption	2.5.3 Striving for transparency in all aspects of our activities
GRI 205-2 Communication and training about anti-corruption policies and procedures	2.5.3 Striving for transparency in all aspects of our activities
Energy	
GRI 302-1 Energy consumption within the organization	2.6.2 Reducing Believe's carbon footprint

GRI categories and requirements	References
Training and Education	
GRI 404-2 Programs for upgrading employee skills and transition assistance programs	2.4.2 Developing and training the new generation of digital music leaders
GRI 404-3 Percentage of employees receiving regular performance and career development reviews	2.4.2 Developing and training the new generation of digital music leaders
Diversity and equal opportunity	
GRI 405-1 Diversity of governance bodies and employees	2.3.2 Building inclusive and diverse teams locally and globally See Section 4.1.2.2 of the URD dedicated to the Board of Directors' diversity policy
Fight against discrimination	
GRI 406 Non-discrimination	2.3.2 Building inclusive and diverse teams locally and globally
Customer data privacy	
GRI 418 Customer Privacy	2.5.2.2 Respecting the data privacy of artists and labels

2.7.4.2 Cross-reference table with the information provided for by the provisions of Articles L. 25-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code

The table refers to the sections of this Statement of Extra-Financial Performance in which information relating to these categories is mentioned.

Information category	Section of the DPEF 2021
Presentation of the business model	Section 2.1.2
Description of the main extra-financial risks	Section 2.2.4
Description of policies to prevent, identify and mitigate the main extra-financial risks and their results and performance indicators	Section 2.2.4 Section 2.7.3
Impact on climate change from the Company's activity and the use of the goods and services priced by it	Section 2.6
Societal commitments to promote sustainable development and the circular economy	Section 2.6
Fight against food waste	Non applicable – 2.7.2
Fight against food insecurity	Non applicable – 2.7.2
Respect for animal welfare and responsible, fair and sustainable food	Non applicable – 2.7.2
Collective bargaining agreements signed by the Company and their impact on the Company's economic performance	Section 2.5.1.2
Working conditions of employees	Section 2.5.1.2
Actions to combat discrimination and promote diversity	Section 2.3.1.3 Section 2.3.2 Section 2.5.1.2
Diversity and measures taken to support people with disabilities	Section 2.3.1.3 Section 2.3.2
Actions to combat tax evasion	See Section 3.1 of the Universal registration document

2.7.5 Reporting and audit methodology

2.7.5.1 Methodology

The indicators are described in a detailed reporting protocol established by Believe's CSR Department in charge of extra-financial reporting. Environmental and social 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. Societal indicator data is collected directly from contributors and sent to the Group for consolidation. They have not yet been integrated into the tool due to the rolling out of the Group reporting tool.

An initial validation is carried out by each subsidiary. These indicators are then aggregated and checked by the Group's head office, where a second validation is carried out at the time of consolidation. Lastly, an analytical review and general control ensure the overall consistency of data flows.

The Non-Financial Performance Statement was published for the first time in 2021.

The reporting period for the 2021 covers the period from January 1, 2021 to December 31, 2021. Unless otherwise stated, societal, social and environmental indicators refer to consolidated data as of December 31, 2021.

The 2021 CSR Reporting scope includes Believe and its over 50% held subsidiaries, excluding Japan, Turkey and two subsidiaries acquired in France and India in December 2021, representing less than 5% of the total Believe headcount (reporting scope RSE).

As a rule, societal, social and environmental indicators may have methodological limits due to the lack of harmonization of national and international definitions and legislation for certain data.

The scope of the following indicators does not include "other contracts":

- Share of employees by gender
- Share of full-time and part-time employees by gender
- Share of employees by age group.

The scope of the indicator "number of employees by region" is that of the 2021 DEU.

A permanent contract is a full-time or part-time contract entered into by an employee for an indefinite period. "Other contracts" denominate interns, professional training contracts and temporary contracts.

The headcount corresponds to natural persons present at the end of the period and not "Full-Time Equivalents".

The methodology for extrapolating energy and water consumption based on France's average annual consumption per FTE is explained below.

Scope of extrapolation (in case of missing or unreliable data): India, Germany, Russia, United States, China, Singapore.

Reference data for extrapolation:

- Average annual water consumption per person (Water Time Equivalent FTE) in France
- Calculation formula: sum of quarterly consumption/ quarter FTE headcount
- 2021 value: 4,525 liters/FTE
- Quarterly value: 1,131.27 liters/FTE

Average annual electricity consumption per person (Water Time Equivalent FTE) in France

- Calculation formula: quarterly consumption/quarter FTE headcount
- 2021 value: 1,894 kWh/FTE
- Quarterly value: 473 kWh/FTE

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 2021

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 COFRAC under number 3-1049[(1)], we have undertaken a limited assurance engagement on the historical financial information (actual or extrapolated) of the consolidated non-financial statement, prepared in accordance with the entity's procedures (hereinafter the "Guidelines"), for the year ended December 31st 2021 (hereinafter, respectively, the "Information" and the "Statement"), included in the Group's management report pursuant to the requirements 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 performed, as set out in the "Nature and scope of our work" section of this report, and the information collected, nothing has come to our attention that causes us to believe that the Statement is not presented in accordance with the applicable regulatory requirements and that the Information, taken as a whole, is not presented fairly in accordance with the Guidelines, in all material respects.

Preparation of the Statement

The absence of a commonly used generally accepted reporting framework or as 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, the main elements of which are presented in the Statement and available on request from the entity's registered office.

Inherent limitations in preparing the Information

As discussed in the Statement, the Information may be subject to inherent uncertainty because of incomplete scientific and economic knowledge and the quality of external data used. Some information is sensitive to methodological choices, assumptions and/or estimates used for their preparation and presentation in the Statement.

Responsibility of the entity

The Board of Directors is responsible for:

- selecting or establishing suitable criteria for preparing the Information;
- preparing a Statement in accordance with legal and regulatory requirements, including a presentation of the business model, a description of the main extra-financial risks, a presentation of policies applied to mitigate these risks and the outcomes of those policies, including key performance indicators, and the information provided for in Article 8 of Regulation (EU) 2020/852 (the Taxonomy Regulation);
- implementing 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 was prepared by applying the entity's Guidelines as mentioned previously.

(1) Accreditation Cofrac Inspection, number 3-1049, scope available at www.cofrac.fr

Responsibility of the Statutory Auditor, appointed as independent third party/ independent third party

On the basis of 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 historical financial information (actual or extrapolated) provided in accordance with Article R.225105–I(3) and II of the French Commercial Code concerning action plans and policy outcomes, including the key performance indicators on the main risks.

As it is our responsibility to provide an independent conclusion on the Information as prepared by Management, we are not authorised to help prepare said Information, as that could compromise our independence.

However, it is not our responsibility to comment on:

- the entity's compliance with other applicable legal and regulatory requirements (in particular, the disclosures provided for in Article 8 of Regulation (EU) 2020/852 (the Taxonomy Regulation) and anti-corruption and tax avoidance legislation);
- the fairness of the disclosures provided for in Article 8 of Regulation (EU) 2020/852 (the Taxonomy Regulation);
- the compliance of products and services with the applicable regulations.

Regulatory provisions and applicable professional guidance

We performed our work described below in accordance with the provisions of Articles A. 225 1 and following of the French Commercial Code, the professional guidance issued by the French Institute of Statutory Auditors (*Compagnie nationale des Commissaires aux comptes*) relating to this engagement and International Standard on Assurance Engagements 3000(1).

Our independence and quality control

Our independence is defined by the provisions of Article L. 822-11-3 of the French Commercial Code and the French Code of Ethics (*Code de déontologie*) for Statutory Auditors. Our firm maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with applicable legal, regulatory and ethical requirements and the professional guidance issued by the French Institute of Statutory Auditors relating to this engagement.

Means and resources

Our work was carried out by a team of five people between September 2021 and March 2022 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 some interviews with the people responsible for preparing the Statement.

Nature and scope of our work

We planned and performed our work to address the areas where we identified that a material misstatement of the Information was likely to arise.

We believe that the work carried out, based on our professional judgement, is sufficient to provide a basis for our limited assurance conclusion:

- 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, with due consideration of industry best practices, where appropriate;
- 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 principal risks, and includes, where applicable, an explanation for the absence of the information required under article L. 225-102-1 III, section 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 principal risks as well as the consistency of the outcomes, including the key performance indicators used, with respect to the principal risks and the policies presented,
  - corroborate the qualitative information (measures and outcomes) that we considered to be the most important(1). Concerning certain risk(2), 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(3);
- 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 put in place and assessed the data collection process to ensure the completeness and fairness of the Information;
- for the key performance indicators and other quantitative outcomes that we considered to be the most important(4), 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 the definitions and procedures and reconcile the data with the supporting documents. This work was carried out on a selection of contributing entities[4] and covers between 41% and 49% of the consolidated data 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 engagement are less in extent than for a reasonable assurance engagement performed in accordance with the professional guidance issued by the French Institute of Statutory Auditors; a higher level of assurance would have required us to carry out more extensive procedures.

Paris-La Défense, on Thursday, 17 March 2022
KPMG S.A.

Anne Garans *Partner* *Sustainability Services*	Jean-Pierre Valensi *Partner*

(1) Measures taken to promote gender equality and related results ; Actions in favour of innovation and entrepreneurship ; Measures taken in favour of internal mobility of employees ; Measures to evaluate the well-being of employees ; Procedures put in place in terms of good business conduct and the fight against corruption ; Measures taken in favour of human rights ; Actions to control the environmental footprint ; Actions in favour of recycling other waste.

(2) Risks of non-involvement of stakeholders in the Group's CSR policy, Risks regarding respect for human rights and the fight against corruption and tax evasion.

(3) Believe S.A.

(4) Total workforce at the end of the year; % of female managers; % of employees who have attended at least one training course; % of half-yearly career reviews carried out; Turnover rate; Absenteeism rate; % of employees who have received training on the Code of Ethics; Total energy consumption of the site Kwh/m2 ; GHG emissions (in TCO_2 equivalent) per year ; WEEE waste recycling rate; % of Believe ambassadors among employees.

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 "PD III", which came into effect on July 21, 2019, the main risks considered as specific to the Believe group and/or its securities and the materialization of which the Group believes could have a significant net impact on the Group, its business, financial position, results or prospects, as of the filing 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 Risk Committee and the Audit Committee of the Board of Directors. In addition, the Risk Committee assesses the adequacy of the internal procedures put 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 of this Universal registration document.

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)	○ ○ ●
	Risks related to managing the rapid growth and transformation of the Group	○ ○ ●
	Risks related to relationships with artists and labels	○ ● ○
	Risks related to relationships with digital service providers and social media	○ ● ○
	Risks related to the Group's international development	○ ● ○
	Risks related to fraud, corruption and ethics *(*)*	○ ● ○
	Risks related to acquisitions	● ○ ○
Risks related to the Company	Risks related to management teams including M.D. Ladegaillerie and the recruitment and retention of experienced employees *(*)*	○ ● ○
Financial risks	Liquidity risk	○ ● ○
	Counterparty risk	○ ● ○
	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 changes therein	○ ○ ●
	Risks related to ongoing litigations	○ ● ○

(*) Risks detailed in Chapter 2 Social and environmental responsibility.

● *Low* ● *Medium* ● *High*

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 very competitive industry in which relationships with producers (artists or labels)[1] are largely based on exclusive agreements with relatively long terms.

In particular, the Group is confronting rising competition in the digital music market and the market for services offered to artists by the music industry majors.[2] The historic offering of these majors is aimed at internationally-renowned top artists whom, incidentally, the Group is also seeking to attract to bolster its brand image and visibility among artists and labels. Yet these majors leverage greater financial and commercial resources, such as a competitive talent-identification strategy, to try to address the needs of the artists targeted by the Group – primarily local artists – by offering, when applicable, digital solutions that are similar to the Group's solutions. For example, majors have developed digital distribution offers through subsidiaries, such as Ingrooves and Virgin Music Label & Artist Services for Universal Music Group; The Orchard and AWAL, acquired from Kobalt in February 2021, for Sony Music Entertainment; or ADA for Warner Music Group. The Group is also facing rising competition from local players, who can utilize their on-the-ground presence and their good knowledge of the local music industry to forge special relationships with artists and labels, thus driving them away from the Group's service offering.

The Group may also confront an uptick in disintermediation, which for the time being is mostly limited, with the notable exception of China. Disintermediation means that digital service providers would contract directly with the artists and labels without using the technology solutions offered by the Group. This would consequently affect the longevity and the growth of Group's catalogue.

RISK CONTROL AND MITIGATION MEASURES

In order to stand out from its competitors, the Group relies on its leading technological offering rolled out in all the countries where it operates, its high-performance digital data analysis tools, as well as its recognized expertise in the music market, enabling it to detect and attract high-potential artists, particularly those likely to become top artists, by relying on specially-trained and rigorously-structured teams.

The Group also provides artists with dedicated digital marketing solutions that they can use to maximize their audience.

The Group also relies on its unique positioning, focused on the needs of labels and local artists, in which it has developed strong expertise, allowing it to stand out from the majors, which historically focused on top artists with international careers.

With regard to competition from local players, the Group relies on its locally-based and recognized talent scouts and development teams in the countries where it operates, and on its technological expertise in digital music in order to offer the solutions that best meet the needs of the local markets it addresses. The Group also seeks to enter into contracts with as many platforms as possible (both global and local) in order to offer artists and labels the most comprehensive coverage possible and thus bolster the competitiveness of its offering.

POTENTIAL IMPACT ON THE GROUP

Increased competitive pressure could exert downward pressure on the percentage of profit on payments received by the Group, and therefore on the profitability of the agreements entered into with artists and labels, to remain competitive and safeguard its catalogue. It would also lead to the risk of non-renewal of agreements and of termination of existing relationships. In addition, the commercial policies of the Group's competitors are hard to predict, and they could affect the Group's capacity to quickly adapt its offerings and contractual terms.

Increasing competitive pressure and disintermediation could therefore have a significant adverse effect on the Group's business, financial position, results and prospects.

(1) In this Universal registration document, the generic term "producer" refers to both artists and labels.

(2) The term "majors" refers to the main holders of the global music catalogue: Universal Music Group, Sony Music Entertainment and Warner Music Group.

Risks related to changes in the underlying audio and video streaming market

RISK DESCRIPTION

A major portion of the Group's revenue comes from amounts paid by digital service providers,[1] which the Group receives for delivering audio and video content that is distributed mainly through streaming on these platforms. For the fiscal year ended December 31, 2021, revenue from the sale of digital audio or video content accounted for 90.9% of the Group's consolidated revenue.

The audio streaming market in particular has experienced major growth in recent years, ballooning from $0.6 billion in 2011 to $16.9 billion in 2021 *(source: IFPI, Global Music Report 2022)* (see section 1.3 in this Universal registration document).

However, it is possible that this growth will not continue in the future, or that it will continue to a lesser extent in all or some of the geographic regions where the Group is present or wishes to grow, particularly if consumers opt for formats other than streaming, including formats that do not yet exist and may be more successful and attract a broader audience.

In addition, the subscription streaming market could experience limited growth in terms of number of users in certain potentially large markets where this format is not yet widely adopted, and which the Group is targeting as part of its growth strategy. This includes India, where the Group recently boosted its presence with the acquisition of several local players (see section 1.1 *"Company history"* and section 1.5 of this Universal registration document), and where the subscription streaming penetration rate is still low. Moreover, some more mature markets, such as Sweden – or the United States and United Kingdom to a lesser extent – could see limited growth potential in the future given that subscription streaming penetration rates are already relatively high in these countries.

Furthermore, in some countries, especially emerging markets, digital service providers could have trouble monetizing video and audio content due to an insufficient base of premium users[2] or of advertisers to fund free plays.

Finally, in these same markets, it is possible that the Group will not be able to establish relationships with enough reliable local platforms, thus affecting the Group's ability to offer local artists and labels satisfactory distribution and the Group's growth in these markets.

More broadly, digital service providers and social media are themselves operating in a relatively new audio and video streaming market that is both highly competitive, with the emergence of more and more new platforms, and subject to rapid changes – in particular in terms of the monetization model of their content, service offerings, technology, consumption methods and market consolidation. Many of these platforms, including the largest ones in the industry, recorded in the past and continue to record considerable operating losses or significant cash use on account of substantial investments in implementing their technology and acquiring content and subscribers. This trend could continue in the future.

RISK CONTROL AND MITIGATION MEASURES

In order to limit the negative impact that unfavorable trends in the streaming market could have on its activities, the Group is particularly careful to maintain diversified geographical exposure. It operates in both mature markets, where the penetration rate of streaming is already high, allowing the Group to benefit from a wide distribution of its catalogue to digital service providers, although the potential for adoption of streaming by additional users is limited, and in emerging markets, where, although the penetration rate of streaming is lower, the market growth prospects are favorable to streaming, due to the 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 forms of music use, such as TikTok, on which relatively short, user-generated videos are posted using audio content produced by the artists monitored by the Group.

(1) Digital service providers and social media pay the Group in exchange for the Group's delivery of audio or video content distributed through streaming on these platforms or social media. The Group then pays a portion of these amounts to the artists or labels concerned. In this Universal registration document, these amounts (whether they are paid by the platforms and social media 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.

POTENTIAL IMPACT ON THE GROUP

If the Group is unable to anticipate these changes in audience or format and to consequently adapt its service offering and technology solutions, this could affect its ability to distribute its catalogue and could thus have a significant adverse effect on its business, results, financial position and prospects.

If the platforms are unable to adapt to potential changes or must make substantial investments to adapt to them, or if they have difficulty in profitably operating their business model, this could have an adverse effect on their business, revenue, cost structure and even financial structure. Consequently, they might renegotiate the agreements binding them to the Group under terms that are less favorable for the Group – in particular in terms of the amounts paid to the Group, exclusivity or the duration of the commitments – or they might even cancel these agreements. The situation could also affect the ability of these platforms to pay the Group the amounts due in accordance with contractual deadlines, which in turn could have a significant adverse effect on the Group's business, results, financial position 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 an adverse effect on non-essential spending, such as expenditure on the entertainment services offered by the digital service providers of audio content (consisting mainly of the purchase of subscriptions), to which the Group delivers its content and from which it draws a significant portion of its revenue (see section 3.1.2 *"Risks related to relationships with digital service providers and social media"*). Furthermore, an unfavorable economic environment generally affects advertisers' ad expenditure, which results in lower revenue for the digital service providers of video content in particular, as well as for social media, to which the Group delivers its content and from which it also draws its revenue.

A health crisis as material as the Covid-19 pandemic had an adverse effect on the global economy, particularly in 2020 with a sharp contraction in gross domestic product (GDP) of -3.5%, including -7.2% for eurozone countries and -9.0% for France *(source: International Monetary Fund, World Economic Outlook, January 2021).* The rebound in the global economy in 2021 with GDP growth of 4.4% *(source: International Monetary Fund, World Economic Outlook, January 2022),* will be limited considering the major recession witnessed in 2020. It will also be dampened by the Covid-19 pandemic, which has continued into 2022, limiting operational visibility for most economic players (including in the Group's business sector).

The fallout from the Covid-19 pandemic, the tightening of monetary conditions by central banks and rising inflation, with rising unemployment and falling real disposable income and household spending power, could have a lasting adverse impact on discretionary consumer spending (including entertainment spending), as well as on advertising expenditure by advertisers, particularly on video distribution platforms and social media (as was the case during the first phase of the pandemic, which affected the Group's digital sales activities related to the ad-supported free offer (mainly on video platforms), particularly during the second quarter 2020).

More generally and although the recorded music market has grown steadily in recent years, the physical music market in particular has witnessed a steady decline in sales over the past few years, despite an uptick in 2021 after a year of considerable decrease due to Covid-19. Sales have gone from \$8.3 billion in 2011 to \$5 billion in 2021 *(source: IFPI, Global Music Report 2022).* This is due to several factors: the increasing uptake of streaming as a listening format, at the expense of the physical format; a reduction in retail outlets and a decline in the available offering (accompanied by an increase in the cost of physical distribution with, in particular, higher costs for vinyl records, a format that consumers increasingly prefer over CDs); and a fall in the popularity of particular artists or genres traditionally distributed in physical format (also see section 1.3.1 of this Universal registration document). These market trends could thus affect the Group's business in terms of physical sales. During the fiscal year ended December 31, 2021, the Group generated 9.1% of its consolidated revenue from activities other than the sale of digital audio and video content, chiefly consisting of physical sales.

RISK CONTROL AND MITIGATION MEASURES

The Group benefits from the structural growth of the digital recorded music market in which it is positioned, which is also a reflection of the Group's appeal to the new generation of digital artists seeking marketing solutions and a wide range of expertise.

POTENTIAL IMPACT ON THE GROUP

As long as the amounts paid to the Group by digital service providers and social media are calculated based on the revenue they collect from subscriptions (for paid offer) or advertising fees (for free offer), a reduction (or less growth) in the number of paying users or advertising payments could thus lead to a drop in the amounts paid by the platforms to the Group. Moreover, the difficulties that the digital service providers may encounter could lead them to renegotiate the agreements binding them to the Group under terms less favorable for the Group – such as the percentage of payments made to the Group, exclusivity or duration of commitments – or they might even cancel these agreements. This could affect the Group's business.

Health crisis

The Group saw its business grow during the fiscal year ended December 31, 2020 and the fiscal year ended December 31, 2021, largely owing to the popularity of remote forms of consumption (such as streaming) over physical consumption, due to government lockdown measures. However, a long-term decline in discretionary consumer spending, such as on entertainment (in particular the purchase of subscriptions to digital service providers, especially for audio content), or advertising expenditure by advertisers, due to their impact on digital service providers and social media, or even the music industry in general, could affect the Group's business and earnings growth.

The Group's sales of audio and video content on physical media were strongly affected by the consequences of the health crisis in 2020, due in particular to the lockdown measures put in place which resulted in the closure of physical stores. Although the decline in business was less sustained in 2021 compared to 2020, it could in the future continue to be affected if the health situation were to deteriorate, leading to the strengthening or implementation of new lockdown and social distancing measures. During the 2019-2021 period, revenue from activities other than the sale of digital audio and video content, mainly represented by physical sales, a change of 1.1%.

In addition, some of the Group's operations – such as live music services in India and France, recently acquired or created by the Group, although not significant in terms of the revenue they generate – have been and continue to be strongly impacted by the global health crisis. This is due to the impossibility of organizing live music events for part of 2020 and into 2021 (with business prospects in 2022 which will depend on changes in health situation and government announcements), owing to the restriction measures introduced by governments.

The Group's exploitation of neighboring rights, where revenue is generated primarily from audio content played in public venues (such as restaurants, bars and concert halls), has also been and could continue to be affected by the closure of these venues.

3.1.2 Risks related to the Group's business

Risks related to the Group's IT systems

RISK DESCRIPTION

The development and provision of a digital platform based on leading technologies, in order to help artists develop their careers by offering solutions focused on their needs, is at the heart of the Group's technological and business model. The Group's inability to develop and maintain secure, reliable and technologically advanced IT systems to support this model could therefore significantly affect the development of its business.

Risks related to cyber attacks

As a digital company, the Group collects and holds a large amount of sensitive data such as artistic content, personal data or bank details. This data could be the subject of malicious acts by third parties, who could potentially enter into the Group's IT systems, in particular to eliminate or falsify such data. Third-party intrusions into the Group's IT systems could also affect its proper functioning, in particular by making its applications inaccessible or causing service interruptions. If the Group were not able to implement a robust and systematic policy of access rights management, unauthorized individuals could thus access sensitive information regarding the strategy, financial position, commercial transactions or personal data of artists, labels and employees of the Group.

In addition, the Group may not have sufficient technological resources to anticipate and continue to prevent cyberattacks or intrusions by third parties, in particular because the techniques used are evolving rapidly and may not be known before the Group is subjected to them. Lack of awareness among Group employees regarding cybersecurity and the failure to apply cybersecurity protocols (relating in particular to the use of personal computers in a context of increased remote working) or non-secure applications, could also increase exposure to the risk of data intrusion and theft.

Risks related to infrastructure reliability and the obsolescence of the Group's technological offer

A number of interfaces between the Group's computer applications are handled manually or are poorly automated, which could lead to data loss and processing errors. The Group may also have to bear significant costs in order to restore its services or make the necessary upgrades. In addition, the Group externalizes certain elements of its IT systems and certain activities in order to optimize the management of its resources and improve the efficiency and security of its IT infrastructure. It thus relies on the quality of work and the expertise of its service providers in this field. Therefore, despite the care taken in selecting these providers, it is exposed to the risk of failure on their part in the fulfillment of their obligations.

The Group's activities also 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, which helps support the growth of its business.

In particular, the Group must be able to develop and operate sophisticated data analysis tools in order to detect high-potential musical trends and artists and optimize their audience, to deepen its knowledge of the musical landscape in order to better meet the needs of artists and labels, to precisely define its international expansion strategy and to better respond to the evolving requirements of digital service providers. In addition, the Group must be able to operate and develop digital marketing tools that enable it to assist artists and labels in their promotion strategies. For example, TikTok, a mobile video sharing application launched in 2016, has been very popular and is being used increasingly for digital marketing purposes, particularly by artists and labels.

The Group is thus exposed to the risk of obsolescence of its IT systems and of applications and tools made available to artists and labels if it is not able to rapidly evolve its technological infrastructure and services. The Group's technological offering enables it to support the growth of its business activities and to respond to the changing needs of artists and labels, as well as of digital service providers and social media, which carry out their activities in a constantly changing digital environment.

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 thus put in place a global security program and policy with associated controls to apply best practices and standards in terms of IT security (ISO/IEC 27000, NIST, etc.). The Group has also implemented an authorization and rights management policy to secure access to its data. Awareness raising actions on the risks of cyberattacks are carried out by the IT Security Department through targeted training but also through so-called phishing[(1)] tests within the Company. Vulnerability scans and penetration tests on the Group's applications (exposed and connected to the Internet) are carried out on a regular basis by the IT Security Department. Workstations and servers are equipped with the latest generation of anti-fraud technology, enabling real-time detection of malware and anticipating 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 also taken out insurance covering the risk of cyberattacks.

POTENTIAL IMPACT ON THE GROUP

Risks related to cyber attacks

A violation of the Group's IT security protocols or cyberattacks could result in the theft of sensitive data, exposing the Group to the risk of administrative, criminal or financial penalties, and a significant loss of confidence in the security of its IT systems on the part of artists and labels, as well as on the part of digital service providers and social media. Third-party intrusions into the Group's IT systems could also affect its proper functioning, in particular by making its applications inaccessible or causing service interruptions. This would deprive artists and labels of access to its technological platforms such as Backstage or TuneCore, which are essential for the Group to provide its Premium Solutions or Automated Solutions offers. These events could have a significant adverse effect on the Group's business, financial position, reputation, results and prospects.

(1) *Fraudulent technique intended to deceive the Net surfer into communicating personal data (login, password, etc.) and/or banking data by impersonating a trusted third party.*

Risks related to infrastructure reliability and the obsolescence of the Group's technological offer

A lack of reliability of the IT infrastructure and applications on which the Group relies in its business activities, in particular if the Group were unable to detect and resolve incidents due to a lack of control over its infrastructure, could cause an interruption to its services, which could affect the continuation of its business activities, its financial position and damage its reputation.

Risks related to managing the rapid growth and transformation of the Group

RISK DESCRIPTION

The Group has experienced strong business growth in recent years, jumping from consolidated revenue of €238.1 million for the fiscal year ended December 31, 2018 to consolidated revenue of €577.2 million for the fiscal year ended December 31, 2021, *i.e.,* a CAGR of 34.3% for the period. The management of the Group's operations, which it deploys on an international scale (the Group generated 83.4% of its consolidated revenue outside of France during the fiscal year ended December 31, 2021), is therefore becoming more complex, in particular due to the continued increase in the volume of content made available on streaming platforms. This trend is expected to continue in the future with the continuation of the Group's expansion strategy (see sections 1.5 and 5.4 of this Universal registration document).

In this context, the Group has undertaken a profound transformation and recruitment process covering all its business activities in order to strengthen its organization and support its development. However, there is a risk related to the Group's ability to mobilize sufficient human and operational resources and prioritize actions to achieve both transformation objectives and operational objectives.

The growth, both organic and external, of the Group's business activities requires, among other things, the constant adaptation of its operational processes and both its reporting and internal control procedures. In this regard, there is a risk that the Group may not be able to process and ensure, in particular in terms of the roll-out of operational procedures and controls or reporting, the completeness of the data it processes (including financial data or data from sales reports provided by the digital service providers) in a context of business growth leading, among other things, to the multiplication of sources of reporting. This could therefore lead to decision-making established on the basis of incomplete and/or erroneous information.

In addition, the Group's employees may not be able to handle the additional workload generated by transformation projects, to master the increasing complexity and to deliver their projects on time and at the expected quality level. In order to maintain its growth and innovation capacity, the Group has also made substantial investments, without prior assurance that it will succeed in its transformation or receive a satisfactory return on these investments.

Finally, the success of the Group's business activities over the past few years has been sustained, and will continue to be supported in the future, by an operational model based on a Central Platform that develops a part of the tools and processes used by local and central teams for roll out to artists and labels benefiting from the Premium Solutions and Automated Solutions offer (see section 5.1.1 of this Universal registration document). The Group recorded a significant increase in its Central Platform costs over the 2018-2020 period, and these costs amounted to €60 million in 2021 representing 10% of its revenue. The Group could encounter difficulties in implementing this operational model if the tools and processes developed at the Central Platform level were not suitable for local needs; if the costs of development of the Central Platform were too high and the tools developed too rigid and not scalable (which might not have been the case in a local design and execution model); or if teams, especially local ones, were not sufficiently trained to use these tools and implement these processes.

RISK CONTROL AND MITIGATION MEASURES

To ensure the adequacy of its technological and human resources and its operational processes to the strong growth of its activities, the Group is implementing several series of measures that are regularly monitored.

Monthly steering committees, as well as monthly (flash) and quarterly (in-depth) activity reviews have been set up to review the achievement of the objectives set for 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 potential talent. The Group also provides training for new employees and to all employees throughout their careers to ensure a high level of expertise in the solutions it offers to artists and labels. In addition, in order to have the best means of identifying high-potential artists, the Group is continuously training its sales teams and seeking to improve its data analysis tools in order to increase its employees' knowledge of the latest musical trends in particular.

Lastly, the Group ensures that its operational or reporting procedures and controls allow for the comprehensive processing of the data it receives (in particular financial data or data from sales reports provided by digital service providers), in line with the growth of its businesses. In this respect, the Group ensures that the size of the finance team is in line with its growth challenges. The Group also relies on leading accounting and consolidation tools (notably Oracle Hyperion Financial Management) and has strengthened its accounting closing processes in particular, with the implementation of a rigorous governance, methodology and closing schedule.

POTENTIAL IMPACT ON THE GROUP

The Group's failure to respond appropriately to these transformation issues could have a significant adverse effect on its business, financial position, results, development or prospects.

If the Group's development strategy is not as successful as expected or is implemented more slowly than expected, its competitive position, profitability and growth could be adversely affected, which could have a significant adverse effect on the Group's business, financial position, results, growth or prospects.

Risks related to relationships with artists and labels

RISK DESCRIPTION

The growth of the Group's catalogue and business depends on its ability to discover and attract new artists and labels, as well as retain its existing artists and labels, notably by offering leading technology solutions that fully address their needs and competitive remuneration structures. Identifying and signing artists with strong top-artist potential or tier one labels specifically enables the Group to strengthen its brand image and visibility among artists and labels, contributing to the future growth of its catalogue.

If the Group's sales teams had insufficient access to various external data sources concerning artists and lacked the tools to analyze those databases to categorize artists and predict future success, the Group might be unable to expand its catalogue and could miss opportunities to sign artists with strong development potential or future top artists[1]. In addition, the Group might be unable to have its suite of Premium Solutions adopted by artists and labels, particularly established ones, who might prefer to use the Automated Solutions offering or service providers other than the Group for specific solutions, which could reduce the Group's profitability.

The Group also faces competition from players with more significant financial and commercial resources (music industry majors in particular, who have a competitive talent scouting strategy). This could limit its ability to attract artists and labels and develop its catalogue, particularly among top artists, historically targeted by the majors, or even independent artists – a segment in which the majors are increasingly looking to position themselves (also see section 3.1.1 of this Universal registration document).

The Group could also have to contend with a change in listening habits, with users eschewing the local artists targeted by the Group to listen more to content produced by internationally renowned artists, who 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, ensure the quality and reliability of the content ingestion and delivery process, and therefore produce complete and accurate sales statements within the contractual time frame (which also depends on the quality of the data provided by the digital service providers themselves; see section 3.1.2 of this Universal registration document), introduce robust rights management and catalogue protection measures, or continue to offer innovative technologies and develop applications that fully address the needs of artists and labels. In addition, a lack of business expertise and know-how on the part of the Group's sales and marketing teams could undermine the appeal of the Group's offering, as well as its ability to build trust with artists and further their career development.

Furthermore, the Group grants advances (unpaid) to selected producers which are eventually recouped from the amounts paid by the Group. This exposes it to the risk of being unable to recoup those amounts if the volume of sales – translating as the number of streams generated by the content of those producers distributed on digital service providers – turns out to be insufficient (for a description of the contractual advance mechanism, see section 1.2.3 of this Universal registration document). These advances are recognized as assets in the statement of financial position when they are paid, and may be written down if, as a result of the period-end impairment tests, there is uncertainty as to whether the Group will be able to recoup them in full. In this case, impairment is calculated based on an estimate of the amount the Group considers it will recoup through to the end of the contract, and is recognized in cost of sales, thereby impacting consolidated income. 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. The amount of net unrecouped advances stood at €166.0 million (€88.0 million as current portion and €77.9 million as non-current portion) as at December 31, 2021, compared with €108.8 million (€60.5 million as current portion and €48.3 million as non-current portion) as at December 31, 2020. The 53% increase in the amount of uncollected advances between 2020 and 2021 had a significant impact on the Group's working capital requirement, which increased from €(106.4) million for the fiscal year ended December 31, 2020 to €((96.5) million for the fiscal year ended December 31, 2021 (see section 5.3.2.5 of this Universal registration document). The increase in the amount of unrecouped advances over the last three fiscal years is due to the growth in the Group's business, as well as its

(1) *As illustrated in this Universal registration document, the Group classifies artists in one of three categories (emerging artists, established artists and top artists) according to the annual revenue they generate.*

strategy of offering artists and labels more services, including financing solutions to support the development of their career, via the payment of advances. The Group intends to pursue this strategy in the future, which will have the effect of increasing the amount of advances and amplifying the risk described above (see sections 3.1.4 and 5.3.2.1 of this Universal registration document).

The Group is also required to pay over to artists and labels a percentage of the amounts paid by the digital service providers and social media 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 in the management of its cash flow are based in particular on a relative stability of working capital requirements (see section 8.2.1 of this Universal registration document) and on the assumption that the timing and frequency of requests for payments to artists and labels will remain relatively constant over time, based on what the Group has observed historically.

Lastly, the Group could be held liable for the content it distributes, including content distributed online.

RISK CONTROL AND MITIGATION MEASURES

In order to pursue the growth of its catalogue, the Group ensures that it offers to labels and artists the technology and marketing solutions best suited to their needs and that guarantee transparency in their remuneration. The Group has also implemented a leading automated contracting technology solution to ensure that each artist whose content is sold by the Group has entered into a contract with the Group that meets the standards set out in the Group's contracting policy, particularly in terms of assignment of rights, guarantees and compensation. With regard to the content made available, the Group endeavors to carry out prior control of the content, so as not to disseminate any illegal content and to be able to promptly remove such content (infringing content, racist content, or content calling for violence, for example). In addition, the Group maintains a broad and diversified base of artists and labels; thus, during the fiscal year ended December 31, 2021 the Group estimates that it generated less than 10% of its revenues from digital sales with its top 10 producers.

POTENTIAL IMPACT ON THE GROUP

The materialization of these risks could result in the Group providing inadequate or poor service, limiting its ability to attract new artists and labels to grow its catalogue. The Group might also be exposed to the risk of its contract being terminated with existing artists and labels, potentially incurring liability and having to pay artists and labels damages that might not be fully covered by the Group's insurance policies.

In addition, if the Group were unable to grant a volume of advances in line with demand from artists and labels (and although the Group has no contractual obligation to grant advances to them), this could affect the implementation of its strategy and limit its ability to attract new producers.

The materialization of these risks could jeopardize the attractiveness of the Group and/or its profitability and could have a significant adverse effect on its business, financial position, reputation, results and prospects.

Apart from any reputational damage caused by the distribution of illegal content (infringing content, racist content, or content calling for violence, for example), the Group could be forced to remove or have such content removed, or even face civil and/or criminal prosecution for that reason. More generally, the Group's reputation could be harmed 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

RISK DESCRIPTION

The Group depends on a small number of digital service providers and social media platforms. During the fiscal year ended December 31, 2021, the Group generated 67% of its revenue from three digital service providers, accounting for 33%, 23% and 10% of its consolidated revenue. This situation limits the Group's capacity to negotiate favorable contractual terms with these platforms, particularly with regard to the amount of payments owed to the Group (especially when renewing contracts). It also exposes the Group to the risk of a significant loss of revenue if the contract signed with one of these platforms happens to be terminated early or not renewed upon expiry (contracts with platforms and social media are generally entered into for periods of one to three years, in some cases with a renewal option; either party may terminate the contract early in the event of a serious breach of contract (see section 1.2.3 of this Universal registration document). In order to expand its catalogue, the Group may also have to sign agreements with digital service providers and social media platforms that do not offer the expected levels of profitability.

In addition, the efficient processing and distribution of payments 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 which can be difficult to verify. Inaccurate or incorrect reports could thus affect the Group's capacity to pay producers the amounts actually owed and affect the accounting treatment of the Group's revenue.

The Group also has limited contractual means of challenging the legitimacy of content removal by digital service providers in the event of suspected fraud, exposing it to the risk of unjustified content removal. This could adversely affect its revenue or even have a negative impact on its relationship with the artists or producers concerned. In addition, digital service providers may refuse to distribute some of the Group's content if it is already available in another version on the platform, or if the content is incompatible with the platform's editorial policy, for example.

Furthermore, a significant portion of the content listened to on digital service providers comes from playlists created and updated by the platforms, largely created on an automated basis using proprietary algorithms. The distribution and visibility of the Group's catalogue on the platforms thus depend to some extent on those algorithms, and on its ability to analyze them so as to anticipate the potential positioning of its catalogue within playlists.

In addition, the Group may be unable to adapt its tools and processes quickly enough to changes in the technological and operational requirements of digital service providers and social media platforms, particularly in terms of the management policy for user generated content, familiarity with video processes, content quality control and compliance with intellectual property rights, as well as the means of identifying illegal and inappropriate content. If the Group were unable to make these changes, this could affect its ability to fulfill its contractual obligations towards digital service providers and social media, and more generally, its ability to capture new market share.

The Group could also be the victim of malicious actions and hacking by third parties of a digital service provider's systems, over which it has little control. This could include hacking into the platform's servers to steal data or content from the Group's catalogue (the distribution of which could be accelerated with the increased use of mobile communication platforms and applications), which could harm its business and reputation, or facilitating access to information about the performance of the Group's catalogue, which could undermine its competitive positioning (see section 3.1.2 *"Risks related to the Group's IT systems"* of this Universal registration document). Furthermore, if the data protection policies of digital service providers and social media sites should prove insufficient or inadequate, or even non-compliant with the applicable regulations, and data about the Group's artists and labels were to be disclosed or exploited because of those failings, this could affect the Group's relationship with its artists and labels and harm its reputation in general.

RISK CONTROL AND MITIGATION MEASURES

In order to limit the consequences of its dependence on the main digital service providers and social media, the Group devotes significant resources to the good quality and regular monitoring of the relationship with these platforms, ensuring in particular that the technological solutions implemented meet their own constraints as best as possible, that the content offered is in line with their editorial policy and that competent contacts are identified in order to respond quickly to any questions or operational difficulties.

In addition, the Group has implemented a process for validating content before it is delivered to platforms, based on a database regularly updated by a dedicated department, in order to detect any content without valid rights that the Group is not authorized to sell. 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 also strives to include audit clauses in its contracts, enabling it to verify the information provided by the platforms under certain conditions. Finally, the Group strives to develop relationships with even more digital service providers, particularly local ones.

POTENTIAL IMPACT ON THE GROUP

The occurrence of such events could have a significant adverse effect on the Group's business, financial position, results or prospects. If the Group were unable to identify and anticipate the content requirements of digital service providers, this could negatively affect its operational efficiency. Serious and repeated breaches of its contractual obligations could undermine the Group's status as a preferred partner with some digital service providers and social media platforms, or even constitute grounds for terminating its contract. This would affect the Group's revenue and could jeopardize the Group's ability to develop, support and promote artists and thus grow its business.

Risks related to the Group's international development

RISK DESCRIPTION

As at December 31, 2021, the Group had a commercial presence[1] in more than 50 countries, including a number of markets with significant growth prospects, due in particular to the still low streaming penetration rate (see section 1.3.1 of this Universal registration document), and in which the Group intends to continue to develop its activities in the future in support of its growth strategy.

In general, the development of the Group's international activities presents a number of risks, including:

- exposure to various legal regimes offering different degrees of protection in the field of intellectual property rights: in certain countries where the Group operates, the copyright regulations and the regulations governing the activities of digital service providers and social media are relatively new, and the relevant case law is thus undeveloped and therefore subject to change. Certain binding regulations regarding the protection of personal data and control of rights could also affect the Group's ability to effectively use its rights or increase the risk of litigation. In addition, in some jurisdictions, including mature markets, copyright identification is relatively ineffective, exposing the Group to an increased risk of being challenged by rights holders (also see section 3.1.5 of this Universal registration document);
- difficulties in enforcing contracts or court decisions or difficulties in collecting money or in enforcing or complying with vague or ambiguous legal provisions;
- the reclassification as employees, by local administrations, of independent consultants with whom the Group contracts in various countries, which may 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;
- limitations on the payment of dividends or other payments from foreign subsidiaries, withholding taxes or other taxation on payments or investments made by foreign subsidiaries, and any other restrictions imposed by foreign governments, which may require the Group to seek external financing and incur additional costs;
- 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

Through its Russian subsidiary, the Believe Group is exposed to the impacts and consequences of the Russia-Ukraine crisis, in particular via (i) economic and future sanctions enforced against Russia and (ii), the impacts of this crisis on the growth prospects of the Russian market and their possible repercussions on global growth. As is the case for all companies with operations in Russia, the Group could be affected by restrictions on currency transactions, economic effects of the devaluation of the ruble, and difficulties regarding liquidity circulation.

The Russia-Ukraine crisis is closely monitored internally, with Russian and Ukrainian markets representing approximately 9% of revenue in 2021. A designated working group was immediately established and meets regularly, as the situation is evolving rapidly. At this stage, due to the degree of uncertainty regarding potential developments of this crisis, the Group is not able to clearly identify the potential impacts of the Russia-Ukraine crisis on its business, its profitability, or financial position.

RISK CONTROL AND MITIGATION MEASURES

The Group's international development strategy allows it to dilute its risk because its weight is not concentrated in a single country or geographical area, thereby enabling to offset effects between countries and geographical areas of development. Cash inflows and disbursements are largely centralized at the global level allowing controlled management of the activity and although operating in more than 50 countries, the vast majority of the Group's transactions are carried out in a limited number of currencies, which enables to keep foreign exchange effect under control.

(1) In this Universal registration document, the countries designated as those where the Group has a commercial presence are the countries where the Group 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 monitoring and control programs for the risks related to legislative and regulatory changes, which are presented in section 3.1.5 *"Risks related to regulations and their evolution"* of this Universal registration document.

The Group relies on local teams who are experts in their sector, whose organization, support and monitoring are carried out according to unified principles, tools and processes developed by the Central Platform teams and supervised by regional and local teams. For example, the Group's HR tools are implemented in all countries and the teams benefit from the Group's training actions as well as programs to support them in their career development. In addition, the Group ensures that its values are shared with local teams through the dissemination of its compliance program, including rules regarding ethics, anti-corruption and conflicts of interest.

POTENTIAL IMPACT ON THE GROUP

Although the Group's activities are not concentrated in a single country, the occurrence of adverse events or unfavorable circumstances in one or more of these countries where the Group is present could have a significant adverse effect on the Group's business, financial position, results or 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 or artist served by the Group in order to increase the payments due from digital service providers. In this respect, the Group's ability to act against this type of fraud depends in part on the reliability of the reports received from digital service providers, the accuracy and completeness of which can be difficult to control. These reports, if any, could be established on the basis of different methods, depending on the platform concerned (see in particular section 3.1.2 *"Risks related to relationships with digital service providers and social media"* of this Universal registration document);
- digital piracy (see also section 3.1.5 of this Universal registration document) or online extraction (stream ripping[(2)]) concerning the content in the Group's catalog;
- disclosure in the Group's catalogue content, prior to its official release, by a third party or a person within the Group;
- fraudulent collusion between an artist of the Group and one of the Group's employees in order to provide the employee with a share of the advance paid by the Group to the artist concerned or to set up a system of retro fees; or a conflict of interest situation where an employee of the Group is involved in the development of the career of an artist of the Group (as a manager, publisher or producer, for example) and benefits from a contract signed with the Group;
- payment fraud, whereby third parties using fraudulent processes (including against Group executives), could modify the bank details of labels and artists to which the Group pays amounts, in order to divert payments to their benefit.

Corruption and ethics

In the course of its business, the Group may face risks related to corruption, particularly in certain countries where it operates. The Group has implemented policies, procedures and training for its employees on the subject of ethics and anti-corruption regulations in order to prevent internal and external fraud attempts.

In particular, the Group includes the promotion of ethics and the prevention and fight against corruption practices in its CSR policy, which is at the heart of its development strategy (see section 2.5.3.1 of this Universal registration document). Possible ethical and corruption breaches could thus affect the credibility of this policy among employees of the Group as well as third parties, which could particularly 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) Fraudulent practice that consists of using converters to record a copy of legally streamed content.

RISK CONTROL AND MITIGATION MEASURES

With regard to the risk of streaming fraud, the Group conducts in-depth analyses of the sales reports of digital service providers in order to detect any abnormalities and, in the event of suspected fraud, blocks payments to the artists and labels concerned for fraudulent streams. With regard to the risk of payment fraud, the Group has outsourced its payment processes to a global specialist in online financial services, whose clients include the world's leading e-commerce companies, and which implements processes for identifying counterparties and checking the bank details of the artists and labels to which the Group makes payments. In general, the Group also provides training for its employees in order to raise their awareness with regard to detecting possible fraudulent practices.

The Group pays strict attention to the compliance of its procedures and employee practices with applicable regulations. The Group has published codes of ethics and anti-corruption in 9 languages, with associated training, and educated its employees about whistleblowing, in particular as part of the measures implemented in accordance with the Law of December 9, 2016 on transparency, the fight against corruption and influence tracking and the modernization of economic life (the "Sapin II" Law).

POTENTIAL IMPACT ON THE GROUP

Fraudulent practices would likely affect the Group's ability to implement processes and controls that ensure the integrity of transactions and payments with artists and labels and the integrity of their content. This could adversely affect the quality of its services or the perception of the quality of its services by artists and labels, which could have a significant adverse effect on the Group's results, business, reputation, financial position or prospects.

The Group cannot guarantee that its employees, suppliers, subcontractors or other business partners will comply with the strict requirements imposed on them and the regulations in force. If the Group were unable to enforce its anti-corruption policies and procedures, it could be subject to civil and criminal penalties, including fines, possibly of significant amounts, or even exclusions from certain markets.

Risks related to acquisitions

RISK DESCRIPTION

In recent years, the Group has made a large number of targeted acquisitions that have contributed significantly to the growth of its business (see in particular sections 1.5.3 and 5.1.2.4 of this Universal registration document). Some of these acquisitions were significant, such as that of a non-controlling interest in Label Viva Music and Artist Group in the Philippines in 2021, a majority stake in the DMC label in Turkey in 2020, multiple companies in India in 2019, and the acquisition of Nuclear Blast and Groove Attack in Germany in 2018, or even transformative, such as the acquisition of TuneCore in the United States in 2015.

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 offer.

As part of this 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 new country and/or 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, 2021, goodwill recorded by the Group was €98.9 million, of which €21.1 million[1] originated from acquisitions made during the fiscal year ended December 31, 2021);
- in the case of majority shareholdings, the emergence of disagreements with minority shareholders, which could affect the decision-making process and the conduct of the company's business, or even result in litigation with minority shareholders.

(1) Interim goodwill.

RISK CONTROL AND MITIGATION MEASURES

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. During the acquisition of international companies, due diligence, with the support of local external consultants, enables the upstream identification of risks (on the target and its environment) with the definition of appropriate action plans to remedy them. This process also includes compliance checks (KYC), making it possible to ensure that the values of future partners match those of the Group. In cooperation with local legal advisers, the Group regularly monitors changes in local regulations to anticipate any event and adapt where necessary.

Finally, in the event of integration, the Group seeks to establish a governance structure that safeguards its interests and applies the Group's main procedures to the newly integrated entity.

POTENTIAL IMPACTS ON THE GROUP

In general, the expected profits from future or completed acquisitions may not materialize on time or at expected levels, which could have a significant adverse effect on the Group's business, financial position, results and prospects.

3.1.3 Risks related to the Company

Risks related to management teams, including Mr Denis Ladegaillerie, and the 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 founder of the Group.

In the event of incapacitation or departure of one or more of these executives and key employees, the Group may not be able to replace them promptly, which could affect its operational performance. In addition, in the event that its executives, founders or key employees join a competitor or create a competing business, the Group could be adversely affected.

As a service provider with high technological added value requiring strong sectoral expertise, the success of the Group's business activities also depends on its ability to identify, attract, train, retain and motivate experienced employees[1] and capitalize on a solid knowledge of the industry and high-level skills.

The attrition rate [2] of the Group's employees was 19.1% for the fiscal year ended December 31, 2021 (see Chapter 1.6.3.2 "*Employment*" of this Universal registration document). It stood at 11.3% for the fiscal year ended December 31, 2020, a historically low level due to the health situation. The change in the attrition rate is caused by 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 unable to control its attrition rate, particularly for key positions, this could affect the Group's efforts to build trusted relationships with its artists and labels and to support them in the development of their careers.

The Group faces intense competition for the recruitment of its experienced employees and senior directors, from players who may have significant financial resources and capitalize on the reputation of their employer brand with potential candidates (music industry players in general, as well as leading companies in the technology sector for the recruitment of developers). Thus, the Group may not be able to attract, integrate or retain a sufficient number of qualified employees or experienced senior directors, which could adversely affect its business activities and development strategy.

In addition, 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, train its staff in the technological solutions offered by the Group, or recruit and train the necessary leaders in the geographical areas or lines of business where it is active or wishes to develop. Moreover, in particular during a period of strong growth, the Group may find it difficult to recruit and retain qualified personnel under economic conditions attractive to the Group, representing a risk of higher wage costs and a decrease in the quality of the products it develops.

(1) In a number of countries where the Group is present, it also relies on the expertise of more than 300 external consultants. The Group is also exposed to risks related to its ability to establish and maintain contractual relationships with these consultants, similar to those presented in this section 3.1.2.

(2) Calculation of the attrition rate: total number of headcount permanent departures/Average permanent annual headcount.

RISK CONTROL AND MITIGATION MEASURES

In order to limit the risk of experienced employees leaving the Group, the Group has implemented a structured bonus policy, based on objectivity and fairness and designed to align compensation with individual performance. The Group also conducts regular reviews of compensation and benefits to ensure that they are in line with the local market and that compensation levels are competitive. As part of its CSR policy, the Group is also committed to supporting the development of its employees throughout their careers, including regular training and coaching where appropriate, in order to provide them with the best working experience and environment.

In order to manage the risk linked to the possible departure of one or more members of its management team, the Group has, over the last few years, gradually strengthened the team with the arrival of new talent and closely associated management teams with the Group's success and performance, in particular since the Company's IPO in June 2021, through the granting of share subscription warrants (*bons de souscription d'actions,* or BSAs) and founders' share subscription warrants (*bons de souscription de parts de créateur d'entreprise,* or BSPCE), and since the Company's IPO, the introduction of a free performance share plan over three years, and by including a significant variable part in their compensation, the payment of which is conditional on the achievement of quantitative and qualitative performance criteria. The Group intends to continue to associate the Group's executives and leaders with the Group's success and performance, through the implementation of a long-term management incentive plan (based on free shares) (see section 4.2.2.2 "of this Universal registration document).

POTENTIAL IMPACT ON THE GROUP

If the Group fails to meet these human resources challenges, a key factor in its development, this could have a significant adverse effect on its business, financial position, results and prospects.

3.1.4 Financial risks

Liquidity risk

RISK DESCRIPTION

Liquidity risk is the risk of not having funds needed to meet commitments at maturity. This includes, on the one hand, the risk that assets, especially advances to certain artists and labels, cannot be sold or recouped quickly under satisfactory conditions if needed and, on the other hand, the risk of liabilities falling due early, especially commitments to producers, or the risk of not being able to access credit under satisfactory conditions.

The Group grants (interest-free) advances to certain artists and labels, which can be recouped in medium-to-long term amounts paid by the Group, with the risk of being unable to recoup those amounts if the volume of sales – resulting from the number of streams generated by these producers on digital service providers – happens to be insufficient (for a description of the contractual advances mechanism, see section 1.2.3 of this Universal registration document). These unpaid advances are recognized as assets in the statement of financial position when they are paid, and may be written down if, as a result of the period-end impairment tests, there is uncertainty as to whether the Group will be able to recoup them in full. In this case, impairment is calculated based on an estimate of the amount the Group considers it will recoup through to the end of the contract, and is recognized in cost of sales, thereby impacting consolidated income. 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. The amount of net unrecouped advances stood at €166.9 million (€87.9 million as current portion and €79.0 million as non-current portion) as at December 31, 2021, compared with €108.8 million (€60.5 million as current portion and €48.3 million as non-current portion) as at December 30, 2020. The 53% increase in the amount of uncollected advances between 2020 and 2021 had a significant impact on the Group's working capital requirement, which increased from €(106.4) million for the fiscal year ended December 31, 2020 to €(97.5) million for the fiscal year ended December 31, 2021 (see section 5.3.2.5 of this Universal registration document). The increase in the amount of unrecouped advances over the last three fiscal years is due to the growth in the Group's business, as well as its strategy of offering artists and labels more services, including financing solutions via the payment of advances. The Group intends to accelerate the roll-out of 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 over to artists and labels a percentage of the amounts paid by the digital service providers and social media 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 in the management of its cash flow are based in particular on a relative stability of working capital requirements (see section 5.3.2.5 of this Universal registration document) and on the assumption that the timing and frequency of requests for payments to artists and labels will remain relatively constant over time, based on what the Group has observed historically.

In a crisis, the Group may not be able to obtain or roll over the financing it needs to meet its investment commitments, or it may not be able to obtain satisfactory borrowing conditions for its financing or refinancing.

RISK CONTROL AND MITIGATION MEASURES

The advances to be granted to artists and labels are subject to a strict review and validation process aimed at ensuring 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 IMPACT ON THE GROUP

If the Group were unable to grant a volume of advances in line with demand from artists and labels (and although the Group has no contractual obligation to grant advances to them), this could affect the implementation of its strategy and limit its ability to attract new producers. The materialization of these risks could jeopardize the attractiveness of the Group and/ or its profitability and could have a significant adverse effect on its business, financial position, reputation, results andprospects.

Counterparty risks

RISK DESCRIPTION

The Group may be exposed to the default of one of the bank counterparties that manages its cash or currency swaps.

In addition, the Group is a creditor of digital service providers and social media platforms, which must pay for the content it makes available to them. The payment period for compensation 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 1.2.3 of this Universal registration document).

RISK CONTROL AND MITIGATION MEASURES

The Group's cash investments and swaps are respectively placed and arranged only with leading financial institutions. As a result, it does not consider that it has significant counterparty risk exposure on its cash resources or financial instruments.

The Group regularly monitors receivables from digital service providers and social media.

POTENTIAL IMPACT ON THE GROUP

The Group is thus exposed to the risk of default by one or more digital service providers or social media, which may not pay the amounts due or may pay them outside the deadlines set out in the contract with the Group.

Risks related to foreign exchange rates

RISK DESCRIPTION

The Group conducts a significant portion of its business on the international stage. Accordingly, due to its exposure to currencies other than the euro, its functional and presentation currency, the Group incurs foreign currency risk, mainly on account of its operations.

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 debts (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. Platforms charge their end-users for subscriptions in local currency and this amount is then converted into euros at the applicable exchange rate, revised regularly according to the market rate, in accordance with the applicable contractual provisions. Thus, any depreciation against the euro of the local currency in which subscriptions are charged by the platforms to their 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.

RISK CONTROL AND MITIGATION MEASURES

Since the second half of 2021 as part of its 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.

POTENTIAL IMPACT ON THE GROUP

Analysis of the sensitivity of the net foreign currency risk exposure

See Note 8.2 to the Group's consolidated financial statements for the fiscal year ended December 31, 2021 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 vis-à-vis 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 catalogue. If the measures taken by the Group to retain, protect and enforce its rights over the content made available were inadequate or inappropriate, third parties could use the Group's content without its permission, which could affect its ability to leverage its catalogue in a cost-effective manner and to retain artists and labels. In addition, the Group may have to incur significant costs to obtain legal action to stop the unlawful use of its rights, or could be challenged by rights holders (also see section 1.3.2.1 for a description of the regulation of literary and artistic property).

In addition, audio and video content made available by the Group under contracts with producers could incorporate works by artists who are not parties to these contracts, and for whom it cannot ensure that licenses and authorizations to use these works have been granted to such producers. In addition, some rights holders may not be declared by the artists and labels whose content the Group sells. The Group could thus be challenged by undeclared rights holders, who could in particular seek damages from the Group (or from the platforms that distributed the content, which would then seek indemnity from the Group in accordance with the contract between them and the Group) for copyright infringement and claim damages as well as seek the removal of the content made available. Such actions, or even allegations, whether justified or not, of copyright violations by the Group, could also undermine the Group's reputation with respect to labels, artists and digital service providers. This risk is particularly acute in the United States of America, where the Group operates and where the amount of damages that the Group could be ordered to pay by local courts in the event of alleged infringement of content rights could be significantly higher than in Europe if it includes, in addition to compensation for the damage suffered, punitive damages or statutory damages (which may amount to as much as $150,000 per infringed content), which may not be fully covered by the Group's insurance policies.

In addition, 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 and to 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 digital service providers and social media, with downloading representing a minority share of the distribution format, particularly in the United States. The Group uses the services of external service providers to identify the rights holders capable of providing these licenses, exposing it to the risk that some of them may not be identified and that it may not be able to fully control the procedures implemented for this purpose. It should be noted that in almost all other countries (as well as in the area of music streaming in the United States), this responsibility lies solely with the digital service providers offering the music recordings to end users and not with the Group. As at the date of this Universal registration document, the Group is being sued in the United States by Round Hill, a music publishing company alleging infringement of rights in respect of a significant amount of content in its catalogue and seeking payment of significant damages, corresponding to the statutory damages applicable under US law, *i.e.,* US $150,000 per work for a total of US $32,850,000 (see section 3.1.5 of this Universal registration document), which, even if the Group considers that it is disproportionate to what Round Hill could actually obtain from the Court, may not be fully covered by the Group's insurance policies. In light of the uncertainty inherent in the process of verifying the holders of mechanical reproduction rights and the legal obligations of online music distributors, proceedings of this type are frequent in the United States and could reoccur in the future. This risk is also increased in certain countries where the Group may use intermediaries to deliver content from its catalogue to local digital service providers. This exposes the Group to the risk that these intermediaries may not provide the level of service quality expected by local producers, particularly with regard to catalogue preservation and copyright protection.

The unauthorized use of the Group's intellectual property rights and content as a result of digital piracy deprives the Group of revenue it could earn from the legal use of such rights and content. Therefore, if the Group were unable to obtain appropriate legal remedies in the event of unauthorized use of the rights and content it holds, if it were unable to take action to protect its rights against digital piracy or, in general, if governments were to abandon efforts to prevent piracy, this could have a significant adverse effect on the Group's business, financial position, results and prospects.

The Group's business also depends on its ability to protect its own intellectual property rights, in particular in relation to its trademarks, software, domain names, know-how and trade secrets. The Group's efforts to protect its intellectual property rights may be insufficient or ineffective in preventing infringement or unauthorized use by third parties. For example, its trademark registration strategy could be insufficient in certain countries in which the Group operates, or third parties could oppose the registration of new trademarks, which would weaken the Group's reputation in the geographical areas concerned. The protection of the Group's sensitive and strategic information may also prove insufficient, which could cause the Group to lose the competitive advantage that results 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

In order to limit the risk of a third party violating the Group's intellectual property rights or the risk of liability due to an alleged infringement of third-party rights, the Group has implemented strict mechanisms for identifying the chain of rights holders, as soon as contracts with artists and labels are entered into, and mechanisms for the rapid removal of disputed content. In particular, these contracts include stipulations limiting the Group's liability in the event of alleged infringement of rights (mainly in the form of representations and warranties given by the producer, allowing the Group to seek the producer's liability, if the Group should be challenged by rights holders). The Group is also seeking to further automate its processes for identifying, handling and following up on claims of alleged intellectual property right infringement.

POTENTIAL IMPACT 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 (including stock market regulations since the Company's IPO) in the various countries in which it operates, particularly with regard to intellectual property rights, the liability of technical intermediaries, e-commerce and personal data (see section 1.3.2 of this Universal registration document).

For example, the Group is required to collect, maintain and process a significant volume of personal data relating to Group employees and contractors and artists or their representatives. The processing of personal data is subject to complex and evolving regulations, including the entry into force on May 25, 2018 of Regulation (EU) 2016/679 of the European Parliament and of the Council of April 27, 2016 on the protection of individuals with regard to the processing of personal data and on the free movement of such data **("GDPR")** (see section 1.3.2.5 of this Universal registration document). This regulation is applicable to the Group in respect of its activities within the European Economic Area **("EEA")** and imposes hefty fines of up to €20 million or 4% of overall revenue (whichever is higher) in the event of a violation of its provisions. As the GDPR is a relatively recent text, the Group relies on interpretations that have not yet been confirmed by case law or data protection authorities or on interpretations that are still evolving. For example, the *Schrems II* decision of July 16, 2020 of the Court of Justice of the European Union could jeopardize the Group's ability to transfer personal data outside the EEA, including to its subsidiaries in the United States. Despite compliance efforts by the Group, government authorities or courts may determine that the Group fails to comply with the requirements of the GDPR, thus exposing the Group to the above-mentioned fines, payment of damages to affected persons or an obligation to modify its activities and to suspend certain processing of personal data. The Group is also subject to similar laws and regulations in other countries outside the European Union, such as the 2018 *California Consumer Protection Act,* which came into effect in January 2020, and the *California Privacy Rights Act,* which will enter into force in 2023, which grants privacy rights to residents of the State of California.

A change or strengthening of the regulatory framework applicable to the Group's activities, a tightening of their application, a conflict between the laws and regulations adopted by different countries and/or a change in their interpretation by the competent authorities could result in additional costs or investments for the Group, which could have a significant adverse effect on the Group's business, results, financial position and prospects. In particular, certain countries in which the Group operates and where state control of economic activities is significant, could experience protectionist regulatory developments that would limit the Group's ability to continue the development of its businesses there.

In addition, insufficient knowledge of local regulations or a lack of methodology for monitoring local regulatory developments could jeopardize the Group's ability to identify the particularities of local regulations in order to comply with them.

In particular, 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 to which the Group will have to adapt in order to continue developing its business in compliance with the applicable regulations. Recent examples of legislative developments in the European Union include the *Copyright Directive* adopted in 2019 and the *Digital Services Act.*

RISK CONTROL AND MITIGATION MEASURES

In order to ensure the compliance of its activities with local regulations, the Group's Legal Department, in conjunction with the operational departments and subsidiaries, regularly monitors the evolution of their provisions, in cooperation with local legal advisors. In addition, with regard to the protection of personal data, the Group ensures the completeness of the register that it is required to keep, has a confidentiality and privacy policy in place (including anonymization and encryption) and includes standard clauses in its contracts to comply with the applicable regulations in this area. The Group strives to apply a common compliance policy in all its subsidiaries and seeks to define internal "know your customer" rules in order to systematically collect a certain number of documents from the labels and artists with which it enters into a contract.

With regard to stock market regulations, the Group has implemented a stock market code of ethics to draw the attention of Believe Group employees to the principles and rules in force in terms of stock market ethics and the obligation to strictly comply with these. The Group also established a Financial Communication Department responsible for identifying and preparing a schedule summarizing all compulsory financial communication disclosures. Lastly, the Group has set up an internal and financial control procedure (see section 3.2 "Risk management system and internal control" of this Universal registration document) to ensure compliance with stock market regulations in terms of accounting and financial reporting.

POTENTIAL IMPACT ON THE GROUP

If the Group were unable to identify regulatory changes applicable to its activities, it would be exposed to a risk of violation of the applicable provisions, which could result in criminal, administrative and/or financial sanctions, which could have a significant adverse effect on the Group's business activity, financial position, reputation, results or 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. In particular, because of its international activity, it is subject to transfer pricing and permanent establishment rules, which can be particularly complex and subject to divergent interpretations. Changes in tax legislation and its interpretation could have a significant adverse effect on its tax position, its effective tax rate or the amount of taxes and other compulsory levies to which it is subject, and on its reporting obligations.

The rapid development of the digital economy worldwide is leading public authorities to adapt or consider adapting the tax regime applicable to these activities, which could subject the Group to rapid and unpredictable changes in tax legislation in the countries where it operates.

In France, a tax on digital services (known as the "GAFA" tax) came into effect in July 2019 which, although not directly applicable to the services provided by the Group, is likely to apply to certain social media on which the Group makes content available. In addition, although the European Commission announced, in July 2021, the freeze on its digital tax project, this freeze was conditional on the implementation of a vast reform of the taxation applicable to digital activities of multinationals (Pillar I) and the introduction of a minimum effective tax rate of 15% (Pillar II) agreed on by 136 countries as part of the OECD on October 8, 2021. The implementation of this reform is scheduled as from 2023 and will probably be applicable 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, or have a negative impact on the activities of the digital service providers and social media to which it makes content available. This, in turn, could have a significant adverse effect on the Group's business, results, financial position and prospects.

Furthermore, cash flows linked to the Group's businesses, in particular the outgoing flows that primarily correspond to amounts paid by the Group to the artists and labels whose content is available on digital service providers, may be subject to withholding tax to be collected by the Group in the different countries in which it carries out its activities. The Group's ability to withhold these taxes or to claim an exemption, if applicable, depends in particular on the tax classification of outgoing flows by the local tax authorities and on the submission to the Group of certain documents by the artists and labels concerned. The Group's failure to collect applicable withholding taxes or its inability to rely on applicable withholding tax exemptions (in particular if the required documents were not provided to it or if it did not request them) would expose it to the risk that, in the event of an adjustment by the competent tax authorities, it would be required to pay back taxes, plus any applicable late payment penalties, which could have a significant adverse effect on its financial position.

In addition, due to the cross-border nature of the flows related to the Group's activities, a significant part of its revenue is, in principle, exempt from the applicable value added tax, as it concerns export revenues. As a result, the Group may be in a value-added tax credit position with the relevant local tax authorities. However, the Group may encounter difficulties in claiming these value-added tax credits, or delays in the actual reimbursement of these credits, due in particular to the processes specific to the local administration concerned or to the submission of incomplete or inaccurate documents by artists and labels to the Group, which could have a negative impact on its cash flow.

RISK CONTROL AND MITIGATION MEASURES

The Group carries out (internally, with its Tax Department and the support of the subsidiaries and the Finance Department, and with the assistance of external advisors) regular fiscal monitoring of developments that may impact the Group, particularly any developments relating to the digital economy. In addition, collection processes have been put in place by the Group to ensure compliance with indirect tax collection rules, invoicing rules and to reduce the cost of withholding taxes. Finally, the Group strives to identify its main tax risks relating to years subject to tax audit, anticipate questions from the tax authorities and document the appropriate responses where necessary.

POTENTIAL IMPACT ON THE GROUP

Finally, a challenge to its tax situation by the relevant authorities could result in the Group paying additional taxes, potentially significant adjustments and penalties, or increasing the costs of its products or services to recover the cost of such taxes, which could have a significant adverse effect on its business, results, financial position and prospects.

Risks related to litigation

RISK DESCRIPTION

In the normal course of business, Group companies may be involved in a number of legal, administrative or arbitration proceedings, particularly in relation to civil or criminal liability, intellectual property, competition, tax or discrimination. In some of these proceedings, significant monetary claims are being made or may be made against one or more Group companies. As at December 31, 2021, the total amount of provisions for risks and charges (mainly represented by provisions for pension obligations) of the Group amounted to €1.9 million (see Note 7 to the Group's consolidated financial statements for the fiscal year ended December 31, 2021).

At the date of this Universal registration document, the Group is not aware of any governmental, legal or arbitration proceedings, including any proceedings which are ongoing or with which it is threatened, other than those mentioned below, that are likely to have or have had, over the last 12 months, a significant effect on the financial position or profitability of the Company or Group.

Dispute between the Group and Round Hill

In July 2020, proceedings were brought against certain Group companies (TuneCore Inc., Believe Digital Holdings Inc. and Believe SAS) before a federal court of the State of New York by music publishing companies Round Hill Music LLP and Round Hill Music LP (hereafter referred to as **"Round Hill"**). These companies allege that the Group used, reproduced and distributed 219 musical works in the course of its business (and in particular, that the Group delivered the aforementioned works to platforms to be downloaded), without having previously secured a license to the song rights (known as "mechanical royalties" under US law) owned by Round Hill.

Based on these allegations, Round Hill is seeking from the Group the maximum amount for willful statutory damages in the US (*i.e.,* US $150,000 per composition), representing a total damages claim of US $32,850,000. This dispute is subject to a provision for risks and contingencies described in Note 7 to the Group's consolidated financial statements for the fiscal year ended December 31, 2021.

After these proceedings were brought by Round Hill, the Group began an analysis to identify the musical works that Round Hill claimed the Group had delivered to platforms to be downloaded. This analysis process is ongoing; however, several of the works in question are proving difficult to identify as having been distributed by the Group, which raises serious doubts as to the validity of Round Hill's claim in respect of them.

More generally, in view of applicable case law, and even assuming that Round Hill's claim is partially founded for certain works, the Group considers that its substantial damage claim (corresponding to the maximum allowed by US law) is disproportionate relative to the damages that Round Hill could effectively obtain from in court.

It should be recalled that in the US, producers and distributors of recordings are responsible for identifying the owners of the mechanical reproduction rights to the works included in these recordings, and then for securing from those owners in return for payment a license to these works when the recordings are downloaded (not only via streaming). The Group hires external service providers to identify rights to musical works in order to seek the relevant licenses, thereby exposing it to the risk that some such rights holders are not identified. As a result, it cannot fully control the proceedings which may be brought against it in such cases (see section 3.1.5.1 *"Risks related to intellectual property"* of this Universal registration document).

At the date of this Universal registration document, a mediation process is currently ongoing between the Group and Round Hill with a view to reaching an out-of-court settlement of this dispute.

CONTROL AND RISK MITIGATION MEASURES

In order to limit the risks of litigation, the Group ensures that a contract including the appropriate rights and guarantees has been entered into with any partner providing it with recordings before said recording is distributed, has chosen a leading service provider to manage mechanical reproduction rights licenses in the United States and has set up procedures to verify the licenses obtained by said service provider. In addition, the Group has put in place a strict process for identifying, processing and monitoring pre-litigation and disputes, and contracted insurance policies covering these specific litigation risks.

POTENTIAL IMPACT ON THE GROUP

The corresponding provisions, if any, that the Group would have to record in its accounts could prove insufficient, which could have a significant adverse effect on its business, financial position, prospects and results. It cannot be ruled out that in the future new proceedings, whether or not related to the current proceedings, relating to risks identified by the Group or related to new risks, may be initiated against one of the Group's entities. If these proceedings were to have an unfavorable outcome, they could have a significant adverse effect on the Group's business, financial position, results 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 the listing of the Company's shares on the regulated market of Euronext Paris, the Group, in consultation with its Statutory Auditors, has gradually changed its objectives and general internal control principles, which 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 mission of the Audit Committee is to monitor issues relating to the preparation and control of accounting and financial information and to ensure the effectiveness of the risk monitoring and internal control system, in order to facilitate the exercise by the Board of Directors of its 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 extra-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 2021 (three times since the IPO). The work and composition of the Audit Committee since the IPO are described in section 4.1.5 of this Universal registration document.

Management

The Risk Committee

It is chaired by the Chairman and Chief Executive Officer and founder of the Group and includes as permanent members the finance director, Chief Financial Officer, Chief Operating Officer, the Chief Financial Controlling Officer, the Chief Management Controlling Officer, the Chief Legal Officer, the Chief Operations Officer, the Chief People Officer, the Chief Technology Officer, the internal control representatives in the subsidiaries and 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. Upon request, the Audit Committee has access to the minutes of the Risk Committee meetings.

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 2021. The main topics covered include:

- monitoring of the evolution of risks identified in the Group's risk mapping for 2020;
- 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 2 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 within the Financial Transformation department and reporting to the Group Financial Control Department is responsible for (i) monitoring risk management in close collaboration with the Group Risk Committee and (ii) implementing an internal control mechanism to respond to the risks identified in the risk mapping. Operational risk management and internal control are the responsibility of the Group's operational departments and subsidiaries, under the functional control of the Group Risk and Internal Control Department. Within each of these departments and subsidiaries, the person responsible for risk management (generally the Head of the department or Chief Financial Officer of the subsidiary, or a person under their hierarchical or functional responsibility), is in charge of supervising the proper application of prevention procedures. 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 a Group level internal control framework that determines which controls should be put in place to address the risks facing the Group. 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.

Compliance

Under the responsibility of the Legal Department, the Compliance function is responsible for defining and monitoring the implementation of the Group's compliance program, which is an integral part of its control environment. The compliance program aims to protect the Group from risks related in particular to 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 implementation of a control environment is aimed at educating employees on the purpose and necessity of internal control and constitutes the basis of all its other elements, in particular through the development of ethics, discipline and organization. The Group's control environment is based on the following elements:

Rules of conduct and ethics

The Company 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 principles of actions and behavior that the Group imposes on itself are set out in its Code of Ethics, the objective of which 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 and sets out the rules of conduct that each employee must respect in all circumstances in the performance of their duties. The Group pays particular attention to compliance with all applicable laws and fundamental rights: combating discrimination and harassment, occupational health and safety, diversity and gender balance, and promoting the employment of people with disabilities (see chapter *Social and Environmental Responsibility* of this Universal registration document). The Code of Ethics also addresses societal aspects, integrity (and professionalism) in the conduct of 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 ten languages.

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 anti-corruption program implemented by the Group takes into account the provisions of the Sapin 2 French law and the recommendations of the *French Anti-Corruption Agency* and includes different principles, policies, instructions, tools and training. 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 put in place an anti-corruption code of conduct (which is part of its Code of Ethics) and which applies to and is binding on all Group employees, regardless of their position and hierarchical level. The Group has set up a reporting platform, enabling employees and partners to report any breaches (or suspicions) of the rules of conduct and ethics. The alert system is accessible to employees and external stakeholders via a dedicated and secure platform, available free of charge 24/7, and enables a detailed, confidential and documented alert to be launched by completing a predefined questionnaire (available at several languages). This system can be accessed via PC, smartphone or tablet. It was rolled out within the Group. A training and awareness-raising program on the fight against corruption has been set up by the Group for all its employees.

The Ethics Committee, made up of the Chairman and Chief Executive Officer of the Group, the Chief People Officer, the Chief Legal Officer and the Head of Compliance, oversees the implementation of the compliance program and, if necessary, the application of sanctions.

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 is drawn up in accordance with the *General Data Protection Regulation (GDPR).* Thus, Compliance (reporting to the Legal Department), in coordination with the Head of Information Systems Security, have put in place an IT charter which 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 and reiterates the importance that the Group places on data security and confidentiality, as well as on the protection of privacy and related rights.

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 Autorité des Marchés Financiers Guide on permanent information and the management of DOC-2016-08 insider information, the positions-recommendations of the Autorité des Marchés Financiers and the recommendations of the AFEP-MEDEF Code.

The Group has implemented a stock market code of ethics to draw the attention of Believe Group employees to the principles and rules in force in terms of stock market ethics and the obligation to strictly comply with these.

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 human resources policy contributes to enhancing internal control procedures through collaborators recruitment, skills management and training policies. This policy allows the Company to have the resources with the knowledge and skills necessary to fulfill their duties in line with the delegations of authority in place.

The main purpose of the programs implemented by human resources is to attract, train, retain and motivate employees by offering career development opportunities, individual development plans and appropriate training.

Compliance of practices with laws and regulations

The organization and processes of the Group Legal Department enable the various employees concerned to be aware of the regulations and applicable laws and to be informed in good time of any changes thereto. 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 of the Group's employees and is reviewed by operational staff, enabling it to be adopted and enhanced by good 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 and to assist the Group's management in choosing the most appropriate risk management strategy and, in order to limit significant residual risks, to define and monitor 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. Risks are assessed by using a quantitative and qualitative approach based on 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 2021, an update of the Group's risk mapping was carried out. This update was reviewed by the Group's Executive Management, 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"* of this chapter.

3.2.2.3 Control activities

The purpose of control activities is to ensure the application of the standards, procedures and recommendations that contribute to the implementation of the Group's orientations and objectives. 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 internal control review are reported to Executive Management. Appropriate action plans are identified and put in place and are monitored by internal control.

3.2.2.4 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, the IT Charter on Data Protection, the conflict of interest procedure as well as the CSR content and policy;
- 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.

For the implementation of the internal control procedures relating to the production of financial and accounting information, the Company relies on an external framework incorporating all the national accounting laws and regulations on the basis of which the company financial statements of the Group entities are prepared. The Group also prepares its consolidated financial statements in accordance with IFRS (International Financial Reporting Standards).

With the support of the other divisions of the Financial Control Department, the Accounting and Consolidation Departments are responsible for the production and preparation of the annuals financial statements of Believe SA and the Company's consolidated financial statements, as well as the half-yearly and annual disclosures, in particular the half-year financial report and the Universal registration document (for the financial statements and notes sections and the management/MD&A reports). The Consolidation Department defines the Group's accounting standards in accordance with IFRS, ensures their application and helps to coordinate Group's Statutory Auditors assignment.

The Controlling Department is responsible for coordinating the budget process, updating its estimates during the year, and for 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 analyzes 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 function 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 is responsible for data transfers between the financial IT system solutions and/or toward other solutions, and is also responsible for developing the financial IT system environment to ensure optimal processing by the teams of the Financial Control Department.

The Treasury Department is responsible for the application of the Group's financial policy, which includes the security of banking transactions, financing strategy of subsidiaries, financial cost control, cash surpluses and cash investments profitability. In particular, the Treasury Department ensures that the Group's cash is centralized and meets the liquidity needs and short-, medium- and long-term financing needs of the subsidiaries. It is also responsible for centralized exchange rate risk management.

The Tax Department ensures compliance with applicable tax regulations and laws, advises the Group's various subsidiaries, and recommends tax solutions best suited to the Group's operational guidelines. It ensures the harmonization of tax data reporting.

The Financial Communication Department is responsible for coordinating the information disseminated to the financial community in order to give them a clear, transparent and accurate understanding of the Group's performance and prospects. Its role is also to inform Executive Management of the financial community's views regarding the Company's strategy or its positioning in its competitive environment. By working in close collaboration 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-year reports, 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. In addition, and as part of the production of its reports, the Group has implemented an access management policy to secure access to the data used to produce financial information.

3.3 Insurance

The Group's insurance policy is coordinated by the Group's Legal Department with the support of the operational departments and the Risks and Internal Control Department.

Each Group company is responsible for providing the Legal Department, acting in coordination with the operational departments, with the information necessary to identify and qualify the insured or insurable risks falling within the scope of the Group and for implementing the necessary means to ensure business continuity in the event of a claim. On this basis, the Legal Department, with the assistance of a broker or external advisor, negotiates annually with the major insurance companies to implement the most appropriate coverage for these risks.

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 there is no offer of coverage in the insurance market, or for which the offer of coverage and/or its cost is not commensurate with the potential benefit of insurance, or for which the Group considers that the risk does not require insurance coverage.

The Group's main policies, taken out with internationally recognized insurance companies, include third-party liability insurance (in term of intellectual property, or covering entertainment activities and events) and property damage, consequential business interruption insurance and cyber insurance. For risks not covered by these policies, the Group's policies are supplemented on a case-by-case basis by policies taken out locally for a subsidiary.

4.

Corporate governance

Summary overview presenting the governance

At December 31, 2021

Executive Management

The Chairman and Chief Executive Officer assisted by an Executive Committee of
12 members

54%
PERCENTAGE OF WOMEN

45 years old
AVERAGE AGE

23%
OF FOREIGN NATIONALITY

Board of Directors

6
MEMBERS

50%
INDEPENDENCE RATE

100 %
ATTENDANCE RATE

50%
PERCENTAGE OF WOMEN

50%
FOREIGN NATIONALITY

53 years old
AVERAGE AGE

Denis Ladegaillerie
Chairman and Chief Executive Officer

3 **INDEPENDENT DIRECTORS**

Kathleen O'Riordan

Anne France Laclide-Drouin

Orla Noonan

2 **ADMINISTRATEURS**

John Doran

Ventech
represented by Alain Caffi

2 **NON-VOTING MEMBERS**

Siparex XAnge Venture
represented by Nicolas Rose

FSP
represented by Nicolas Dubourg

- Audit committee
- Nomination and Compensation committee
- CSR committee

3 specialized Board committees

AUDIT COMMITTEE	NOMINATION AND COMPENSATION COMMITTEE	CSR COMMITTEE
3 MEMBERS	3 MEMBERS	3 MEMBERS
67% INDEPENDENCE RATE	67% INDEPENDENCE RATE	33% INDEPENDENCE RATE

This section 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, section 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 April 20, 2022.

4.1 Governance

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 dialog with the main shareholders and the proxy voting agencies, and 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 bylaws 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 bylaws relating to the composition, organization and functioning 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 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.

(1) In the rest of the Report, for better readability, the "Board" refers to the Board of Directors.

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 January 2020 (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 gives all public limited companies (société anonyme) the possibility to opt either for a monistic system (Board of Directors) or a dualistic system (Management Board and Supervisory Board).*

  3.2: *In addition, companies with a Board of Directors may chose to separate or combine the offices of Chairman and Chief Executive Officer. The law does not favor any of these systems and leaves it to the Board of Directors to choose between the two methods of exercising Executive Management. It is the Board's responsibility 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, 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.

  To this end, the Board decided to combine the functions of Chairman of the Board and the Chief Executive Officer, which facilitates flexible and efficient decision-making and ensures smooth communication between the Board and the management teams. This choice proved to be particularly important during the period following the Company's IPO, as the Board has been expanded to include three new independent directors.

  As founder, Denis Ladegaillerie's knowledge of the Group's operations and established relationships with the historical shareholders represented on the Board, enables him to facilitate the integration of the new independent Board members and contributes to the efficient working of the Board. The Board believes that this gouvernance structure promotes highly efficient decision-making, a very responsive management and ensures that all minority shareholders and stakeholders interests are taken into account.

- Due to the recent appointment of independent directors, the Board also decided to postpone the appointment of a lead director until 2023, after the first Board assessment and once the new directors are fully integrated, in order to have the necessary perspective to choose the person best suited to take on these responsibilities.

- The choice of the most appropriate governance method 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 50% of representatives of the Company's historical shareholders and 50% 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, appointments-compensation and CSR) composed mainly of independent directors and chaired by independent directors.

Functionning of the Board

- Limitation of the powers of the Chief Executive Officer: 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).

  The Board may hear the main executives of the Company and these may be called upon to attend Board meetings.

  Each member of the Board has the opportunity to meet the main executives of the Company, even without the presence of the executive directors.

- Executive sessions are held every year without the presence of the executive director. In 2021, as part of the integration of the new independent directors following the IPO, several individual and group meetings between them and members of the Executive Committee were held.

- 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

	Personal information				Experience	Position on the Board			
	Age	Nationality	Gender	Number of shares	Number of current offices in listed companies	First appointment	End of term	Length of service at December 31, 2021	Committee member
Exeutive director									
Denis Ladegaillerie *Chairman and Chief Executive Officer*	52	FR	M	12,168,320[(2)]	0	May 25, 2021	GM called to approve the financial statements as of December 31, 2024	1 year	⚫
Independent directors									
Kathleen O'riordan	50	IE/UK	F	100	0	May 25, 2021	GM called to approve the financial statements as of December 31, 2022	1 year	⚫ (Chair-woman) ⚪
Anne France Laclide-Drouin	53	FR	F	150	2	June 11, 2021	GM called to approve the financial statements as of December 31, 2023	1 year	🔴 (Chair-woman)
Orla Noonan	51	IE/FR	F	5,000[(3)]	1	June 11, 2021	GM called to approve the financial statements as of December 31, 2024	1 year	⚪ (Chair-woman) 🔴
Non-independent directors									
John Doran	43	IE	M	0[(4)]	2	May 25, 2021	GM called to approve the financial statements as of December 31, 2024	1 year	⚪
Ventech, represented by Alain Caffi	68	FR	M	16,367,944	0	May 25, 2021	GM called to approve the financial statements as of December 31, 2024	1 year	🔴 ⚫
Non-voting members									
Siparex XAnge Venture, represented by Nicolas Rose	55	FR	M	6,489,068	N/A	June 11, 2021	GM called to approve the financial statements as of December 31, 2024	1 year	-
FSP, represented by Nicolas Dubourg	53	FR	M	3,076,923	N/A	June 11, 2021	GM called to approve the financial statements as of December 31, 2024	1 year	-

(1) It is specified, as necessary, that Denis Ladegaillerie and John Doran as well as Ventech, represented by Alain Caffi and Siparex Xange Venture, represented by Nicolas Rose, are members of the Statutory Board of Directors since its creation in 2014, as per its articles of association, when the Company was still incorporated as a French simplified joint-stock company (société par actions simplifiée).

(2) As a shareholder of 12.68% 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.

(3) The 5,000 shares are held by Knightly Investments, whose share capital is wholly-owned by Orla Noonan.

(4) 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

52 years old
French

Business address:

24 rue Toulouse-Lautrec
75017 PARIS

First appointed:

May 25, 2021

End of term:

GM called to approve the financial statements for the year ended December 31, 2024

Share ownership:

12,168,320(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

Professionnal 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, practising 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 at the date of this Universal registration document

Within the Group:

- Believe International – Manager A
- Believe Digital OOO – Manager
- Believe Digital Holdings Inc. – Director
- Believe International Holding Inc. – Director
- TuneCore Inc. – Director
- Believe Digital GmbH – Manager
- TuneCore Japan KK – Director and Representative Director
- Dogan Muzik ve Yapim Ticaret A.S – Director and Chairman of the Board of Directors
- Believe Direct Limited – Director

Outside the Group:

- None

Appointments expired during the past five years, including appointments outside the Group:

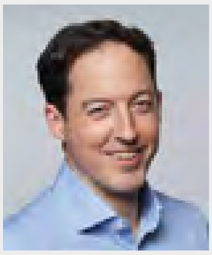
Within the Group:

- 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 (former Venus Music Private Limited) – Director
- TuneCore Inc. - Chief Executive Officer
- Believe Digital Canada Inc. - Director and Chairman
- Soundsgoood – Chairman
- IRCAM Amplify – Permanent Representative of Believe SAS and member of the Strategy Committee
- Believe Digital SRL – Director and Chairman of the Board of Directors

Outside the Group:

- None

(1) As a shareholder of 12.68% 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.



John Doran

Director[1]
Member of the Nomination and Compensation Committee

43 years old
Irish

Business address:

24 rue Toulouse-Lautrec
75017 PARIS

First appointed:

May 25, 2021

End of term:

GM called 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.

Professionnal 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 at the date of this Universal registration document

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
- Retail Logistics Excellence – RELEX Oy – Director
- Revolut. Ltd. – Non-Voting member
- Sportradar Holding AG[3] – Director
- Trade Republic Bank GmbH – Non-Voting member
- WorldRemit Limited – Director
- 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 recommendation of TCV in accordance with the provisions of the shareholders' agreement described in section 4.1.2.2 of this Universal registration document.
(2) Listed company.
(3) Listed company.

68 years old
French

Business address:

24 rue Toulouse-Lautrec
75017 PARIS

First appointed:

May 25, 2021

End of term:

GM called 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

Professionnal 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 CEO of Sofineti, then as Investment Manager of Natixis Private Equity, and finally as managing director of FSD Capital Developpement. 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 managing director. 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 at the date of this Universal registration document

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
- Chatternill – 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)

53 years old
French

Business address:

24 rue Toulouse-Lautrec
75017 PARIS

First appointed:

June 11, 2021

End of term:

GM called 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

Professionnal experience /Expertis

Chief Financial Officer (CFO) and Chief Compliance Officer of RATP Développement, Anne France Laclide-Drouin was previously 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 CGG (a global geosciences group working for the energy industry – Revenue of €1,193 billion). She is Chairwoman of the Audit Committee of the same company. She has also been independent director on the Board of Directors and Chairwoman of the Audit Committee, at SFR.

Appointments and positions held at the date of this Universal registration document

Within the Group:

- None

Outside the Group:

- Solocal[1] – Director and Chairwoman of the Audit Committee
- RATP Développement – Member of the Mangement Board and Chief Financial Officer
- CGG[2] – Director, Chairwoman of the Audit and Risk Management Committee and member of the Investment Committee

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
- Spenncom AS – Director
- Compact (BC) Lux II S.C.A. – Manager
- Spenncon AS – Director
- Bonna Sabla SA – Director
- SFR[3] – 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

(1) Listed company.
(2) Listed company.
(3) Listed company.

51 years old
Irish and French

Business address:

24 rue Toulouse-Lautrec
75017 PARIS

First appointed:

June 11, 2021

End of term:

GM called 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

Professionnal experience /Expertises

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 CEO of AB group between 2014 and 2018, she undertook the acquisition of a number of independent production companies, thereby strengthening the group's position as the French leader in the production and distribution of audiovisual content. Orla Noonan is also an independent director of SMCP (since 2017) and of Agence France Presse (AFP) since 2019, as well as a member of the Investir&+ Investment Committee. 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 at the date of this Universal registration document

Within the Group:
- None

Outside the Group:
- SMCP(2) – Independent director
- AFP – Director
- Knightly Investments SAS – Chairwoman
- Adevinta – Chairwoman

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(3) – Independent director
- RTL 9 SA Luxembourg – Director
- AB Entertainment S.A. – Director
- Illiad(4) – Independent director

(1) The 5,000 shares are held by Knightly Investments, whose share capital is wholly-owned by Orla Noonan.
(2) Listed company.
(3) Listed company.
(4) Listed company.

50 years old
Irish and British

Business address:

24 rue Toulouse-Lautrec
75017 PARIS

First appointed:

GM of May 25, 2021

End of term:

GM called to approve the financial statements for the year ended December 31, 2022

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/Expertises

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 on its Executive Committee. In December 2021, she joined Google as VP of Product Management in the Google Search division.

Appointments and positions held at the date of this Universal registration document

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

Non-voting members

55 years old
French

Business address:

24 rue Toulouse-Lautrec
75017 PARIS

First appointed:

June 11 2021

End of term:

GM called to approve the financial statements for the year ended December 31, 2024

Share ownership:

6,489,068

Expertise useful to the Board:

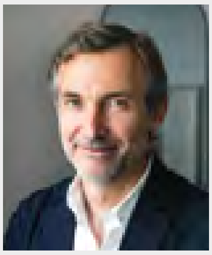
- Innovation, Digitization and Technology
- Strategy
- In-depth knowledge of the Group through his historical presence within the Company's governance bodies.

Siparex XAnge Venture, represented by Nicolas Rose

Non-voting member

Professionnal experience /Expertise

A graduate of the University of Michigan in the United States and holds a Master of International Business from the *École des ponts,* Nicolas Rose began his career in 1990 at J.P. Morgan investment bank, then became 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.



53 years old
French

Business address:

24 rue Toulouse-Lautrec
75017 PARIS

First appointed:

June 11, 2021

End of term:

GM called to approve the financial statements for the year ended December 31, 2024

Share ownership:

3,076,923

Expertise useful to the Board:

- Strategy
- Finance

FSP, represented by Nicolas Dubourg

Non-voting member

Professionnal experience /Expertises

Nicolas Dubourg is a Founding Partner and Chairman of ISALT. He is also Chief Executive Officer of the *Fonds stratégique de participations* (FSP) which he helped to create in 2012.

Previously a member of the Executive Board of Edmond de Rothschild Asset Management, Nicolas has developed a strong expertise in a wide variety of asset classes and in the structuring of investment funds and financial products for institutional clients. Having spent the first part of his career in investment banking (Société Générale and Crédit Lyonnais), he has over 25 years of operational and managerial experience in capital markets and asset management.

Nicolas is a graduate of Polytechnic and holds a master degree and a doctorate in mathematics applied to finance.

4.1.2.2 Board composition rules

Provisions provided for by the bylaws and the internal rules of the Board

Number of directors

- The bylaws 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. In accordance with the AMF recommendation 2012-02 on corporate governance and executive compensation of companies referring to the AFEP-MEDEF Code, non-voting directors must be informed of the regulations on market abuse (in particular Regulation (EU) 596/2014 of the European Parliament and of the Council of June 16, 2014 on market abuse) and, more specifically, the rules on refraining from disclosing inside information. In addition, conflict of interest management measures should be put in place to avoid non-voting directors attending debates when they are in a potential conflict of interest situation. Consequently, the obligations set out in the internal rules of the Board of Directors of the Company applicable to directors and relating to the prevention of conflicts of interest apply, *mutatis mutandis*, to non-voting directors. The Company thus complies with the aforementioned AMF recommendation.
- 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 bylaws, 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 of Directors, 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 of Directors 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 of Directors implies devoting the necessary time and attention to this position. In particular, each member of the Board of Directors 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 of Directors 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 of Directors is assessed based on the following criteria:
  - not to be an employee or an executive officer of the Company, an employee or executive officer 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 year,
  - not to be an executive officer 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 officer 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 of directors and the criteria leading to this assessment explained in the Universal registration document,
- not to have any close family connection with an executive officer of the Company,
- not to have been an auditor of the Company within the previous five years,
- not to have been a member of the Board of directors 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 of directors, 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 of directors 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 below, 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 shareholders' meeting when the members of the Board of directors are elected.
- With regard to the independence criteria defined by the AFEP-MEDEF Code in its version updated in January 2020 to which the Company refers, the Board considered that three of its members are independent. These include Kathleen O'riordan, Anne France Laclide-Drouin and Orla Noonan.

The Board discussed the situation of Kathleen O'Riordan, manager within Google UK, a YouTube affiliate, an important partner of the Group.

The Board, after having acknowledged that Kathleen O'Riordan's experience in the digital industry was a significant asset for the Board's operations, considered that to the extent that 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, Kathleen O'riordan also undertook to refrain from participating in the deliberations of the committees and the Board concerning relations with Google or Youtube.

Shareholders' Agreement and Investment Contract

A shareholders' agreement was signed on June 9, 2021 between 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 of Directors 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 of Directors will be allocated to Denis Ladegaillerie, founder of the Group;
- one seat on the Board of Directors will 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;
- one seat on the Board of Directors will 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;
- 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 parties agreed that the appointment of the FSP as director (i) will be submitted to the approval of the General Meeting of Shareholders of the Company to be held in 2022, called to approve the financial statements under for the fiscal year ended December 31, 2021 or, where applicable (ii) will be carried out by way of co-option following the resignation or departure of one of the members of the Board of Directors. As from the appointment of the FSP as director, the FSP will resign from its duties as non-voting member.

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
Employee corporate officer in the last five years	✗	✓	✓	✓	✓	✓
Cross-appointments	✓	✓	✓	✓	✓	✓
Significant business relationships	✓	✓	✓	✓	✓(1)	✓
Family ties	✓	✓	✓	✓	✓	✓
Statutory Auditors	✓	✓	✓	✓	✓	✓
Term of office of more than 12 years	✓	✓	✓	✓	✓	✓
Status of the non-executive corporate officer	✓	✓	✓	✓	✓	✓
Representativ e status of the major shareholder	✗	✗	✗	✓	✓	✓

(1) The Board discussed the situation of Kathleen O'Riordan, executive within Google UK, a YouTube affiliate, an important partner of the Group. The Board, after having acknowledged that Kathleen O'Riordan's experience in the digital industry was a significant asset for the Board's operations, considered that to the extent that 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, 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.

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 experience, etc.).

The diversity policy for the composition of the Board of Directors 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).

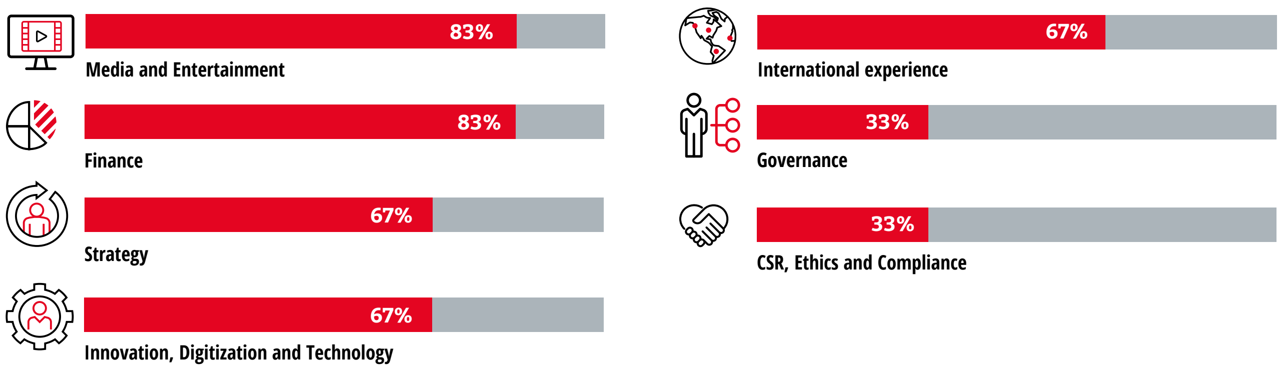
Balanced representation of women and men on the Board

The Board has three women, *i.e.* 50% of the directors, in accordance with Articles L. 225-18-1 and L. 22-10-3 of the French Commercial Code providing for a balanced representation of women and men 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 six directors. Three directors are French, one is Irish and two have dual nationality: French and Irish, and Irish and British. The majority, including the Chairman and Chief Executive Officer, has international experience. The average age of Board members is 53.

Directors’ skills Mapping



The Board’s internal rules stipulate that all members of the Board of Directors 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 of Directors. These are guided by the interests of the shareholders and the Company. In general, the Nomination and Compensation Committee shall endeavour to ensure to reflect a diversity of experiences and opinions, while ensuring a high level of competence, internal and external credibility and stability of the Company's corporate bodies. Furthermore, it shall draft and update a succession plan of the members of the Board of directors as well as of the main executives of the Company and the Group in order to be able to promptly propose succession solutions to the Board of directors in case, for instance, of an unforeseeable vacancy.
- With regard more especially to the appointment of the members of the Board of directors, the Nomination and Compensation Committee shall notably take into account the following criteria: (i) desired balance of the composition of the Board of directors 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 shall also set up a procedure for the selection of future independent members and perform its own review of potential candidates before the latter are approached in any way. When making its recommendations, the Nomination and Compensation Committee should aim to ensure that the independent members of the Board of Directors and the committees comprise at least the number of independent members required by the governance principles to which the Company adheres.
- At the date of filing of this Universal registration document and given the recent establishment of the Board, the Nomination and Compensation Committee has not yet drawn up a succession plan for Board members.
- The adoption of short-, medium- and long-term succession plans for Board members is scheduled for the second half of 2022. These plans will be reviewed and updated each year.

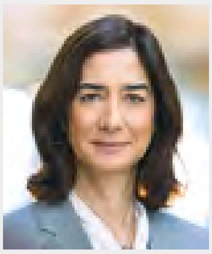
4.1.2.3 Changes in the composition of the Board

SITUATION AS OF DECEMBER 31 2021

	Appointment/Cooptation	Reappointment	Departure
Board of Directors	None.	None.	None.
Committees	None.	None.	None.

CHANGES TO THE COMPOSITION OF THE BOARD OF DIRECTORS AND COMMITTEES BETWEEN THE CLOSING DATE AND THE FILING DATE OF THIS UNIVERSAL REGISTRATION DOCUMENT

	Appointment	Reappointment	Departure
Board of Directors	**Cécile FROT-COUTAZ** representative of FSP appointed non-voting member as of January 1, 2022	None.	**Nicolas DUBOURG** representative of FSP as of December 31, 2021
Committees	None.	None.	None.



55 years old
French

Business address:

24 rue Toulouse-Lautrec
75017 PARIS

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:

3,076,923

Expertise useful to the Board:

- International experience
- Innovation, Digitization and Technology
- Media and Entertainment
- Strategy

FSP, represented by Cécile Frot-Coutaz

Non-voting member

Professional experience/Expertises

Cecile 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, Cecile 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, Cecile 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, Cecile 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.

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 CEO. 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.

Its composition is as follows:

- Denis Ladegaillerie, Chairman and Chief Executive Officer;
- Xavier Dumont, Chief Financial Officer and Chief Operating Officer;
- Anne Adamo, Chief Financial Control Officer;
- Isabelle Andres, Chief Technology, Operations and Producteur Officer;
- Elsa Bahamonde Bourgain, Global Head of Artist Services;
- Romain Becker, President, Label & Artist Solutions;
- Sandrine Bossard, Chief People Officer;
- Vincent Ducrohet, Chief Marketing Officer;
- Andrea Gleeson, Chief Executive Officer of Tunecore;
- Ségolène Moreau, Chief Communications Officer;
- Gideon Mountford, Global Head of Digital Retail;
- Laurent Taupin, Chief Technology Officer;
- Solange Viegas dos Reis, Chief Legal 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 Appointments and Remuneration Committee, set itself the objective of gender parity within the Executive Committee. The Group is already ahead of future regulations with a balanced composition of the Executive Committee in favor of women (54% of Executive Committee members at December 31, 2021).

The Group also aims to ensure diversity among senior executives and employees. At December 31, 2021, 50% of the most senior positions were held by women and 40% of the Group's total headcount were women.

The Group continues to implement its commitment to equity, diversity and balanced representation of women and men. The Executive Management will regularly inform the Board of its progress concerning the integration of new members into the Executive Committee and will present 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 2.3.2.1 of Chapter 2 of this Universal registration document).

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 of Directors, 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 will be associated, will focus in 2022 on the establishment of succession plans for the Group's main executives and for the members of the Board.

These plans will be reviewed and updated each year.

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 unforseeable vacancies.

The adoption of medium- and long-term succession plans for the Chairman and Chief Executive Officer is scheduled for the second half-year of 2022.

This is also the case for the adoption of short-, medium- and long-term succession plans for Executive Committee members and Board members.

4.1.4 Ethics

4.1.4.1 Conflicts of interest *(Article 7 of the Directors' Charter)*

Directors shall inform the Board of Directors 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 Directors 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.

In accordance with AMF (Autorité des Marchés Financiers) recommendation 2012-02 on corporate governance and executive compensation of companies referring to the AFEP-MEDEF Code, conflict of interest management measures should be put in place to avoid non-voting directors attending debates when they are in a potential conflict of interest situation. Consequently, the obligations set out in the internal rules of the Board of Directors of the Company applicable to directors and relating to the prevention of conflicts of interest apply, *mutatis mutandis*, to non-voting directors.

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 of Directors 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 Agreement" in section 4.1.2.2. "Rules governing the composition of the Board", also described in section 7.3.2 "Statement regarding the control of the Company";
- 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 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 of Directors 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 of Directors 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 Preventing 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 *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 Directors of any application difficulties they may encounter.

Believe directors must hold their Believe shares in registered form.

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, the table below presents a summary of these transactions carried out during the 2021 fiscal year:

First name, Last name, Company name	Position	Financial instrument	Nature of transaction	Date	Price *(in €)*	Transaction amount *(in €)*
Knightly Investments, a French simplified joint-stock company with sole shareholder, legal entity related to Orla Noonan, Director	Director	Actions	Acquisitions	July 7, 2021	14.27	71,346.50
Denis Ladegaillerie	Chairman and Chief Executive Officer	Actions	Acquisitions	July 20, 2021	15.56	269,637.61
Denis Ladegaillerie	Chairman and Chief Executive Officer	Actions	Acquisitions	July 21, 2021	16.13	801,480.06
Gideon Mountford	Member of the Executive Committee	Share subscription warrants	Exercise	Nov 4, 2021	2.70	2,700.00
Gideon Mountford	Member of the Executive Committee	Actions	Disposal	Nov. 4, 2021	18.15	18,150.00
Gideon Mountford	Member of the Executive Committee	Share subscription warrants	Exercise	Nov. 23, 2021	2.70	13,500.00
Gideon Mountford	Member of the Executive Committee	Actions	Disposal	Nov. 23, 2021	19.10	95,500.00
Gideon Mountford	Member of the Executive Committee	Share subscription warrants	Exercise	Nov. 24, 2021	2.70	3,715.20
Gideon Mountford	Member of the Executive Committee	Actions	Disposal	Nov. 24, 2021	19.50	26,832.00
Gideon Mountford	Member of the Executive Committee	Share subscription warrants	Exercise	Nov. 24, 2021	2.70	9,784.80
Gideon Mountford	Member of the Executive Committee	Actions	Disposal	Nov. 24, 2021	19.50	70,668.00

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.* and L. 22-10-13

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 Deputy Chief Executive Officers, 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 of Directors.

Current agreements

In accordance with Article L. 22-10-12 of the French Commercial Code, the Board of Directors 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 Directors 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 these criteria, which are therefore reclassified as related-party agreements, will then be submitted to the Board for approval.

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 involved in one of these agreements shall not take part in this assessment.

Statutory auditors' special report on related-party agreements for fiscal year 2021

This is a translation into English of a report issued in French and it is provided solely for the convenience of English speaking users. 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 Meeting of Believe S.A.,

In our capacity as Statutory Auditors of your Company, we hereby provide you with our Report on related party agreements.

We are required, on the basis of the information provided to us, the terms and conditions of those agreements indicated to us or that we may have identified in the performance of our engagement, as well as the reasons justifying why they benefit the Company, to inform you of conventions of which we have been advised or which we have uncovered as part of our mandate. We are not required to give our opinion as to whether they are beneficial or appropriate or to ascertain the existence of other agreements. It is your responsibility, in accordance with Article R. 225-31 of the French Commercial Code (Code de commerce), to assess the relevance of these agreements prior to their approval.

We are also required, where applicable, to inform you in accordance with Article R. 225-31 of the French Commercial Code (Code de commerce) of the continuation of the implementation, during the year ended 31 December 2021, of the agreements previously approved by the Annual General Meeting.

We performed those procedures which we deemed necessary in compliance with professional guidance issued by the French Institute of Statutory Auditors (Compagnie nationale des commissaires aux comptes) relating to this type of engagement.

Agreements submitted for approval to the Annual General Meeting

Agreements authorized and concluded during the year

We hereby inform you that we have not been notified of any agreements authorized during the year ended 31 December 2021 to be submitted to the Annual General Meeting for approval in accordance with Article L. 225-38 of the French Commercial Code (Code de commerce).

Agreements previously approved by the annual General Meeting

We hereby inform you that we have not been advised of any agreements previously approved by the General Meeting, the execution of which has continued during the past financial year.

Executed in Paris and Paris La Défense, March 17, 2022

KPMG Audit	*Aca Nexia*
Department of KPMG S.A.	*Olivier Juramie*
Jean-Pierre Valensi	*(Associate)*
(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 bylaws 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.

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 of Directors.

Decisions of the Board of Directors 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 EUR 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 EUR 10,000,000 or (ii) which increases the Group's total indebtedness, guarantees and pledges outstanding by more than EUR 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 euros, 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 revenues represented, during the last fiscal year, more than 5% of the Company's consolidated annual revenues, except if such transaction is carried out between members of the Group; and
- the appointment, remuneration or dismissal of an executive officer of the Company.

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 internal rules, 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.

They also 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 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 the directors to participate in the deliberations of the Board by videoconference or telecommunication means, including by conference call, which allows for their identification and ensures their effective participation, in accordance with applicable regulations. 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:

- 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;
- 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 officers, subject however to the prior information of the latter;
- at least three meetings of directors without the executive director are organized each year, two of which are devoted to reviewing the performance and the setting of the compensation of the executive officer.

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	1	50%
Alain Caffi	6	100%	3	100%	NA	NA	2	100%
John Doran	6	100%	NA	NA	3	100%	NA	NA
Kathleen O'Riordan	6	100%	NA	NA	3	100%	2	100%
Orla Noonan	6	100%	3	100%	3	100%	NA	NA
Anne France Laclide-Drouin	6	100%	3	100%	NA	NA	NA	NA
TOTAL MEETINGS/ % ATTENDANCE	**6**	**100%**	**3**	**100%**	**3**	**100%**	**2**	**83%**

4.1.5.2 Information on the work of the Board during the past fiscal year

During the fiscal year ended December 31, 2021 and since the Company's IPO, the Board met six times and notably discussed the following topics:

Strategy	• M&A strategy and transaction approval • Market research
Finance	• Preparation of financial reports • Review and approval of the consolidated financial statements for the first half of 2021 and the related press release • Review and approval of the press release relating to the third quarter of 2021
Shareholding	• Approval of a share buyback program and implementation of a liquidity contract • Analysis of the shareholding structure after the IPO • Modification of the current BSA and BSPCE rules to allow partial exercise by the beneficiaries • Recognition of a capital increase following the exercise of BSAs and BSPCEs
Corporate governance	• Acknowledgment of the entry into force of the Company's new articles of association • Familiarization with the new composition of the Board of Directors • Appointment of non-voting members to the Board of Directors • Approval of the Directors' Charter • Creation of an Audit Committee, a Nomination and Compensation Committee and a CSR Committee • Appointment of the members and the Chairman of the specialized committees
Compensation	• Review and approval of a long-term incentive plan • Approval of the compensation for independent non-voting members
Corporate social responsibility	• Validation of the CSR strategy

4.1.5.3 Assessment of the Board

Its capacity to meet shareholders' expectations by conducting periodic reviews of its membership, organization and functioning. To that purpose, once a year, the Board of directors shall, upon report of the Nomination and Compensation Committee, devote an item of the agenda to the review of its operating methods, to the verification that important matters are properly prepared and debated within the Board of directors, and to the measuring of the effective contribution of each Board member in the Board's work through his or her competence and involvement in 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 of directors 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, the Board believed that its members did not have the necessary perspective to assess in an informed manner, its composition, organization and operation and did not carry out this assessment in 2021.

A draft questionnaire was submitted to Board members for approval in March 2022.

The Board will assess its operations in accordance with the procedure provided for in the Internal Rules during the last quarter of 2022.

4.1.5.4 Specialized Board committees

The Board may decide 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, 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, appended to the Board's internal rules and available on the Company's website.

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 of Directors falling within the remit of one of its 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

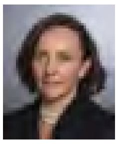
67% INDEPENDENCE RATE

100% ATTENDANCE RATE

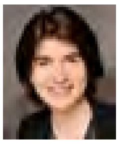
67% PERCENTAGE OF WOMEN

3 MEETINGS

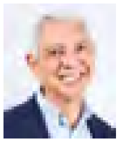
Composition of the Audit Committee as of December 31, 2021



Anne France Laclide-Drouin ■
Chairwoman



Orla Noonan ■



VENTECH represented by Alain Caffi

■ *Independant*

Composition of the Committee

The Audit Committee is composed of three (3) members of the Board of Directors, of whom two (2) are appointed from among the independent members of the Board of Directors. 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 the financial reporting process: prior to their presentation to the Board, the Audit Committee must examine the annual or half-yearly and, where applicable, quarterly consolidated and separate financial statements and 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 Audit Committee should ensure 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 extra-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 must 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 should 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 event, at least twice a year when preparing the annual and half-yearly and, where applicable, quarterly financial statements. Meetings are held before the Board meeting and, if possible, 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 of Directors and in order to report thereon to the Board. The Committee may also request external technical studies on subjects falling within its remit, at the expense of the Company and within the limit of an annual budget that may be decided by the Board of Directors, after having informed the Chairman of the Board thereof or the Board itself and reporting to the Board. In such case, the Committee ensures the objectivity of the Board 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 2021 fiscal year and since the Company's IPO, the Committee met three times and notably deliberated on the following topics:

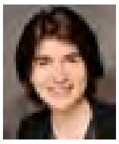
- review of financial reports;
- review of the consolidated financial statements;
- review of the consistency of the press releases on the results with the financial statements;
- review of accounting principles for the fiscal year 2021;
- risk (including cybersecurity) and internal control study;

Nomination and Compensation Committee

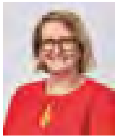
NOMINATION AND COMPENSATION COMMITTEE

67%	100%	67%	3
INDEPENDENCE RATE	ATTENDANCE RATE	PERCENTAGE OF WOMEN	MEETINGS

Composition of the Nomination and Compensation Committee as of December 31, 2021



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 of Directors 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 of Directors.

Assignments of the Committee

Appointments

One of the tasks of the Nomination and Compensation Committee is to make proposals to the Board of Directors for the appointment of the members of the Board of Directors and the members of Executive Management, as well as the members and the Chairman of the Board committees.

Each year, the Appointments 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 of Directors concerning the method of distribution of the overall annual sum allocated to the Board of Directors 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 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 2021 fiscal year and since the Company's IPO, the Committee met three times and notably deliberated on the following topics:

- presentation of the Company's principles in terms of human resources and compensation;
- presentation of proposals for long-term incentive plans and employee savings plans;
- review of a long-term incentive plan for 2021;
- review of the compensation for independent non-voting members;
- review of the corporate governance report ("Say on pay").

CSR Committee

CSR COMMITTEE

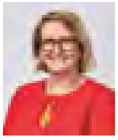
33% INDEPENDENCE RATE

83% ATTENDANCE RATE

33% PERCENTAGE OF WOMEN

2 MEETINGS

Composition of the CSR Committee as of December 31, 2021



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 of Directors, including the Chairman of the Board of Directors and one (1) member appointed from the independent members of the Board of Directors.

The Chairman of the CSR Committee shall be appointed from among the independent members of the Board of Directors.

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 extra-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 2021, the Committee met twice and gave its opinion on the following issues:

- presentation and validation of the Company's CSR strategy;
- presentation and validation of the action plan for 2021 and 2022;
- review of plan and main features of the non-financial performance statement.

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" 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)" 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 offer or exchange offer" of this Universal registration document.

4.2 Compensation of corporate officers

This section, prepared with the assistance of the Nomination and Compensation Committee, presents:

- the compensation policy applicable to corporate officers (Chairman and CEO and directors) pursuant to Article L. 22-10-8 I of the French Commercial Code *(reference to the corresponding section).* The General Meeting of June 20, 2022 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 CEO, 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 Article L. 22-10-9 of the French Commercial Code *(reference to the corresponding section)* concerning each corporate officer, as well as the ratios between the compensation of the executive director (Chairman and CEO) and the compensation of the employees within the Group and its evolution over five fiscal years with regard to the performance of the Company, which will be the subject of a resolution submitted to the vote of the 2022 GM pursuant to Article L. 22-10-34, I of the French Commercial Code (the "Ex Post Global" vote);
  - the fixed, variable and exceptional items making up the total compensation and benefits of any kind, paid during the fiscal year or allocated in respect of the same fiscal year to the executive director, which are the subject of a separate resolution for the Chairman and CEO *(reference to the corresponding section)* (the "Ex Post Individual" 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") *(reference to the corresponding section).*

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 in order to enable 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, in this regard, 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.

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 *(V.4.c).*

Managing conflicts of interest

In accordance with the provisions of the Board's internal regulations, the directors must ensure that they maintain their independence of judgment, decision and action in all circumstances and must endeavor to avoid any conflict that may exist between their moral and material interests and those of the Company.

The provisions relating to the management of conflicts of interest and related-party agreements are detailed in the first section "Corporate Governance" of this chapter *(IV.4).*

4.2.1.2 Director compensation policy

On the recommendation of the Nomination and Compensation Committee, the Board of Directors 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 relevance of the level of directors' compensation in light of the duties and responsibilities of each director. The Board also relies on benchmarks carried out on companies of similar size.
- Within the Board, only independent directors receive compensation for the performance of their office. This compensation is composed of:
  - a fixed portion, in view of their duties as directors and, where applicable, as non-voting members or Chairman of a committee, it being specified that this portion is prorated for directors who joined or left the Board of Directors during the fiscal year,
  - a predominant variable portion, based on their actual participation in the meetings of the Board and committees,
  - 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 May 25, 2021 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 Appointments and Remuneration 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 (no more than €5,000 for its Chairman) and €1,250 for the members of the Appointments and Remuneration Committee and the CSR Committee (no more than €2,500 for their respective Chairmen),
  - 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 *(in €)*	Fixed compensation		Maximum variable compensation	
	Chairperson	Member	Chairperson	Member
Board of Directors	-	20,000	-	25,000
Audit Committee	5,000	2,500	5,000	2,500
Nomination and Compensation Committee	2,500	1,250	2,500	1,250
CSR Committee	2,500	1,250	2,500	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 long-term value creation, by creating a strong incentive, ensuring external competitiveness and rewarding performance while ensuring the external and internal acceptability of compensation. These principles guide the structuring of overall compensation, the choice of performance criteria and the setting of objectives.

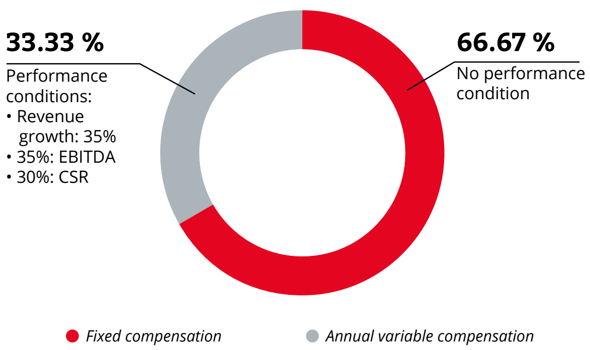
The principles of the compensation policy adopted by the Board of Directors apply consistently to the Chairman and Chief Executive Officer and the Group's main executives. This compensation policy is based on the following pillars:

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 of a stable and relevant panel 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 give its opinion on the Group's general compensation policy and principles and is informed annually on the compensation reviews of 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 12.68% of the share capital, does not receive long-term variable compensation.

Total compensation components (Pay mix)



Fixed compensation

The fixed compensation is determined by the Board of Directors 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.

This compensation is stable and reviewed at the time of renewal or at the end of the term of office.

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 aligning the interests of the Chairman and Chief Executive Officer with the Group's strategy. The variable compensation is made up of financial and extra-financial performance criteria, the nature and weighting of which are defined according to the Group's strategic priorities.

The Board of Directors, on the recommendation 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 "Ex Post Individual" 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%
Ajusted 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 operating income (adjusted EBITDA) targets, defined as per the budget.
- Financial 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 Audit Committee.
- The allocation 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 can reach 146% if the target is 120% achieved.

No payment is due if targets are less than 80% achieved.

Extra-financial criteria – CSR (30%)

- The extra-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 criteria is assesed serparately.
- The allocation scale for the extra-financial performance criterion varies between 0% and 15% of the annual fixed compensation depending on the level of achievement of each objective.

Long-term variable compensation

The Chairman and Chief Executive Officer, who owns 12.68% of the Company, does not receive long-term variable compensation, in cash or shares.

The Board of Directors, 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.

The Group's promotes share-based payments among its main executives rather than exclusively or mainly cash-based compensation, in order to closely associate them with the Company's performance within the Group's long-term growth strategy. 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

As the compensation awarded for the office of director is only granted to independent directors, 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 CEO will not receive any severance pay.

Non-compete compensation

In order to protect the legitimate interests of the Group and its development in a highly-specialized sector, the Chairman and CEO would be subject, in the event of his departure, to a non-compete undertaking for a period of 24 months and would receive a monthly lump-sum payment equal to 50% of the highest average monthly fixed and variable compensation received during the 12- to 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 end of the Chairman and Chief Executive Officer's term of office, the Board of Directors may decide to waive the non-compete obligation, the Chairman and Chief Executive Officer then being free from all the constraints of the non-compete obligation and the Company released from any commitment to pay the Chairman and Chief Executive Officer any non-compete compensation.

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:

- multiyear 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 exceptional circumstances, the Board of Directors may waive the application of the compensation policy if this waiver is temporary, in the corporate interest and necessary to guarantee the sustainability or viability of the Company 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 recommendation of the Nomination and Compensation Committee, may adjust one or more criteria for annual variable compensation.

In the event that such an exemption is used by the Board, the changes will be made public after Board meeting that approved them, it being understood that these adjustments must be justified and ensure the consistency of the interests of shareholders with those of executive directors.

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 (*i.e.*Claw back).

Application of the compensation policy in 2021

Fixed compensation: €233,333

ANNUAL VARIABLE COMPENSATION

		Rating			Achievement	
Performance criteria	Weight *(%)*	Minimum %	Target %	Maximum %	Results for 2021	Achievement rate (weighted)
Financial performance criteria (70% of the target variable compensation)		**50%**	**100%**	**146%**		**168%**
Annual growth of the Group's consolidated revenue (35% of the target variable compensation)	35%	+16.7%	+20.6%	24.7%	30.7%	149%
Group consolidated adjusted EBITDA (35% of the target variable compensation)	35%	€10.0m	€12.5m	€15.0m	€23.3m	186%
Extra-financial criteria (30% of the target variable compensation)		**0%**	**100%**	**100%**		
Gender parity (10% of the target variable compensation)	10%	44.0%	44.0%	44.0%	40.0%	91%
Group learning rate (10% of the target variable compensation)	10%	65.0%	65.0%	65.0%	76.70%	100%
Percentage of employees involved in ambassador groups[1] (10%)	10%	6,0%	6,0%	6,0%	8.4%	100%

(1) Believe 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, 2022

In line with the corporate officers' compensation policy, the Board of Directors decided upon recommendation from the Committee for Nominations and Compensation during the March 17, 2022 meeting, to maintain for the 2022 fiscal year the general compensation structure for the Chairman and Chief Executive Officer, applicable in accordance with the 2021 fiscal year, and approved during the May 25, 2021 General Meeting.

Performance criteria and their weighting remain unchanged since 2021: financial objectives are defined according to the budget and CSR goals are aligned with fixed CSR Group policy goals.

Due to the current events unfolding in Ukraine and their potential impact on both the Group's activity and results, the Board reserves the right to trigger the dispensation clause in the compensation policy, found in the Universal registration document, section 4.2.1.3 of the chapter on Corporate Governance, should exceptional circumstances arise.

4.2.2 Compensation paid or awarded to corporate officers during the fiscal year ended December 31, 2021

4.2.2.1 Compensation of the Chairman and Chief Executive Officer for the fiscal year ended December 31, 2021

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 2021 was approved by the General Meeting of Shareholders of May 25, 2021. 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	€142,363	The target amount of the variable compensation of Mr Denis LADEGAILLERIE is €116,667, i.e. 50% of the fixed compensation and is based on: ● 70% of the target compensation based 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; ● 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. In the event of outperformance, variable compensation may reach 66% of fixed compensation, i.e. €154,000. On the recommendation of the Appointments and Remuneration Committee, the Board, at its meeting of March 17, 2022, set the annual variable compensation of Denis LADEGAILLERIE at €142,363, i.e. an achievement rate of 122% of the performance criteria, representing 61% of fixed compensation: ● the financial performance criteria are based on a revenue growth objective of 35% of the annual variable compensation and a consolidated adjusted EBITDA objective of 35% of the annual variable compensation. The achievement rates for these two objectives were 149% and 186% respectively. The weighted result amounts to 102% of the target annual variable compensation, i.e. 51% of the fixed compensation. The amount allocated for the 2021 financial objectives is €119,030; ● The non-financial performance criteria represent 30% of the target annual variable compensation and are based on three social objectives weighted respectively at one-third of the non-financial performance: gender parity, training rate, percentage of “CSR” ambassadors. The achievement rates for these three objectives were 91%, 100% and 100% respectively. The weighted result amounts to 20% of the target annual variable compensation, i.e. 10% of the fixed compensation. The amount paid for 2021 non-financial objectives was €23,333.

	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 2021		FY 2020	
(in €)	Independent director	Amount granted	Amount paid	Amount granted	Amount paid
Denis Ladegaillerie	No	N/A	N/A	N/A	N/A
Alain Caffi, representative of Vantech	No	N/A	N/A	N/A	N/A
John Doran	No	N/A	N/A	N/A	N/A
Nicolas Rose, representative of XAnge	No	N/A	N/A	N/A	N/A
Nicolas Dubourg, representative of FSP	No	N/A	N/A	N/A	N/A
Kathleen O'riordan	Yes	31,789	31,789	N/A	N/A
Orla Noonan	Yes	30,741	30,741	N/A	N/A
Anne France Laclide-Drouin	Yes	30,741	30,741	N/A	N/A

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 January 28, 2020.

The scope used is that of the French company Believe SA representing 100% of the Group's employees in France.

France, the country of origin and head office of the Group with nearly 40% of its employees, 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 executive director 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 Group's performance is measured by changes in its Revenue and adjusted EBITDA. Both of these make it possible to measure the performance of the Chairman and Chief Executive Officer on an annual basis.

Change in the annualized gross compensation of the Executuve Director and the employees during the five past years

(in €)	2021	2020	2019	2018	2017
Compensation of the Chairman and Chief Executive Officer	383,333	369,286	378,19	281,277	271,885
Change in the compensation of the Chairman and Chief Executive Officer	+3.8%	-2.4%	+34.5%	+3.5%	-
Average compensation of employees	75,406	59,450	52,666	59,137	46,152
Compensation of the Chairman and Chief Executive Officer based on the average compensation of employees	x5.1	x6.2	x7.2	x4.8	x5.9
Median compensation of employees	54,931	47,020	42,854	39,720	38,400
Compensation of the Chairman and Chief Executive Officer based on the median compensation of employees	x7.0	x7.9	x8.9	x7.1	x7.1

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 €)*	2021	2020	2019	2018	2017
Compensation of the Chairman and Chief Executive Officer	383,333	369,286	378,191	281,277	271,885
Change in the compensation of the Chairman and Chief Executive Officer	+3.8%	-2.4%	+34.5%	+3.5%	-
Change (as a %) in revenue compared to the previous fiscal year	+30.7%	+11.9%	+65.7%	N/A	N/A
Change (as a %) of EBITDA compared to the previous fiscal year	+202.6%	-78.2%	+42.9%	N/A	N/A

The performance indicators for the 2021 and the three previous fiscal years are taken from the Group's consolidated financial statements prepared in accordance with IFRS. For the sake of comparability, the performance 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.

Standardized tables (AMF tables)

TABLE 1: SUMMARY TABLE OF COMPENSATION AND STOCK OPTIONS AND SHARES GRANTED IN RESPECT OF THE FISCAL YEAR

(in €)	FY 2021	FY 2020	FY 2019
Denis Ladegaillerie, Chairman and Chief Executive Officer			
Compensation due in respect of the fiscal year (detailed in Table 2)	375,696	369,286	378,191
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 2021		FY 2020		FY 2019
(in €)	Amount due for the fiscal year	Amount paid in 2021	Amount due for the fiscal year	Amount paid in 2020	Amount due for the fiscal year
Denis Ladegaillerie, Chairman and Chief Executive Officer					
Fixed compensation	233,333	233,333	200,000	200,000	200,000
Annual variable compensation	142,363	150,000	150,000	150,000	150,000
Multiyear variable compensation	0	0	0	0	0
Extraordinary compensation	0	0	0	0	0
Director/corporate officer compensation	0	0	19,286	19,286	28,191
Benefits in kind	0	0	0	0	0
TOTAL	**375,696**	**383,333**	**369,286**	**369,286**	**378,191**

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
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	42,013	5.94	976	5,000	30,687	5,350

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.
Vesting date	
End date of lock-up period	
Number of shares vested at [...]	
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, the Company has implemented a long-term incentive program for the Group's main executives. The objective of this policy is to retain employees, engage and unite the main executives around the Group's growth, value creation and corporate social responsibility objectives.
- To this end, the General Meeting held on May 25, 2021 approved in its 19th 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 3.c).

The resolution provides that the shares will be awarded subject to the continued employment of the employee concerned and subject to performance conditions linked by one-third to a revenue growth target, by one-third to the change in share price compared to that of a benchmark index and by one third to CSR objectives.

- The Board of Directors, at its meeting of September 15, 2021, under the authorization granted by the General Meeting of May 25, 2021 and on the recommendation of the Nomination and Compensation Committee, approved the adoption of a performance share plan up to a maximum of 0.82% of the share capital, *i.e.* 784,543 shares intended for 29 beneficiaries.

  The shares under this plan will be awarded at the end of a three-year vesting period (*i.e.* September 15, 2024), 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 learning 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 of Directors 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

As part of the authorization granted by the General Meeting of Shareholders of May 25, 2021, the Company plans to implement a capital increase reserved for employees in France and abroad in 2022.

The objective is to strengthen teams' commitment by offering them the opportunity to become shareholders in the company.

The terms of this transaction, the size of which may not exceed 0.5% of the share capital, will be communicated and specified at the launch of the transaction

SUMMARY OF CURRENT FREE SHARE PLANS AS OF 12/31/2021

(in €)	2021	2020	2019	2018
Date of General Meeting	05/25/2021	N/A	N/A	N/A
Date of Board of Directors meeting	09/15/2024			
Performance conditions	(1)			
Number of beneficiaries	29			
Executive directors				
Denis LADEGAILLERIE, Chairman and CEO	N/A			
Type of shares	Ordinary			
Vesting period	More than 3 years			
Lock-up period	0			
Acquisition date	09/15/2024			
End date of lock-up period	09/15/2024			
Maximum number of shares granted	784,543(2)			
Cumulative number of lapsed and cancelled shares	0			
Performance shares remaining at year-end	784,543			

(1) One-third of the award is based on revenue growth over three years. This objective is assessed at 31/12/2023.
One-third of the award is based on the performance of the Believe share price compared to Eurostoxx 600 Tech. This objective is assessed in March 2024.
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.
Criteria: assessed at 31/12/2023.

(2) Maximum number of shares approved by the Board of Directors at its meeting of September 15, 2021 including the shares that may be vested in the event of outperformance.

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, 2021 as they appear in Chapter 6 of this Universal registration document.

The Group's consolidated financial statements for the fiscal year ended December 31, 2021 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, 2021. The audit report from the Statutory Auditors on the Group's consolidated financial statements for the fiscal year ended December 31, 2021 is provided in section 6.3 of this Universal registration document.

5.1 Overview

5.1.1 Introduction

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 artists and labels, 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, 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 1,430 employees 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 brands including TuneCore, Nuclear Blast, Naïve, Groove Attack and AllPoints.

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 recorded strong business growth in recent years, jumping from consolidated revenue of €441.4 million for the fiscal year ended December 31, 2020 to €577.2 million for the fiscal year ended December 31, 2021, *i.e.* up 30.7%.

The Group uses the following segmentation for its internal reporting needs, corresponding to the two activities conducted by the Group as part of its offer:

- **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 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[(1)], neighboring rights and music publishing. The Premium Solutions segment represented 93.8% and 92.7% of the Group's consolidated revenue and 93.6% and 87.6% of the Group's consolidated adjusted EBITDA (excluding adjusted EBITDA contributed by the Central Platform) for the fiscal years ended December 31, 2021 and 2020 respectively;
- **Automated Solutions:** whereby the Group enables music creators, via its TuneCore digital platform, to distribute their audio content in an automated manner to digital service providers and social media in return for a subscription fee or revenue sharing. At the artists' choice, access to this platform can be accompanied by music publishing and synchronization solutions. The Automated Solutions segment represented 6.2% and 7.3% of the Group's consolidated revenue and 6.4% and 12.4% of the Group's consolidated adjusted EBITDA (excluding adjusted EBITDA contributed by the Central Platform) for the fiscal years ended December 31, 2021 and 2020 respectively;

(1) As part of 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, and data analysis and management systems;
- marketing teams, who develop and leverage promotional tools for artists;
- 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 offering to artists and labels, allowing local teams to focus on the relational aspect with the artists and labels (see Chapter 1, section 1.2.3 "*Believe is a digital platform")*. For the fiscal year ended December 31, 2021, the adjusted EBITDA of the Central Platform (excluding capitalized development costs) consists of "General and administrative expenses" for 43%, "Technology and product expenses" for 43% and "Marketing and Sales Expenses" for 14 %.

The Group has a strong presence in France, where it has historical ties, and Germany, particularly since the acquisition of the Nuclear Blast and Groove Attack labels in 2018; these countries represented 16.6% and 17.7%, respectively, of its consolidated revenue for the fiscal year ended December 31, 2021. The Group is also present in a large number of other European countries, which together represented 28.5% of its consolidated revenue for the fiscal year ended December 31, 2021, including the United Kingdom, Italy and other less mature markets such as Russia, Turkey and several 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 22.6% of consolidated revenue for the fiscal year ended December 31, 2021) as well as the Americas region (14.5% of consolidated revenue for the fiscal year ended December 31, 2021).

5.1.2 Principal factors influencing results

Certain key factors and certain 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 principal factors that have an impact on the Group's results are: the trends and features of the streaming market, (ii) the growth and performance of the Group's catalogue and the growth in subscriptions to the Group's Automated Solutions offering, (iii) the Group's remuneration arrangements, (iv) external growth transactions, (v) the Group's cost structure, (vi) change in foreign exchange rates, (vii) income and other taxes and (viii) 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, 2021 and 2020, revenue driven by digital sales represented 90.9% and 89.0%, respectively, of the Group's consolidated revenue; the remainder was mainly driven by physical sales (CDs and vinyl) and, to a lesser extent, by secondary 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 $6.6 billion (including $2.8 billion for streaming) in 2015 to $18.0 billion (including $16.9 billion for streaming) in 2021 *(source: IFPI, Global Music Report 2022),* supported by favorable growth trends (see Chapter 1, 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 €441.4 million for the fiscal year ended December 31, 2020 to €577.2 million for the fiscal year ended December 31, 2021.

Most of the Group's revenue is derived from amounts paid by audio streaming platforms such as Spotify, Apple Music, Amazon Music and Deezer. These platforms generate their own revenue from subscriptions paid by their premium users and, to a lesser extent, from fees paid by advertisers to broadcast their ads, which are used to finance free streaming services[1]. The revenue generated from subscriptions has increased substantially around the world in recent years, from $3.5 billion in 2016 to $12.3 billion in 2021 *(source: IFPI, Global Music Report 2022)* and is 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, Facebook and Instagram, 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 digital service providers 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 platforms (the principal terms of which are described in Chapter 1, 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 the subscriptions paid by the 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 platforms and social media (the principal terms of which are described in Chapter 1, 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 Chapter 3, section 3.1.1 of this Universal registration document).

Moreover, the growth in revenue that the Group earns from amounts paid by digital service providers and social media, 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 Chapter 3, 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 catalogue and the growth in subscriptions to the Group's Automated Solutions offering

The growth in the Group's Premium Solutions segment in recent fiscal years was driven first by the growth in its catalogue 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 catalogue, 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 enables the Group to strengthen its brand image and visibility among artists and labels, contributing to the growth of its catalogue. The growth in the Group's catalogue in recent years is also the result of external growth transactions, which have given the Group access to the catalogue of the acquired labels (see section 5.1.2.4 *"External growth transactions"* below). To discover and attract new artists and labels and grow its catalogue, the Group makes substantial investments, including the regular recruitment of employees in order to expand its marketing teams, which increases the payroll costs included within sales and marketing expenses, and by investing in sales and marketing activities to promote the content signed, with campaigns on social media and advertising investments. These investments resulted in an increase of the Group's marketing and sales expenses during the fiscal year, from €115.5 million for the fiscal year ended December 31, 2020 to €131.1 million for the fiscal year ended December 31, 2021.

The growth of the Group's Automated Solutions segment depends primarily on new subscriptions by artists, irrespective of the growth and performance of the catalogue of these artists, insofar as the revenue recorded by the Group for this segment 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 business, which represented 93.8% of its revenue for the fiscal year ended December 31, 2021, the Group offers artists and labels digital distribution solutions which consist mainly of marketing, promoting and delivering their content to digital service providers and social media (see Chapter 1, section 1.2.4.1 *"Premium Solutions: a customized product operated by experts in music and data analysis and supported by cutting-edge technology, targets the needs of all, from the emerging to the established to the leading artists"* of this Universal registration document), using a revenue-share business model. In effect, in return for the delivery of this content, the digital service providers 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 in question, and recognized as cost of sales (which also includes, for non-significant amounts, other elements, such as changes in inventories (primarily physical media and secondary products) related to the Group's label business, and the costs of production of music events) in the Group consolidated statement of profit or loss. The portion retained by the Group after payments to the artists or labels is referred to as "profit" in this Universal registration document.

In its Premium Solutions business, 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 catalogue 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 9.1% and 11.0% of the Group's consolidated revenue for the fiscal years ended December 31, 2021 and 2020, respectively.

Automated Solutions

As part of its Automated Solutions segment, which represented 6.2% of its consolidated revenue for the fiscal year ended December 31, 2021, the Group permits artists, via its digital platform TuneCore, to distribute their audio content directly to digital service providers and social media (see Chapter 1, section 1.2.4.2 *"Automated Solutions: a high value-added technological product targeting the needs of music creators"* of this Universal registration document). The Group is then responsible for collecting from the digital service providers 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 audio streaming platforms, the musics 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 a single title or an album is made available. Revenue from these subscriptions accounted for 70% of the revenue generated by Automated Solutions in the fiscal year ended December 31, 2021.

For content made available on video platforms or social media and used to create user-generated content, the Group deducts a margin (booked as revenue) from the amounts it pays to the artists. This method of remuneration accounted for 20% of the revenue generated by Automated Solutions in the fiscal year ended December 31, 2021.

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 10% of the revenue generated by the Automated Solutions segment for the fiscal year ended December 31, 2021.

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, in the context of its dynamic external growth policy, the Group has completed a large number of targeted acquisitions which have strongly contributed to the growth of its businesses.

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 offer.

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 do this, on November 4, 2021, the Group acquired 25% of Play 2 SAS ("Play 2"), a leading independent French music label, a subsidiary of the TF1 group, for an amount of €12.2 million (€12.0 million excluding acquisition costs).
- on December 21, 2021, the Group also acquired a majority stake of 51% in the capital of Jo and Co SAS ("Jo & Co"), a major independent label specializing in pop and commercial music in France, for an amount of €4.5 million (€3.4 million net of cash acquired and excluding acquisition costs),
- in the context of expanding its operations in the 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. ("Viva"), the largest label in the Philippines and among the major labels in South-Eastern Asia, for an amount of €25.1 million (€23.0 million excluding acquisition costs and the advance paid under the Distribution agreement),
- in addition, 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),

During the fiscal year ended December 31, 2020 the Group made investments of €21.8 million:

- the Group thus acquired a majority stake (60%) in the DMC label in Turkey, for an amount of €20.6 million (€18.8 million net of cash acquired and excluding acquisition costs), with the consolidation of Doğan Müzik Yapım ve Ticaret A.Ş. and Netd Müzik Video Dijital Platform ve Ticaret A.Ş. within the Group, thus continuing to expand its activities in emerging countries.
- the Group also acquired a stake in IRCAM Amplify, a subsidiary of the *Institut de recherche et de coordination acoustique/musique* (IRCAM), charged with creating value from licenses and expertise, for €0.5 million.
- in France, the Group also acquired the assets of SoundsGoood, a company that specializes in the creation of playlists on streaming platforms.

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 digital service providers 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 catalogue 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 catalogue of released content is generally larger than the catalogue of content of a single artist, in principle generate more revenue than the contracts signed with a single artist (see Chapter 1, 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 devotes substantial investments to its commercial development and marketing to continue to expand its catalogue (see section 5.1.2.2 *"The growth and performance of the Group's catalogue and the growth in subscriptions to the Group's Automated Solutions offering"* above). These costs are recognized in the item "Sales and marketing expenses" in the Group's consolidated income statement and are the most significant for the Group, representing 61.1% and 64.2% of the Group's total operating[1] expenses for the fiscal years ended December 31, 2021 and 2020 respectively. They break down into personnel and related costs (such as consultant fees), which are generally fixed, and Promotion, Marketing and Distribution costs, which are allocated to dedicated music projects (depending on the contracts signed with the artists or labels) and are therefore variable by nature. The "Sales and marketing expenses" incurred by the Central Platform amounted to €10 million and for the fiscal years ended December 31, 2021 and 2020, with the rest 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.

Moreover, the daily operational management of this platform primarily involves costs that are also in large part fixed, such as maintenance and service costs, as well as personnel costs. All these costs are recognized in the item "Technology and product expenses" in the Group's consolidated income statement and represented 16.6% and 13.7% of the Group's total operating expenses for the fiscal years ended December 31, 2021 and 2020 respectively. The "Technology and product expenses" incurred by the Central Platform represented €18 million and €14 million for the fiscal years ended December 31, 2021 and 2020, respectively, with the rest allocated to Premium Solutions and to the Automated Solutions[2].

Internal and external personnel costs other than those related to research and development projects on the technology platform and to the Group's commercial and marketing development are recorded in "General and administrative expenses" in the Group's consolidated income statement and represented 19.3% and 20.0% of the Group's total operating expenses for the fiscal years ended December 31, 2021 and 2020 respectively. They essentially comprise the costs of support services, such as finance and human resources. The "General and administrative expenses" incurred by the Central Platform represented €32 million and €29 million for the fiscal years ended December 31, 2021 and 2020, respectively, with the rest allocated to Premium Solutions and to the Automated Solutions.

(1) *Operating expenses include sales and marketing expenses, technology and product expenses and general and administrative expenses, and other operating income and 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 and expenses, and (iv) including the share of net income (loss) of equity-accounted companies, excluding depreciation of assets identified at the acquisition date, net of deferred taxes. 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 62% and 55% of its operating expenses in the fiscal years ended December 31, 2021 and 2020 respectively[(1)]. In the fiscal year ended December 31, 2021, 58% of the Group's internal and external personnel costs were related to the Group's sales and marketing development, recorded in the "Sales and marketing expenses" caption of the Group's income statement, and 24% was related to the development of the Group's technology platform, recorded under "Technology and product expenses". Internal and external personnel costs other than those mentioned above, representing 18% of total internal and external personnel costs, were recorded under "General and administrative expenses". During the fiscal year ended December 31, 2021, the Group's internal and external personnel costs were allocated almost equally between the Central Platform on the one hand, and the Premium Solutions and Automated Solutions operating segments on the other.

The Group has recorded an increase in its personnel costs during the fiscal year, linked to the increase in its headcount, in order to support the strong growth of its activities. The Group's internal and external personnel costs[(2)] increased from €102 million for the fiscal year ended December 31, 2020 to €125 million for the fiscal year ended December 31, 2021 (including €22.7 million in external personnel costs) for the fiscal year ended December 31, 2021.

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 digital service providers 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 executed in local currencies, fluctuations in the exchange rates can have an impact on the value in euros of the Group's revenue, expenses and results (see Chapter 3, section 3.1.4 *"Counterparty risks"*). A sensitivity analysis of the net exposure to currency risk on 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, 2021 and 2020.

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 Chapter 3, section 3.1.5 *"Risks related to taxation and tax 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 and expenses, and (iv) including the share of net income (loss) of equity-accounted companies, excluding depreciation of assets identified at the acquisition date, net of deferred taxes. 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.*

(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, secondary 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

Digital sales in the Premium Solutions segment consist of sales of an intellectual property license to the catalogue of musical works to which the Group has the rights. The catalogue 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 platforms which pay in exchange for the use of its musical catalogue. 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 catalogue is used, based on reports compiled by the digital platforms.

Some contracts may provide for the payment of a minimum guaranteed by the platform. 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 business, the Group acts as Principal in its dealings with the digital platform, as it obtains control of the works comprising the catalogue through the distribution licenses granted to it. The Group effectively controls the catalogue and has the ability to direct its use. Its activity also involves incorporating works into its catalogue.

For Automated Solutions, digital sales constitute an intermediation service enabling the producer to distribute its catalogue 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 margin 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.

Other

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, make 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 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 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.

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 in the context of 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: make 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 planned changes. 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.

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. Sales and marketing expenses also include depreciation and amortization charged against the corresponding non-current assets (which mainly correspond to capitalized employee benefits and consultants' expenses).

The sales and marketing expenses incurred by the Central Platform amounted to €10 million for the fiscal years ended December 31, 2021 and 2020, with the rest 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 technology platforms for services provided by the Group, and to other internally-developed IT projects, part of which being capitalized (see Chapter 6 Note 6.2 of the Group's consolidated financial statements for the year ended December 31, 2021). Technology and product expenses 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 €18 million and €14 million for the fiscal years ended December 31, 2021 and 2020, with the rest allocated to Premium Solutions and to the Automated Solutions.[(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 €32 million and €29 million for the fiscal years ended December 31, 2021 and 2020, respectively, with the rest allocated to Premium Solutions and to Automated Solutions[(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) after adding the share of net income (loss) of equity-accounted companies, excluding depreciation of assets identified at the acquisition date, net of deferred taxes.

Other operating income (expense)

In order to facilitate interpretation of the statement of income and Group performance, unusual items that are material to the consolidated financial statements are presented separately within operating income under "*Other operating income (expense)*".

This line primarily includes:

- gains or losses on asset disposals;
- costs related to acquisitions;
- other operating income (expense), including that related to the provisioning of tax risks and the reversal of the corresponding provisions, expenses related to listing 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

Operating income represents the difference between revenue and cost of sales, sales and marketing expenses, general and administrative expenses, technology and product expenses, and other operating income (expense).

Net financial expense

Net financial expense represents the cost of financial debt, plus other financial income and expenses, such as foreign exchange gains and losses.

The cost of financial 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 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 year, 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 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 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.

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, 2021	Change	Fiscal year ended December 31, 2020
Revenue	577.2	135.7	441.4
Adjusted EBITDA	23.3	15.6	7.7
Free cash flow	(30.7)	7.1	(37.9)

Adjusted EBITDA is an alternative performance indicator within the meaning of AMF position no. 2015-12.

Adjusted EBITDA is not standardized accounting aggregate with a single definition generally accepted by IFRS. It must not be regarded as a substitute for operating income, net income or cash flows from operating activities, which are IFRS-defined measures, or even as a measure of liquidity. Other issuers may calculate 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 and expenses, and (iv) after adding the share of net income (loss) of equity-accounted companies, excluding depreciation of assets identified at the acquisition date, net of deferred taxes.

RECONCILIATION OF OPERATING INCOME TO ADJUSTED EBITDA

(In € million)	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2020
Operating income	**(21.0)**	**(21.7)**
Restatement of depreciation, amortization and impairment expense	33.7	24.7
Restatement of share-based payment including social security contributions and employer contributions	2.5	1.2
Restatement of other operating income (expense)	6.4	3.8
Share of net income (loss) of equity-accounted companies, excluding depreciation of identified assets at the acquisition date, net of deferred taxes	1.7	(0.3)
ADJUSTED EBITDA	**23.3**	**7.7**

A detailed discussion of the changes in adjusted EBITDA for the fiscal year ended December 31, 2021 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.), current accounts or loans granted to companies acquired and consolidated using the equity method.

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 flow relating to operations can be reconciled as follows with the consolidated statement of cash flows:

(in € millions)	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2020
Net cash from (used in) operating activities	**(7.7)**	**(4.1)**
Acquisitions of property, plant and equipment, and intangible assets	(26.7)	(34.7)
Disposals of property, plant and equipment and intangible assets	-	-
Acquisition-related costs	0.6	0.2
Acquisition costs of a group of assets	1.0	0.6
Advances related to Distribution contracts intended specifically for the acquisition of assets (acquisition of companies, catalogs, etc.), current accounts or loans granted to companies acquired and consolidated using the equity method	2.0	-
FREE CASH FLOW	**(30.7)**	**(37.9)**

A detailed discussion of the change in free cash flow for the fiscal year ended December 31, 2021 is provided in Section 5.3.2.4 of this Universal registration document.

5.2 Analysis of the results for the fiscal year ended December 31, 2021

The table below presents the Group's consolidated income statement (in € million) for the fiscal years ended December 31, 2021 and 2020.

CONSOLIDATED INCOME STATEMENT

(In € million)	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2020
Revenue	577.2	441.4
Cost of sales	(383.5)	(283.3)
Sales and marketing expenses	(131.1)	(115.5)
Technology and product expenses	(35.7)	(24.6)
General and administrative expenses	(41.4)	(35.9)
Other operating income (expense)	(6.4)	(3.8)
Operating income	**(21.0)**	**(21.7)**
Cost of debt	(2.3)	(2.0)
Other financial income (expenses)	(4.2)	4.9
Share of net income (loss) of equity-accounted companies	1.4	(0.6)
Income (loss) before tax	**(26.1)**	**(19.4)**
Income tax	(2.5)	(6.9)
Net income (loss)	**(28.6)**	**(26.3)**
Net income from non-controlling interests	(1.4)	(0.6)
NET INCOME ATTRIBUTABLE TO THE GROUP	**(30.0)**	**(26.8)**

5.2.1 Revenue

The Group's consolidated revenue increased by €135.7 million, or 30.7%, during the fiscal year ended December 31, 2021, jumping from €441.4 million for the fiscal year ended December 31, 2020 to €577.2 million for the fiscal year ended December 31, 2021.

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, 2021 and December 31, 2020:

		Change 2020-2021		
(In € million)	Fiscal year ended December 31, 2021	*In € million*	*As %*	Fiscal year ended December 31, 2020
Consolidated revenue	**577.2**	**135.7**	**30.7%**	**441.4**
Change of perimeter	(7.6)	(7.6)	-	-
Foreign exchange effect	3.9	3.9	-	-
ORGANIC REVENUE AT CONSTANT EXCHANGE RATES	**573.4**	**132.0**	**29.9%**	**441.4**

The breakdown between revenue generated by digital sales and by other activities (consisting primarily of physical sales and, to a lesser extent, secondary products, the organization of music events, neighboring rights, synchronization and brand partnerships) is as follow:

(In € million)	Fiscal year ended December 31, 2021	Change 2020-2021		Fiscal year ended December 31, 2020
		In € million	*As %*	
Digital sales	524.7	131.9	33.6%	392.8
Other	52.5	3.9	8.0%	48.6
CONSOLIDATED REVENUE	**577.2**	**135.7**	**30.7%**	**441.4**

The change in consolidated revenue during the fiscal year ended December 31, 2021 primarily reflects organic growth at constant exchange rates[(1)] of 29.9%, or €132.0 million, and the positive impact of the acquisitions during the 2021 fiscal year, *i.e.,* (i) the acquisition of a majority stake (60%) in the DMC label in Turkey in July 2020 (first 7-month period restated in 2021 for the sake of comparability), which generated additional revenue growth of 1.8%, or €7.4 millon and (ii) the acquisition of SPI THINK Music Private Limited (100%), in December 2021, for revenue of €0.2 million.

The Group recorded a growth in revenue from digital sales of 33.6% compared with the fiscal year ended December 31, 2020. This was mainly driven by the growth in the digital music market, which is benefiting from favorable structural trends (see section 5.4.1 *"Assumptions"* of the Universal registration document), in a context of a recovery in advertising expenditure, which had been negatively impacted by the Covid-19 pandemic. This partially offset the negative impact of the Covid-19 pandemic on advertising expenditure by advertisers, which affected the Group's digital sales activities linked to free services funded by advertising, and on the growth and performance of its catalogue.

Revenue from the Group's non-digital sales increased by 8.0% in the fiscal year ended December 31, 2021, driven mainly by the recovery in physical sales in shops, linked to the gradual lifting of lockdown measures in certain countries such as France in particular since the beginning of 2021, whereas the implementation of these measures had significantly affected the Group's revenue in the fiscal year ended December 31, 2020, and also by the increase in sales of derivative products and brands partnerships.

In the fiscal year ended December 31, 2021, France accounted for 16.6% of the Group's revenue and was marked by the very good performance of the Artists Service offers relating to top artists and established artists. In Germany, which accounted for 17.7% of the Group's revenue, revenues were impacted by ongoing reorganization of the activities to optimize digital distribution and reduce exposure to physical distribution. Americas and Asia/Oceania/Africa/Rest of Europe zones represented 14.5%, 22.6% and 28.5% of the Group's revenue. The change in the revenue is explained by the positive impact of the post-Covid resumption of the Group's digital sales activities related to free services funded by advertising offers (notably Youtube) and commercial investment relating to the team's structuration.

CHANGE IN REVENUE BY OPERATING SEGMENT

(In € million)	Fiscal year ended December 31, 2021	Change 2020-2021		Fiscal year ended December 31, 2020
		In € million	*As %*	
Premium Solutions	541.3	132.4	32.4%	409.0
Automated Solutions	35.8	3.4	10.4%	32.4
CONSOLIDATED REVENUE	**577.2**	**135.7**	**30.7%**	**441.4**

(1) Organic growth at constant exchange rates corresponds to revenue growth on a like-for-like basis, at comparable exchange rates in year N-1, i.e. adjusted of the impact of exchange rate fluctuations. Like-for-like year N-1 growth corresponds to revenue generated in year N by all companies included in the Group's scope of consolidation during the year N-1 (excluding any contribution from companies acquired after the syear ended December 31, 2020), compared to revenue generated in the year ended December 31, 2020 by the same companies, regardless of when they entered the Group's scope of consolidation.

Premium Solutions

Revenue generated by the Premium Solutions business increased by €132.4 million for the fiscal year ended December 31, 2021, or 32.4%, from €409.0 million in the fiscal year ended December 31, 2020 to €541.3 million for the fiscal year ended December 31, 2021.

The change in revenue generated by the Premium Solutions segment for the fiscal year ended December 31, 2021 was primarily driven by the growth in the digital music market and the growth and performance of the Group's catalogue, in a context of recovery in advertising expenditure by advertisers, which had been negatively impacted by the Covid-19 pandemic, which had affected the Group's digital sales activities linked to free services funded by advertising. The Group also recorded an increase in revenue from non-digital sales, driven mainly by the recovery in sales of physical media in shops, following the gradual lifting of lockdown measures in certain countries since the beginning of 2021, whereas the implementation of these measures had significantly impacted the Group's revenue in the fiscal year ended December 31, 2020 and by the growth in the sales of derivative products and brand partnerships.

Automated Solutions

Revenue generated by the Automated Solutions segment rose €3.4 million for the year ended December 31, 2021, *i.e.*, 10.4% (or 13.7% at constant exchange rates, as TuneCore revenue is recorded in US dollars), from €32.4 million for the fiscal year ended December 31, 2020, to €35.8 million for the fiscal year ended December 31, 2021.

This improvement is mainly due to the implementation of the international business development strategy and the uptrend in business related to social networks and music publishing administration.

5.2.2 Cost of sales

The Group's cost of sales increased by €100.1 million (or 35.3%) during the fiscal year ended December 31, 2021, from €283.3 million for the fiscal year ended December 31, 2020 to €383.5 million for the fiscal year ended December 31, 2021.

The change in cost of sales during the fiscal year ended December 31, 2021 is mainly due to the increase in the total amounts paid by the Group to artists and labels, in line with the growth in revenue relating to the content of the Group's catalogue for the reasons described in section 5.2.1 *"Revenue"* above.

5.2.3 Sales and marketing expenses

The Group's sales and marketing expenses rose €15.7 million (or 13.6%) for the fiscal year ended December 31, 2021, from €115.5 million for the fiscal year ended December 31, 2020 to €131.1 million for the fiscal year ended December 31, 2021.

The change in sales and marketing expenses during the fiscal year ended December 31, 2021 is essentially explained by the substantial investments made by the Group in 2020 and to a lesser extent in 2021 mainly in the form of recruitment of new teams, with an increase in costs that remains lower than the significant growth in revenue over the period, mainly due to the ramp-up of business generated by investments made in 2020.

5.2.4 Technology and product expenses

The Group's technology and product expenses were up €11.1 million (or 45.3%) during the fiscal year ended December 31, 2021, from €24.6 million for the fiscal year ended December 31, 2020 to €35.7 million for the fiscal year ended December 31, 2021.

The change in technology and product expenses for the fiscal year ended December 31, 2021 was driven mainly by the impact of the full-year effect of substantial investments made in the development of its central technology platform in 2020 and 2021, as well as the impact of the recruitment of staff.

5.2.5 General and administrative expenses

The Group's general and administrative expenses rose €5.6 million (or 15.5%) for the fiscal year ended December 31, 2021, from €35.9 million for the fiscal year ended December 31, 2020 to €41.4 million for the fiscal year ended December 31, 2021.

The increase in general and administrative expenses for the fiscal year ended December 31, 2021 was driven mainly by the increase in personnel costs, in connection with the expansion of the support functions intended to accompany the growth in the Group's activities.

5.2.6 Other operating income (expense)

Other operating income (expense) of the Group increased by €2.5 million for the fiscal year ended December 31, 2021, from a net expense of €3.8 million for the fiscal year ended December 31, 2020 to a net expense of €6.4 million for the fiscal year ended December 31, 2021.

Other operating income (expense) for the fiscal year ended December 31, 2021 mainly includes a €5.3 million expense related to the admission of shares to trading on the French regulated market.

Other operating income (expense) for the fiscal year ended December 31, 2020 mainly represented non-recurring operating expenses in the amount of €3.8 million, including (i) €1.9 million in income related to the unwinding of a tax risk on VAT which had been expensed in 2019 (this risk is now extinguished), (ii) €1.8 million in expenses related to the plan to list the Company's shares for trading on the regulated market of Euronext Paris, and (iii) €2.3 million in expense related to the Group's organizational and legal structuring.

5.2.7 Operating income

The Group's operating income increased by €0.7 million (or 3.2%) during the fiscal year ended December 31, 2021, from €(21.7) million for the fiscal year ended December 31, 2020 to €(21.0) million for the fiscal year ended December 31, 2021.

The improvement in the Group's operating income during the fiscal year ended on December 31, 2021, is attributable to the 30.7% increase in the Group's revenue (see Chapter 5, section 5.2.1 *"Revenue"* above) partially offset by the 29.2% increase in operating expenses (see sections above).

5.2.8 Net financial expense

The Group's financial expense went from €2.9 million for the financial year ended December 31, 2020, up to €6.5 million for the financial year ended December 31, 2021.

(In € million)	December 31, 2021	December 31, 2020
Cost of debt	(2.3)	(2.0)
Other financial income (expenses)	(4.2)	4.9
TOTAL NET FINANCIAL EXPENSE	**(6.5)**	**2.9**

The change in net financial expense for the fiscal year ended December 31, 2021 primarily reflects the adverse change in currency losses net of currency gains.

5.2.9 Income before tax

The Group's income before tax decreased by €6.8 million for the fiscal year ended December 31, 2021, from a loss before tax of €19.4 million for the fiscal year ended December 31, 2020 to a loss before tax of €26.1 million for the fiscal year ended December 31, 2021.

The change in income before tax for the fiscal year ended December 31, 2021 was mainly driven by changes in operating income and net financial expense described in sections 5.2.8 and 5.2.9 above.

5.2.10 Income tax

The Group's income tax declined by €4.4 million for the fiscal year ended December 31, 2021, from €6.9 million for the fiscal year ended December 31, 2020 to €2.5 million for the fiscal year ended December 31, 2021.

For the fiscal years ended December 31, 2021 and 2020, the income tax expense is mainly due to income tax expenses on taxable profits and deferred tax expenses on temporary differences in excess of deferred tax income recognized on losses for the period.

5.2.11 Net income

As a result of the changes described in the above sections, the Group's net income decreased by €2.4 million during the fiscal year ended December 31, 2021, from a net loss of €26.3 million for the fiscal year ended December 31, 2020 to a net loss of €28.6 million for the fiscal year ended December 31, 2021.

5.2.12 Adjusted EBITDA

The Group's adjusted EBITDA increased by €15.7 million during the fiscal year ended December 31, 2021, from €7.7 million for the fiscal year ended December 31, 2020 to €23.3 million, *i.e.* 4.0% of revenue, for the fiscal year ended December 31, 2021.

The change in the Group's adjusted EBITDA in the fiscal year ended December 31, 2021 was primarily driven by the increase in investments to develop in the Central Platform.

The increase in the Group's adjusted EBITDA for the fiscal year ended December 31, 2021 is explained by (i) the strong growth in revenue of 30.7%, which rose from €441.4 million for the fiscal year ended December 31, 2020 to €577.2 million for the fiscal year ended December 31, 2021 and (ii) an increase in cost for 27.7%, including full-year effect of substantial investment, which rose from €433.8 million for the fiscal year ended December 31, 2020 to €553.8 million for the fiscal year ended December 31, 2021.

CHANGE IN ADJUSTED EBITDA BY OPERATING SEGMENT

(In € million)	Fiscal year ended December 31, 2021	Change 2020-2021 *In € million*	Change 2020-2021 *As %*	Fiscal year ended December 31, 2020
Premium Solutions	78.0	24.9	46.8%	53.1
Automated Solutions	5.3	(2.2)	(29.3%)	7.5
Central Platform(1)	(60.0)	(7.0)	13.2%	(53.0)
ADJUSTED EBITDA	**23.3**	**15.7**	**204.4%**	**7.7**

(1) The Central Platform is not an operating segment under IFRS 8, but is monitored by the Group for its internal reporting needs and covers the costs of the following centralized operating functions that have not been allocated to the Premium Solutions or Automated Solutions operating segments: the IT, products and operations teams, who develop and operate the technology related to the platform for distribution to digital service providers and data analysis; the marketing teams, who develop and use the tools to promote artists; the teams who develop and structure the commercial offerings; and various support functions, such as the finance or human resources teams.

Premium Solutions

The adjusted EBITDA generated by the Premium Solutions segment was up by €24.9 million (or 46.8%) for the fiscal year ended December 31, 2021, from €53.1 million for the fiscal year ended December 31, 2020 to €78.0 million for the fiscal year ended December 31, 2021.

The change in the adjusted EBITDA of the Premium Solutions segment in the fiscal year ended December 31, 2021 was mainly driven by the strong growth in revenue of this segment (see section 5.2.1 *"Revenue"* above). This fully offset the significant increase in sales and marketing expenses related to the investments made to support the growth in the Group's Premium Solutions segment, even generating a surplus.

Automated Solutions

The adjusted EBITDA generated by the Automated Solutions was down by €2.2 million (or -29.3%) for the fiscal year ended December 31, 2021, from €7.5 million for the fiscal year ended December 31, 2020 to €5.3 million for the fiscal year ended December 31, 2021.

The change in the adjusted EBITDA of the Automated Solutions segment for the fiscal year ended December 31, 2021 was affected by the marketing and sales investments made during 2021 to support the deployment of the Automated Solutions offering internationally and the development of new services and technological investments.

Central Platform

The Central Platform costs included in the Group's consolidated adjusted EBITDA increased by 13.2% during the fiscal year ended December 31, 2021, from €53.1 million for the fiscal year ended December 31, 2020 to €60.1 million for the fiscal year ended December 31, 2021.

The increase in the Central Platform costs included in adjusted EBITDA is the result of the substantial investments made by the Group in 2021.

5.3 Cash and cash equivalents, 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 primary sources of liquidity are the following:

- net cash from (used in) operating activities, which amounted to €(7.7) million for the fiscal year ended December 31, 2021 and €(4.1) million for the fiscal year ended December 31, 2020 (see section 5.3.2.2 *"Net cash flow from operating activities"* of this Universal registration document);
- the capital increases carried out during the fiscal year, for a total amount of €295.3 million due in particular to the Believe's IPO (see section 5.3.2.3 *"Capital increases"* of this Universal registration document);
- five term loans subscribed with bpifrance for a total of €10 million, maturing from 2022 to 2026, for which the principal remaining due at December 31, 2021 was €5.3 million (see section 5.3.3.2 *"Loans from bpifrance"* of this Universal registration document).

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 (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 financial 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 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.

For 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 commercial offerings (Artist Solutions and Artist Services), the start-up of which resulted in the payment of advances used by the artists to finance the development of singles or albums (see also sections 5.3.2.5 *"Working capital requirement"*, 3.1.2 *"Risks related to relationships with artists and labels"* and 3.1.4 *"Liquidity risks"* of this Universal registration document).

The net amount of unrecouped advances to artists was €166.0 million and €108.8 million for the fiscal years ended December 31, 2021 and 2020 respectively.

Investment expenditure

The Group's investment expenditure can be divided into the following categories:

- investments in the development of its technology platform, mainly represented by the capitalized costs of the development of intangible assets;
- the acquisitions of companies or businesses as part of its external growth policy.

Development costs capitalized as intangible assets for the fiscal years ended December 31, 2021, and December 31, 2020 amounted to €23.1 million and €27.3 million, respectively. For more information on the Group's historical, current and future investments, see 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, 2021, and 2020 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, 2021 and 2020 were €49.9 million and €19.4 million, respectively. For more information on the acquisitions of companies or businesses completed 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 financial debt

The Group allocates a portion of its cash flows to the servicing and repayment of its debt. The Group paid financial interest in the amount of €2.3 million and €1.0 million for the fiscal years ended December 31, 2021 and 2020, respectively. It also paid, for the repayment of its loans, €94.8 million and €7.8 million for the fiscal years ended December 31, 2021 and 2020, respectively. At the time of its IPO, the Group repaid the Credit agreement in full with the proceeds of its capital increase.

Lease payments represented €5.3 million and €3.6 million for the fiscal years ended December 31, 2021 and 2020, 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, 2021:

	Fiscal year ended December 31	
(In € million)	**2021**	**2020**
Net cash from (used in) operating activities	(7.7)	(4.1)
Net cash from (used in) investing activities	(74.3)	(54.3)
Net cash from (used in) financing activities	190.8	53.6
Net increase (decrease) in cash and cash equivalents before the impact of changes in foreign exchange rates	**108.9**	**(4.8)**

(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)	**2021**	**2020**
Net income (loss)	**(28.6)**	**(26.3)**
Depreciation, amortization and impairment of non-current assets	33.7	24.7
Share-based payment	2.5	1.2
Cost of debt	2.3	2.0
Income tax	2.5	6.9
Net charges to provisions and employee benefits	0.4	0.9
Share of net income (loss) of equity-accounted companies (incl. dividends received)	(1.4)	2.5
Elimination of net gains or losses on disposals of assets	-	0.1
Other items with no cash impact	0.2	(0.1)
Income tax collected/paid	(3.8)	(13.6)
Change in operating working capital requirement	(15.5)	(2.3)
NET CASH FROM (USED IN) OPERATING ACTIVITIES	**(7.7)**	**(4.1)**

Net cash from (used in) the Group's operating activities amounted to €(7.7) million for the fiscal year ended December 31, 2021 and €(4.1) million for the fiscal year ended December 31, 2020.

The decrease of €3.6 million in net cash from (used in) the Group's operating activities during the fiscal year ended December 31, 2021 is due to the following offsetting effects: (i) the €2.3 million decrease in Group net income (see section 5.2.11 *"Net income"* of this Universal registration document), (ii) the €13.2 million decrease in the Group's working capital requirement, (iii) the €3.9 million decrease in the share of net income from associates, (iv) the €9.0 million increase in depreciation, amortization and impairment of non-current assets and (v) the €5.4 million increase in the net tax expense.

(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)	**2021**	**2020**
Acquisitions of property, plant and equipment, and intangible assets	(26.7)	(34.7)
Acquisitions of subsidiaries, net of cash acquired	(49.9)	(19.4)
Decrease (increase) in loans	1.0	(0.1)
Decrease (increase) in non-current financial assets	1.4	(0.2)
NET CASH FROM (USED IN) INVESTING ACTIVITIES	**(74.3)**	**(54.3)**

Net cash from (used in) the Group's investing activities amounted to €(74.3) million for the fiscal year ended December 31, 2021 and €(54.3) million for the fiscal year ended December 31, 2020.

Cash flows from (used in) investing activities increased by €19.9 million during the fiscal year ended December 31, 2021 following the €30.6 million increase in cash outflows related to acquisitions of subsidiaries, partially offset by the decrease in payments related to the acquisition of property, plant and equipment and intangible assets for an amount of €8.0 million.

The €49.9 million in cash outflows related to the acquisition of subsidiaries, net of cash acquired, include (i) the acquisition of Play 2 for €12.0 million, (ii) Viva for €23.0 million, (iii) SPI Think Music for €11.5 million net of cash acquired (€2.8 million) and (iv) Jo&Co for €3.4 million net of acquired cash (€1.0 million) (see Chapter 6, Note 2.2 – *Scope of consolidation*).

In 2020, the Group had invested significantly in the development of its technological platform to support the growth of its business. The Group also disbursed €18.8 million net of cash acquired (€1.6 million) for the acquisition of DMC.

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)	**2021**	**2020**
Increase in borrowings	-	64.4
Decrease in borrowings	(94.8)	(7.8)
Repayment of lease liabilities	(5.3)	(3.6)
Interest paid	(2.3)	(1.0)
Capital increase (decrease) by owners	295.3	1.5
Disposal (acquisition) of treasury shares	(2.0)	-
NET CASH FROM (USED IN) FINANCING ACTIVITIES	**190.8**	**53.6**

The Group's net cash flows from (used in) financing activities amounted to €190.8 million for the fiscal year ended December 31, 2021 and €53.6 million for the fiscal year ended December 31, 2020.

The Group's net cash flows from (used in) financing activities rose €137.2 million compared to the year ended December 31, 2020, mainly due to Believe SA's capital increase in the total net amount of €294.6 million as a result of the Company's IPO, offset by the repayment of the Credit Agreement in the amount of €92.9 million.

Capital increases

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 shareholders through the exercise of BSAs and BSPCEs (see Chapter 6, Note 10.1 – *Change in share capital*).

5.3.2.4 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.), current accounts or loans granted to companies acquired and consolidated using the equity method.

This indicator, which reflects the Group's capacity to generate cash from its operating activities, is taken into consideration by Executive Management to define its investment strategy and financing policy.

Free cash flow is an alternative performance indicator within the meaning of AMF position no. 2015-12. Free cash flow is not a standardized accounting aggregate with a single definition generally accepted by IFRS. It must not be regarded as a substitute for operating income, net income or cash flows from operating activities, which are IFRS-defined measures, or even as a measure of liquidity. Other issuers may calculate free cash flow differently from the definition used by the Group.

Free cash flow and net cash flow relating to operations can be reconciled as follows with the consolidated statement of cash flows in 2018, 2019 and 2020:

(In € million)	**Fiscal year ended December 31, 2021**	**Fiscal year ended December 31, 2020**
Net cash from (used in) operating activities	**(7.7)**	**(4.1)**
Acquisitions of property, plant and equipment, and intangible assets	(26.7)	(34.7)
Disposals of property, plant and equipment and intangible assets	-	-
Acquisition-related costs	0.6	0.2
Acquisition costs of a group of assets	1.0	0.6
Advances related to Distribution contracts intended specifically for the acquisition of assets (acquisition of companies, catalogs, etc.), current accounts or loans granted to companies acquired and consolidated using the equity method	2.0	-
FREE CASH FLOW	**(30.7)**	**(37.9)**

The Group's free cash flow amounted to €(30.7) million and €(37.9) million for the fiscal years ended December 31, 2021 and 2020.

The decrease in free cash flow during the fiscal year ended December 31, 2021 is mainly due to the decrease in investments related to the acquisition of property, plant and equipment and intangible assets for an amount of €8.0 million, offset by the increase in net cash from (used in) operating activities, offset by a €3.6 million decrease in net cash from (used in) operating activities (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, 2021 and 2020:

	Fiscal year ended December 31	
(In € million)	**2021**	**2020**
Inventories	4.6	4.0
Trade receivables	136.6	110.4
Advances to artists and labels – current and non-current portion	166.0	108.8
Other current assets	29.4	30.2
Current tax assets	7.3	4.8
Current financial assets	0.7	-
Trade payables and contract liabilities	(411.2)	(333.0)
Other current liabilities[(1)]	(28.5)	(29.5)
Current tax liabilities	(1.4)	(2.0)
WORKING CAPITAL REQUIREMENT	**(96.5)**	**(106.4)**

(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 – current portion and other current assets, minus trade payables, contract liabilities and other current liabilities.

Trade receivables mainly represent the amounts due by the digital service providers 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 primarily represent the amounts due by the Group to the artists and labels. They also correspond to the advances and minimum guarantee payments received from the digital platforms and to prepaid income related to the subscriptions that are paid in full at the start of the contract by the artists and are spread over several fiscal years in the context of the Automated Solutions. The amount of contract liabilities was €23.3 million and €21.9 million for the fiscal years ended December 31, 2021 and 2020, 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 digital service providers 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.

(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 on 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 artists" of this Universal registration document for a description of the advance mechanism.

In comparison with 2020, the working capital requirement for the fiscal year ended December 31, 2021 was up by €9.8 million. This change is mainly due to the Group's business growth (increase of €78.2 million in trade payables and €26.3 million in trade receivables) as well as the significant rise in advances to artists and labels of 52.5%, which increased from €108.8 million for the fiscal year ended December 31, 2020 to €166.0 million for the fiscal year ended December 31, 2021.

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, on May 6, 2021, the Group entered into a new Revolving Facility Agreement (the "New Revolving Credit Agreement") with a syndicate of international banks including BNP Paribas, Caisse d'Epargne et de Prévoyance d'Ile-de-France, HSBC Continental Europe and Société Générale (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.

(a) Credit line

The New Revolving Credit Agreement plans to provide a revolving credit facility in an amount of €170 million, each amount drawn being repayable at the end of the applicable interest period. Issuing fees of €1.3 million were recognized in the consolidated statement of financial position under the headings "Short-term borrowings and debt" and "Long-term borrowings and debt". As of December 31, 2021, this line of credit had not been drawn.

(b) Interest and fees

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 *pro forma* total net debt to 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 Facility 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;
- 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 contracted by members of the Group. The Group will be required to maintain a leverage ratio (total net debt/ consolidated *pro forma* EBITDA), tested at the end of each half-year and for the first time for the period ending December 31, 2021 of less than or equal to 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 in the event of 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 shall occur in the event that a person or group of persons acting in concert (other than Denis Ladegaillerie, TCV Luxco BD S.à.r.l., Ventech and XAnge, the current principal shareholders of the Company, or entities controlled by, or investment vehicles managed by, such shareholders), acquires, directly or indirectly, shares in the Company giving 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 (5) loan agreements with bpifrance for a total of €10 million, each with a maturity of 7 years, spread between 2022 and 2026 (the **"BPI Loans"**). At December 31, 2021, the total amount outstanding on the loans from bpifrance was €5.3 million.

5.3.3.3 Credit agreement

A credit agreement was entered into on September 27, 2018 (this agreement, as amended by a first amendment dated 9 December 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 to finance authorized external growth operations (maturing on December 9, 2024) (the **"2018 Revolving Credit"**) and (v) a revolving credit agreement for a maximum principal amount of €70 million to finance authorized external growth operations (maturing on 9 December 2024) (the **"Revolving Credit"**).

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 following the implementation of the New Revolving Credit Agreement.

On October 23, 2018, the Company drew down the entire amount of the Nuclear Blast Loan and the Good-to-go Loan for a total of €40 million. At December 31, 2021, the two loans were fully repaid following the implementation of the New Revolving Credit Agreement.

On November 30, 2020, the Company drew down a portion of the Revolving Credit Line for a total of €64.4 million. At December 31, 2021, the Group had repaid the Revolving Credit Facility in full following the implementation of the New Revolving Credit Agreement.

(b) Interest and fees

The loans contracted under the Credit Agreement bear interest at an annual rate equal to the sum (i) of the variable rate indexed to the 3-month Euribor and (ii) a margin applicable to each loan.

These margins are adjusted every six months on the basis of a gearing ratio of consolidated net financial debt/ consolidated EBITDA of the Group. Thus, on the basis of the ratio of consolidated net financial debt/consolidated EBITDA at December 31, 2020, calculated in accordance with the provisions of the Credit Agreement on the basis of the Group's consolidated financial statements, the margins applicable at the date of this Universal registration document are 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 Line: 0.80% *per annum;*
- for the Revolving Credit Line: 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 benefit 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 sureties, (i) a pledge of the securities of its subsidiary Believe Digital GmbH as collateral for all amounts due under the Nuclear Blast Loan and the GoodToGo Loan; (ii) a Dailly assignment of the intragroup loan granted by the Company to Believe Digital GmbH for the acquisition of Nuclear Blast as collateral for all amounts due under the Nuclear Blast Loan; (iii) a Dailly assignment of the intragroup loan granted by the Company to Believe Digital GmbH for the acquisition of GoodToGo as collateral for all amounts due under the GoodToGo Loan; (iv) a first lien pledge of the Company's goodwill as collateral for all amounts due under the 2018 Revolving Credit and the Refinancing Loan; and (v) a second lien pledge of the Company's goodwill as collateral for all amounts due under of the Revolving Credit.

These security interests will be definitively released upon repayment in full of the Credit Agreement, due to take place 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) Security interests

The Credit Agreement contains 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 financial 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, spin-offs or any 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 composing its share capital;
- the transfer of its registered office outside 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, and payment of indemnities under a vendor warranty granted in connection with the Nuclear Blast and GoodToGo acquisitions.

Borrowings contracted under the Credit Agreement may 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 stipulates a number of accelerated prepayment events that are customary for this type of financing, including payment defaults, non-compliance with the financial ratio or any other obligation or representation, 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 is planned that the Revolving Credit Agreement will be terminated and replaced with a New Syndicated Credit Agreement described in Chapter 6, Note 8.3 of this Universal registration document. The repayment of the Revolving Credit Agreement and the establishment of the new syndicated credit agreement, as well as the release of the security interests described in section (c) above will be 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 the Believe share 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, 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, 2021, the share capital of Believe SA consisted of 96,054,202 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, 2020	**399,709**	**168,293,630**	**79,941,802**
Exercise of BSAs/BSPCEs	2,635	1,505,508	527,040
AT DECEMBER 31, 2020	**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	**480,271**	**464,975,049**	**96,054,202**

At December 31, 2021, the number of shares includes 97,100 additional shares issued in November and December 2021 following the exercise of BSAs and PSPCEs, the capital increase of which will be recorded by the Board meeting of May 3, 2022. The share capital of the Company and the share premium have both been adjusted to reflect said exercises.

5.4 Outlook for 2022

The forecasts for the fiscal year ending December 31, 2022 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) No. 2019/980 and the ESMA recommendations on forecasts.

5.4.1 Assumptions

The Group has developed its forecasts for the fiscal year ending December 31, 2022 in accordance with the accounting policies applied in the Group's consolidated financial statements for the fiscal year ended December 31, 2021.

These forecasts are mainly based on the following assumptions for the fiscal year ending December 31, 2022:

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 in the fiscal year ended December 31, 2021;
- the Group's continued substantial investments in the development of its Central Platform and its commercial and marketing development to support the strong growth of its businesses, resulting in an increase in its operating expenses (in particular Central Platform costs).

Major investments

The Group intends to continue the investment policy described above during the fiscal year ended December 31, 2022, with capital expenditure on property, plant and equipment and intangible assets (excluding external growth expenditure) expected to increase in absolute value to support the growth of its business, but to decrease as a percentage of revenue to approximately 4% of revenues by 2025 (compared to 7.9% for the fiscal year ended December 31, 2020 and 4.6% for the fiscal year ended December 31, 2021). This trend is expected to continue beyond 2025. As part of its targeted acquisitions strategy, the Group also aims to carry out external growth operations for investment amounts of around €100 million per year over the 2022-2025 period.

Macro-economic and market assumptions

- the growth of the digital music market in line with prospects set out in section 1.3.1 of this Universal registration document.
- no significant changes in the regulatory and fiscal environment existing at the date of this Universal registration document.
- no significant worsening of the COVID-19 crisis, which would result, in particular, in a tightening of the lockdown and social distancing measures; which would result in a deterioration in the Group's digital sales activities linked to free ad-supported offers (in particular those of video platforms) and its non-digital sales activities, in particular sales of physical media.
- the estimate as of the date of this Universal registration document of the consequences of the Ukraine crisis, in particular via the economic and future sanctions enforced 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 exchange rate risks of other major countries outside the eurozone in which the Group generates its revenues (in particular the euro/dollar exchange rate), compared to those observed during the fiscal year ended December 31, 2021.

(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, 2022

In 2022, the Group expects to continue to benefit from favorable structural market trends and from the attraction to its digital platform model, strengthened during 2021. The Group is counting on solid organic growth outside of Russia. Furthermore, organic performance will be positively impacted by around 2% due to the extension of service contracts with Play Two, Jo&Co, SPI Think Music and VMAG, negotiated as a part of strategic partnerships throughout the second half of 2021.

The Group expects to continue investing in its Central Platform and its local teams in 2022 so as to promote its profitable growth in the future, while actively managing its investment cycle in the current climate.

The Group will gain insight into the activity status in Russian and Ukraine over Q2 2022 as the situation in these countries is evolving constantly and rapidly. Consequently, the Group anticipates the ability to provide more precise objectives on May 3, in conjunction with Q1 2022 revenue publishing.

The general strategic plan aiming to built the best artist development platform is on a positive track, and the Group confirms its mid-term trajectory. The latter presents a TCAM 2021-2025 between 22% and 25% and an EBITDA margin adjusted from 5% to 7% for the Group by 2025. This results in a sector margin prior to taking into account Central Platform costs of 15% to 16%, representing a high growth period margin, 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%.

6.

Financial statements

6.1 Consolidated financial statements at December 31, 2021

Consolidated statement of income

(In € thousands)	Notes	2021	2020
Revenue	*4.1*	577,151	441,422
Cost of sales	*4.2*	(383,463)	(283,310)
Sales and marketing expenses	*4.3*	(131,136)	(115,499)
Technology and product expenses	*4.3*	(35,727)	(24,589)
General and administrative expenses	*4.3*	(41,435)	(35,864)
Other operating income (expenses)	*4.4*	(6,373)	(3,843)
Operating income (loss)		**(20,982)**	**(21,681)**
Cost of debt	*8.6*	(2,318)	(1,951)
Other financial income (expenses)	*8.6*	(4,201)	4,855
Net financial income (expense)		**(6,519)**	**2,904**
Share of net income (loss) of equity-accounted companies	*2.4*	1,361	(593)
Income (loss) before tax		**(26,139)**	**(19,371)**
Income tax	*9.1*	(2,497)	(6,915)
Net income (loss)		**(28,636)**	**(26,286)**
Attributable to:			
• Owners of the parent		(30,045)	(26,845)
• Non-controlling interests		**1,409**	**559**
Earnings per share attributable to owners of the parent company(1):	***10.4***		
• Basic earnings (loss) per share *(€)*		(0.34)	(0.33)
• Diluted earnings per share *(in €)*		(0.34)	(0.33)

(1) Basic and diluted earnings per share for 2020 were adjusted further to the two-for-one share split carried out by Believe SA on May 25, 2021 (see Note 10.1 – Changes in share capital). Accordingly, the number of shares used to calculate earnings per share was adjusted retrospectively.

Other comprehensive income (expense)

(In € thousands)	2021	2020
Consolidated net income (loss)	**(28,636)**	**(26,286)**
Translation adjustments	(8,583)	(7,200)
Other comprehensive income (expense) that may be reclassified subsequently to net income	**(8,583)**	**(7,200)**
Remeasurement of net defined benefit obligation	(79)	(63)
Other comprehensive income (expense) that may not be reclassified subsequently to net income	**(79)**	**(63)**
TOTAL COMPREHENSIVE INCOME (EXPENSE)	**(37,297)**	**(33,548)**
Attributable to:		
• Owners of the parent	(33,559)	(33,794)
• Non-controlling interests	(3,739)	246

Consolidated statement of financial position

(In € thousands)	Notes	December 31, 2021	December 31, 2020
ASSETS			
Goodwill	*6.1*	98,875	80,449
Other intangible assets	*6.2*	118,118	110,965
Property, plant and equipment	*6.3*	31,212	34,706
Advances to artists and labels – non-current portion	*4.6*	77,937	48,336
Investments in equity-accounted companies	*2.4*	49,353	12,812
Non-current financial assets	*8.1*	3,898	6,188
Deferred tax assets	*9.2*	4,064	4,353
Total non-current assets		**383,456**	**297,807**
Inventories	*4.7*	4,632	4,013
Trade receivables	*4.5*	136,627	110,366
Advances to artists and labels – current portion	*4.6*	88,021	60,470
Other current assets	*4.5*	29,408	30,173
Current tax assets	*9.1*	7,264	4,808
Current financial assets	*8.1*	726	-
Cash and cash equivalents	*11.1*	262,705	152,333
Total current assets		**529,383**	**362,161**
TOTAL ASSETS		**912,839**	**659,968**
EQUITY			
Share capital	*10.1*	480	402
Share premiums	*10.1*	464,975	169,799
Treasury shares		(1,274)	-
Reserves and retained earnings		(53,278)	(19,974)
Translation reserve		(8,741)	(5,306)
Equity attributable to owners of the parent		**402,163**	**144,921**
Non-controlling interests	*10.3*	2,941	6,609
TOTAL EQUITY		**405,103**	**151,530**
EQUITY AND LIABILITIES			
Non-current provisions	*7.2*	718	791
Non-current borrowings and debt	*8.3*	25,752	115,551
Other non-current liabilities	*4.10*	16,502	-
Deferred tax liabilities	*9.2*	16,099	14,830
Total non-current liabilities		**59,071**	**131,172**
Current provisions	*7.2*	1,147	864
Current borrowings and debt	*8.3*	7,541	12,751
Trade payables and contract liabilities	*4.8*	411,197	332,966
Other current liabilities	*4.9*	27,354	28,669
Current tax liabilities	*9.1*	1,425	2,016
Total current liabilities		**448,664**	**377,266**
TOTAL EQUITY AND LIABILITIES		**912,839**	**659,968**

Consolidated statement of cash flows

(In € thousands)	Notes	2021	2020
OPERATING ACTIVITIES			
Net income (loss)		**(28,636)**	**(26,286)**
Depreciation, amortization and impairment of non-current assets		33,700	24,683
Share-based payment		2,515	1,152
Cost of debt		2,318	1,951
Income tax		2,497	6,915
Net charges to provisions and employee benefits		360	877
Share of net income (loss) of equity-accounted companies (incl. dividends received)		(1,361)	2,508
Elimination of net gains or losses on disposals of assets		-	141
Other items with no cash impact		232	(125)
Income tax collected/paid		(3,761)	(13,579)
Change in operating working capital		(15,534)	(2,305)
Net cash from (used in) operating activities	***11.2***	**(7,670)**	**(4,068)**
INVESTING ACTIVITIES			
Acquisitions of property, plant and equipment and intangible assets		(26,699)	(34,658)
Disposals of property, plant and equipment and intangible assets		-	-
Acquisitions of subsidiaries, net of cash acquired		(49,934)	(19,361)
Decrease (increase) in loans		963	(143)
Decrease (increase) in non-current financial assets		1,399	(172)
Net cash from (used in) investing activities	***11.3***	**(74,271)**	**(54,334)**
FINANCING ACTIVITIES			
Increase in borrowings		-	64,400
Decrease in borrowings		(94,772)	(7,795)
Repayment of lease liabilities		(5,338)	(3,558)
Interest paid		(2,348)	(956)
Capital increase (decrease) by owners		295,254	1,508
Disposal (acquisition) of treasury shares		(2,000)	-
Net cash from (used in) financing activities	***11.4***	**190,796**	**53,599**
Net cash and cash equivalents at beginning of period		**152,331**	**161,536**
Net increase (decrease) in cash and cash equivalents net of bank overdrafts, before the impact of changes in foreign exchange rates		108,855	(4,803)
Impact of changes in foreign exchange rates		1,508	(4,403)
Net cash and cash equivalents at end of period	***11.1***	**262,694**	**152,331**
Of which:			
● *Cash and cash equivalents*		*262,705*	*152,333*
● *Bank overdrafts*		*(11)*	*(2)*

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	Equity attributable to owners of the parent	Non-controlling interests	TOTAL EQUITY
EQUITY AT JANUARY 1, 2020	**79,941,802**	**400**	**168,294**	**-**	**5,860**	**1,582**	**176,135**	**205**	**176,340**
Remeasurement of net defined benefit obligation					(63)		(63)		(63)
Translation adjustments						(6,887)	(6,887)	(312)	(7,200)
Other comprehensive income (expense)		**-**	**-**	**-**	**(63)**	**(6,887)**	**(6,950)**	**(312)**	**(7,262)**
Net income (loss) for the year					(26,845)		(26,845)	559	(26,286)
Total comprehensive income		**-**	**-**	**-**	**(26,907)**	**(6,887)**	**(33,795)**	**246**	**(33,548)**
Capital increase	527,040	3	1,506				1,508		1,508
Net change in treasury shares							-		-
Share-based payment					1,152		1,152		1,152
Changes in the scope of consolidation							-	6,157	6,157
Other					(78)	-	(78)		(78)
EQUITY AT DECEMBER 31, 2020	**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 (expense)		**-**	**-**	**-**	**(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 payment					2,364		2,364		2,364
Changes in the scope of consolidation					(5,695)		(5,695)	300	(5,395)
Other					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**

(1) The number of shares on January 1, 2020 and December 31, 2020 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). Accordingly, the number of shares used to calculate earnings per share was adjusted retrospectively. At December 31, 2021, the number of shares, the share capital and the share premium were adjusted following the issue of new shares through the exercise of BSAs and BSPCEs not yet recorded by the Board of Directors (see Note 10.1 – Changes in share capital).

For the "Non-controlling interests", the heading "Changes in the scope of consolidation" corresponds in 2021 to the acquisition of Jo&Co and in 2020 to the acquisition of DMC (see Note 2.2 – *Scope of consolidation,* Note 2.3 – *Business combinations,* and Note 10.3 – *Non-controlling interests*).

For "Equity attributable to owners of the parent", the line "Changes in the scope of consolidation" corresponds in 2021 to the valuation of the call-put option for the remaining 49% of Jo&Co (see Note 2.2 - *Scope of consolidation*).

Changes in translation adjustments reflect the impact of exchange rate fluctuations on the equity of foreign operations denominated in currencies other than the euro. Changes in translation adjustments in 2021 mostly result from our companies in Turkey; and in 2020 from our companies based in India.

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 artists and labels, 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, 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 1,430 employees 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 brands including TuneCore, Nuclear Blast, Naïve, Groove Attack and AllPoints.

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

FY 2021

IPO and capital increase

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.

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, on May 6, 2021, the Group entered into a new Revolving Facility Agreement (the “New Revolving Credit Agreement”) with a syndicate of international banks including BNP Paribas, Caisse d’Epargne et de Prévoyance d’Ile-de-France, HSBC Continental Europe and Société Générale (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 plans to provide a revolving credit facility in an amount of €170 million, each amount drawn being repayable at the end of the applicable interest period. Issuing fees of €1.3 million were recognized in the consolidated statement of financial position under the headings “Current borrowings and debt” and “Non-current borrowings and debt”. As of December 31, 2021, this line of credit had not been drawn.

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 *pro forma* total net debt to 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 Facility 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.

Conversion into a public limited company (société anonyme)

Further to a decision by the Ordinary and Extraordinary Shareholders' Meeting of May 25, 2021, Believe SAS, a French simplified joint-stock company *(société par actions simplifiée),* was converted into a public limited company (*société anonyme* – SA) with a Board of Directors.

Two-for-one share split

On May 25, 2021, the Company carried out a in two-for-one share split, reducing the par value of the Believe share from one euro cent (€0.01) to half a euro cent (€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, in order for the share capital to remain unchanged further to the share split.

The Company also issued share subscription warrants (BSAs) and founder's share subscription warrants (BSPCEs), which were allocated to certain senior managers and executives of the Group. The two-for-one share split (i) doubled the number of new shares to be issued by the Company on exercise of BSAs and BSPCEs, and (ii) had no effect on the exercise price of each BSA and BSPCE.

Acquisitions in 2021

On November 4, 2021, the Group acquired a 25% stake in Play 2 SAS ("Play 2"), one of the leading French independent music label and subsidiary of the TF1 group (see Note 2.4 – *Equity-accounted companies*). The company is consolidated by 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"), the largest label in the Philippines and among the major labels in South-Eastern Asia (see Note 2.4 – *Equity-accounted companies*). The company is consolidated by using the equity method since that date.

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. The Group took over SPI Think Music Private Limited ("SPI Think Music") by acquiring an initial 76% stake and through an agreement for the remaining 24% by 2025 (see Note 2.3 – *Business combinations*). The company is fully consolidated since that date.

On December 21, 2021, the Group acquired a majority stake (51%) in the share capital of Jo and Co SAS ("Jo&Co"), a major independent label specializing in French pop and commercial music (see Note 2.3 – *Business combinations*). The company is 51% consolidated using the full consolidation method since December 31, 2021.

Liquidity contract

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 complies with the decision of the Autorité des marchés financiers (AMF) n°2021-01 of June 22, 2021 related to the establishment of liquidity contracts on shares as accepted by the market practice and the standard contract of the Association française des marchés financiers (AMAFI). This contract with NATIXIS ODDO BHF aims at improving Company's shares trading on the regulated market of Euronext Paris. €2 million have been allocated to the liquidity account.

Covid-19

The World Health Organization (WHO) classified Covid-19 as a pandemic on March 11, 2020, triggering an unprecedented global health crisis.

It had a significant impact of certain segments of the recorded music market, particularly in 2020. The main impact of the crisis on the Group's results in 2020 was that the Group's revenue growth slowed down, although each revenue source was affected differently:

- a limited impact on revenue from digital sales (89% of the Group's consolidated revenue as of December 31, 2020) was limited. The negative impact essentially results from revenue arising on free streaming financed by advertising on video distribution platforms and social media, which saw a fall in advertiser spending;
- the crisis had a bigger impact on the Group's other income, notably physical sales (essentially in Germany and France) and live music (essentially in France and India).

The impact in 2021 was much more limited than in 2020, which has an effect on the comparability of fiscal years.

Detailed summary of the notes to the financial statements

NOTE 1 SUMMARY OF SIGNIFICANT 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, 2021 and 2020 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, 2021.

International Financial Reporting Standards include IFRS, International Accounting Standards (IAS), along with the related interpretations issued by the Standing Interpretations Committee (SIC) and by the International Financial Reporting Interpretations Committee (IFRIC).

All of the standards adopted by the European Union can be consulted on the European Commission website: https://eur-lex.europa.eu/eli/reg/2008/1126/2021-01-01

The 2021 consolidated financial statements were approved by the Board of Directors on March 17, 2022.

Subsequent events, defined as events occurring between December 31, 2021 and March 17, 2022, the date on which the financial statements were adopted, were accounted for in accordance with IAS 10 – Events After the Reporting Period (which describe the significant events during the above-referenced 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, amendments and interpretations published in the Official Journal of the European Union and effective for reporting periods beginning on or after January 1, 2021. The following new amendments are effective or may be early adopted for the consolidated financial statements at January 1, 2021:

- amendment to IFRS 16 – Covid-19-Related Rent Concessions;
- 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 IFRSs (2018 – 2020 Cycle);
- amendments to IAS 39, IFRS 4, IFRS 7, IFRS 9 and IFRS 16 – Interest Rate Benchmark Reform (Phase 2);
- amendments to IFRS 4: Insurance Contracts – Extension of the Temporary Exemption from Applying IFRS 9;
- IFRIC Decision IAS 19 - Attributing Benefit to Periods of Service (IAS 19);
- IFRIC Decision IAS 38 - Customisation costs in a cloud computing arrangement (IAS 38 *Intangible assets*).

These amendments do not have a material impact on the consolidated financial statements for the year ended December 31, 2021.

Standards, amendments and interpretations adopted by the IASB but not yet adopted by the European Union and not early adopted by the Group at December 31, 2021

The Group has not decided to adopt any standards, amendments or interpretations by anticipation for the period ended December 31, 2021. The following published standards, amendments and interpretations that will be effective after December 31, 2021 may have an impact on the Group's financial statements:

- amendments to IAS 1 – Presentation of Financial Statements: Classification of Liabilities as Current or Non-current;
- 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 between reported totals and the sum of the reported amounts.

The consolidated financial statements were prepared on a historical cost basis except for certain assets and liabilities, in compliance with IFRS.

Believe presents its consolidated statement of income by function: operating expenses are split between "cost of sales", "sales and marketing expenses", "technology and product expenses", "administrative expenses" and "other operating income (expenses)".

The consolidated financial statements present comparative information 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 judgement and estimates

The preparation of consolidated financial statements requires the use of accounting estimates and judgments to determine the carrying amounts of certain assets, liabilities, income and expenses. These estimates and assumptions are regularly reviewed to ensure that they are reasonable 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 used estimates and judgments to:

- determine the term and discount rate of leases;
- determine whether or not to recognize deferred tax assets;
- determine the recoverable amount of advances paid to artists;
- 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.

IFRS 16 – Leases

The Group assesses each contract to determine whether it is, or contains, a lease.

In applying IFRS 16, the Group used 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 tax assets 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, 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. 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 catalogue 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 test 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 purchase 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, the financial statements of companies sold up to the date on which the Group relinquished control, as well as investments in equity-accounted companies (associates and joint ventures).

All companies are consolidated based on their financial position at each reporting date presented, and their accounting policies are aligned where necessary with those adopted by the Group. All intragroup transactions and balances are eliminated in full on consolidation, as well as gains and losses on transactions between controlled companies (subsidiaries).

Controlled companies

Companies controlled directly or indirectly by the Group are fully consolidated.

The Group controls an entity 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 of 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 statement of income beneath operating income.

Foreign currency translation

Translation of subsidiaries' foreign currency financial statements

The financial statements of each consolidated Group company are prepared in that Company's functional currency. The functional currency is the currency of the principal economic environment in which it operates. No country in which significant Group subsidiaries are located was considered to be a hyper-inflationary economy during the periods presented.

The functional currency of foreign subsidiaries is the local currency of the country in which they operate.

Assets and liabilities of foreign subsidiaries are translated into euros at the closing exchange rate, while income, expense and cash flow items are translated at the average exchange rates for the year in the absence of significant fluctuations in those exchange rates. 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 in a currency other than the Group's functional currency are translated using the exchange rate prevailing at the transaction date.

Monetary assets and liabilities denominated in a foreign currency 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 statement of income as other financial income and 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 (FC) and equity-accounted (EM) companies at the reporting dates presented:

		December 31, 2021		December 31, 2020	
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%
Chimperator Productions GmbH & Co. KG.	Germany	-	-	EM	30%
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%
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	EM	49%	EM	49%
Jo and Co SAS	France	FC	51%	-	-
Lili Louise Musique SAS	France	EM	49%	EM	49%
Tôt ou Tard Films SAS	France	EM	49%	EM	49%
VF Musiques SAS	France	EM	49%	EM	49%
Zouave SAS	France	EM	49%	EM	49%
Play 2 SAS	France	EM	25%	-	-
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 Think Music Private Limited	India	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.	Philippines	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%
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.

The consolidated financial statements have at year-end at December 31. All Group companies have a year-end at December 31 and a 12-month reporting year, with the exception of its companies based in India, which have a year-end at March 31. The Indian companies prepare accounts at December 31, in connection with the preparation of the Group's consolidated financial statements.

Information on non-consolidated companies

		December 31 2021	December 31 2020
Company	**Country**	**% interest**	
Chimperator Productions Verwaltungs GmbH(1)	Germany	30.0%	30.0%
Chimperator Productions GmbH & Co. KG(2)	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%	7.9%
Uni-T SAS	France	24.4%	24.4%

(1) Chimperator Productions Verwaltungs GmbH is a dormant holding company and is not consolidated.
(2) Chimperator Productions GmbH & Co. KG is no longer consolidated since January 1, 2021.

The value of investments in non-consolidated companies is shown in the "Non-current financial assets" heading 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 2021

As of January 1, 2021, Chimperator Productions GmbH & Co. KG is no longer consolidated as its operations are not significant.

On May 25, 2021, by decision of the Ordinary and Extraordinary General Meeting, Believe SAS, incorporated as a French simplified joint-stock company *(société par actions simplifiée),* was transformed into a public limited company with a Board of Directors and became Believe SA.

On June 4, 2021, Venus Music Private Ltd was renamed and became Ishtar Music Private Ltd.

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 companies are consolidated by 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") is the largest label in the Philippines and among the major labels in South-Eastern Asia (see Note 2.4 – "*Equity-accounted companies*"). The company is consolidated by using the equity method since that date.

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. The Group took over SPI Think Music Private Limited ("SPI Think Music") by acquiring an initial 76% stake and through an agreement for the remaining 24% by 2025 (see Note 2.3 – *Business combinations*). The company is fully consolidated since that date.

On December 21, 2021, the Group acquired a majority stake in the share capital of Jo and Co SAS ("Jo&Co"), a major independent label specializing in French pop and commercial music (see Note 2.3 – *Business combinations*).

There is a call-put option on the remaining securities. The company is 51% consolidated using the full consolidation method since December 31, 2021.

All SoundsGoood assets were transferred to Believe SA in 2021 through a Universal Asset Transfer (TUP).

Changes in the scope of consolidation in 2020

On July 21, 2020, the Group acquired a 60% stake in the DMC group. This acquisition led to the consolidation of the following subsidiaries of the DMC group:

- Doğan Müzik Yapım ve Ticaret A.Ş.;
- Netd Müzik Video Dijital Platform ve Ticaret A.Ş.

The Group also acquired 100% of SoundsGoood, a company specialized in the creation of playlists on streaming platforms. This acquisition was accounted for as the acquisition of a group of assets and not a business within the meaning of IFRS 3. The amount of the acquisition is not material.

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.

All business combinations are recognized using the purchase 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.

Costs attributable to the acquisition are recognized as expenses under the heading "Other operating income (expense)" in the period in which they are incurred.

Any contingent consideration (earn-out) relating to the business combination is measured at acquisition-date fair value. 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 statement of income. 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 catalogue 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.

Acquisitions in 2021

The table below shows the provisional purchase accounting for entities acquired in 2021 (net of deferred tax):

(In € thousands)	SPI Think Music	Jo&Co	TOTAL
Brands, net of deferred tax	3,394	-	3,394
Catalogues, net of deferred tax	1,954	-	1,954
Other assets (liabilities) identified	3,874	613	4,487
TOTAL NET ASSETS ACQUIRED (BASED ON 100%) [A]	**9,222**	**613**	**9,835**
Share attributable to Believe (=% x A) [B]	9,222	313	9,535
Acquisition price [C]	26,186	4,463	30,648
Goodwill [C]-[B]	**16,964**	**4,150**	**21,114**

SPI Think Music

A brand was valued using the royalty relief method. An asset in respect of the of the Company's catalog was also recognized.

The equity investment in SPI Think Music breaks down as follows:

- **tranche 1** (10 December 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 SPI Think Music acquisition amounted 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 contribution to the Group's revenue and consolidated net income in 2021 was €161 thousand and €97 thousand, respectively.

If SPI Think Music had been acquired on January 1, 2021, its contribution to the Group's revenue and consolidated net income for 2021 would have been €2,944 thousand and €2,080 thousand, respectively.

Jo&Co

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, 2021 (valuation in 2022).

The Believe Group acquired a 51% stake in the share capital of Jo & Co, a major independent label specializing in French pop and commercial music, for an amount of €4,463 thousand.

There is a call-put option on the remaining 49% and is recognized in the financial statements for €5.7 millio

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 for 2021 would have been €3,313 thousand and €171 thousand, respectively.

Acquisitions in 2020

DMC group was the only acquisition in 2020. The recognition of acquisitions, net of deferred taxes, can be analyzed as follows:

(In € thousands)	DMC group
Brands, net of deferred tax	1,625
Relationships with artists and labels, net of deferred tax	7,165
Other assets (liabilities) identified	6,280
TOTAL NET ASSETS ACQUIRED (BASED ON 100%) [A]	**15,070**
Share attributable to Believe (= 60% x A) [B]	9,042
Acquisition price [C]	20,449
Goodwill [C]-[B]	**11,407**

DMC group

A brand was valued using the royalty relief method. This method estimates the present value of royalties expected to be avoided as a result of the acquisition.

An asset was recognized in respect of the relationship with artists and labels.

No earn-out was recognized in connection with this acquisition.

Cash acquired as part of the 2020 acquisition of the DMC group amounted to €1,608 thousand.

Goodwill relates essentially to know-how, industry renown and the technical expertise of management and of employees, as well as to the synergies expected to derive from integrating the company into the Premium Solutions business.

Contribution of acquisitions

DMC's contribution to the Group's revenue and consolidated net income in 2020 was €6,447 thousand and €1,248 thousand, respectively.

If DMC had been acquired on January 1, 2020, the contributions to the Group's revenue and consolidated net income for 2020 would have been €20,917 thousand and €3,009 thousand, respectively.

2.4. Equity-accounted companies

Accounting policies

The Group's share of its equity accounted companies' post acquisition net income (loss) is recognized on a separate line of the consolidated statement of income outside operating income.

Changes in investments in equity-accounted companies

(In € thousands)	December 31, 2021	December 31, 2020
Investments in equity-accounted companies at January 1	**12,812**	**15,330**
Share of net income (loss) from equity-accounted companies	1,361	(593)
Dividends	-	(1,915)
Changes in the scope of consolidation	34,928	-
Translation adjustments and other	252	(10)
INVESTMENTS IN EQUITY-ACCOUNTED COMPANIES AT DECEMBER 31	**49,353**	**12,812**

In 2021, the "Changes in the scope of consolidation" heading relates to the acquisitions of Play2 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

		December 31, 2021		December 31, 2020	
(In € thousands, except% interests)	Country	Carrying amount	% interests	Carrying amount	% interests
Chimperator Productions GmbH & Co. KG[1]	Germany	-	-	83	30%
Lili Louise Group	France	11,677	49%	10,973	49%
6&7 SAS	France	1,538	49%	1,326	49%
Play 2 SAS	France	12,184	25%	-	-
Viva Music and Artists Group	Philippines	23,330	15%	-	-
GS Believe LLP	UK	625	50%	431	50%
TOTAL		**49,353**		**12,812**	

(1) Chimperator Productions GmbH & Co. KG is no longer consolidated since January 1, 2021 (see Note 2.2. – Scope of consolidation).
(2) The Lili Louise Group includes Lili Louise Musique SAS, Tôt ou Tard Films SA, VF Musique SAS and Zouave SAS.

Financial information regarding equity-accounted companies

The following condensed financial information on equity-accounted companies corresponds to the amounts reported in the financial statements of the joint venture or associate concerned, and can be analyzed as follows:

	2021					2020		
(In € thousands)	**Lili Louise group**	**Viva(2)**	**Play 2(2)**	**Other**	**Total**	Lili Louise group(1)	Other	Total
Revenue	14,732	1,484	8,342	3,236	**27,794**	4,027	1,798	**5,824**
Net income (loss)	1,437	755	687	753	3,633	(1,021)	(195)	(1,216)
SHARE OF NET INCOME (LOSS) OF EQUITY-ACCOUNTED COMPANIES	**704**	**113**	**172**	**372**	**1,361**	**(500)**	**(93)**	**(593)**

	December 31, 2021					December 31, 2020		
(In € thousands)	**Lili Louise group(1)**	**Viva(2)**	**Play 2(2)**	**Other**	**Total**	Lili Louise group(1)	Other	Total
Non-current assets	26,903	150,247	56,863	3,459	**237,471**	28,944	3,458	**32,403**
Current assets	15,698	19,275	69,603	12,804	**117,380**	12,035	12,676	**24,712**
Non-current liabilities	2,214	492	8,358	-	**11,064**	3,558	-	**3,558**
Current liabilities	14,180	13,499	69,371	11,600	**108,651**	12,652	12,292	**24,944**

(1) The Lili Louise group includes Lili Louise Musique SAS, Tôt ou Tard Films SA, VF Musiques SAS and Zouave SAS.
(2) Entities acquired in 2021 (see Note 2.2 - Scope of consolidation).

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, 2021**	December 31, 2020
Loans	659	4,090
Advances to artist and labels	4,000	-
Trade payables and contract liabilities	1,843	500

(In € thousands)	**2021**	2020
Amounts paid to artists and producers	(4,417)	(2,216)
Dividends paid	-	1,787

NOTE 3 SEGMENT REPORTING

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 catalogue 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 digital service providers and social media 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 tracked and analyzed by the chief operating decision maker. 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) and 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.

No statement of financial position data broken down by operating segment is presented to the chief operating decision maker.

	2021		2020	
(In € thousands)	**Revenue**	**Adjusted EBITDA**	Revenue	Adjusted EBITDA
Premium Solutions	541,340	78,007	408,984	53,137
Automated Solutions	35,812	5,334	32,438	7,547
Other – Central Platform	-	(60,024)	-	(53,025)
TOTAL	**577,151**	**23,317**	**441,422**	**7,659**

3.3. Reconciliation with Group financial data

The table below reconciles adjusted EBITDA with operating income (loss):

(In € thousands)	2021	2020
Operating income (loss)	**(20,982)**	**(21,681)**
Restatement of depreciation, amortization and impairment expense	33,700	24,683
Restatement of share-based payment including social security contributions and employer contributions	2,515	1,152
Restatement of other operating income (expense)	6,373	3,843
Share of net income (loss) of equity-accounted companies, excluding depreciation of identified assets at the acquisition date, net of deferred taxes	1,711	(338)
ADJUSTED EBITDA	**23,317**	**7,659**

3.4. Information by geographic area

In accordance with IFRS 8.33, revenue and non-current assets generated in France and abroad are presented below based on the location of the Group's operations and the location of the legal entity, respectively:

	2021		2020	
(In € thousands)	Revenue	Non-current assets(1)	Revenue	Non-current assets(1)
France	95,983	101,354	81,022	80,825
Germany	102,375	59,704	97,333	62,402
Europe excluding France and Germany	164,734	40,230	121,684	27,447
Americas	83,534	36,540	61,516	34,397
Asia/Oceania/Africa	130,525	59,730	79,867	33,860
TOTAL	**577,151**	**297,557**	**441,422**	**238,931**

(1) Excluding financial instruments, the non-current portion of advances to artists and labels, and deferred tax assets.

3.5. Major customers

In December 31, 2021, the Group's three largest customers respectively accounted for 33%, 23% and 10% of total consolidated revenue, compared to 28%, 22% and 12% of total consolidated revenue at December 31, 2020.

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 secondary 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 catalogue of musical works to which the Group has the rights. The catalogue 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 catalogue. 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 catalogue is used, based on reports compiled by the digital platforms.

Under certain contracts, the Group can be entitled to payment of a non-refundable minimum guarantee, equivalent in substance to an advance payment 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 business, the Group acts as Principal in its dealings with the digital platform, as it obtains control of the works comprising the catalogue through the distribution licenses granted to it. The Group effectively controls the catalogue and has the ability to direct its use. Its activity also involves incorporating works into its catalogue.

For Automated Solutions, digital sales constitute an intermediation service enabling the producer to distribute its catalogue 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.

Other:

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, make 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 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.

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:

- 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: make 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)	2021		2020	
Digital sales	524,689	90.9%	392,828	89.0%
Others(1)	52,463	9.1%	48,594	11.0%
TOTAL REVENUE	**577,151**	**100%**	**441,422**	**100%**

(1) The amounts shown on the "Other" line 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 and expenses

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. Sales and marketing expenses also include depreciation and amortization charged against the corresponding non-current assets (which mainly correspond to capitalized employee benefits and consultants' expenses).

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. Technology and product expenses 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 and expenses 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 statement of income and Group performance, unusual items that are material to the consolidated financial statements are presented separately within operating income under “Other operating income (expenses)”.

This caption can be analyzed as follow:

(In € thousands)	2021	2020
Gains (losses) on asset disposals	-	(141)
Acquisition-related costs	(849)	(1,022)
Other opertaing income / (expenses)	(5,524)	(2,680)
TOTAL OTHER OPERATING INCOME (EXPENSE)	**(6,373)**	**(3,843)**

At December 31, 2021, the “Other operating income (expense)” item mainly included expenses related to the initial public offering (IPO) of shares on the regulated market in France for €(5.3) million.

In 2020, the “Other” item included (i) income amounting to €1.9 million arising on the resolution of a tax risk linked to VAT which had been expensed in 2019 (this risk is now extinguished), (ii) expenses totaling €(1.8) million related to the admission of shares to trading on the regulated market, and (iii) costs for €2.3 million related to the Group’s organizational and legal restructuring.

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 any losses expected over the term of the receivables ("lifetime expected losses") in accordance with the IFRS 9 simplified approach.

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 shown in 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 can be analyzed as follows:

(In € thousands)	December 31, 2021	December 31, 2020
Trade receivables(1)	142,791	114,467
Impairment of trade receivables	(6,164)	(4,101)
TOTAL TRADE RECEIVABLES, NET	**136,627**	**110,366**

(1) The amount of invoices not yet issued included in trade receivables represents €73.6 million at December 31, 2021 and €56.0 million at December 31, 2020 respectively. 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, 2021			December 31, 2020		
(In € thousands)	Trade receivables(1)	Impairment of trade receivables(2)	Trade receivables, net	Trade receivables(1)	Impairment of trade receivables(2)	Trade receivables, net
Not yet due	122,647	-	122,647	90,059	-	90,059
Less than 90 days past due	9,639	-	9,639	12,880	(461)	12,419
Between 90 and 180 days past due	1,603	(337)	1,266	7,893	(1,286)	6,607
More than 180 days past due	8,903	(5,828)	3,075	3,635	(2,354)	1,281
TOTAL TRADE RECEIVABLES, NET	**142,791**	**(6,164)**	**136,627**	**114,467**	**(4,101)**	**110,366**

(1) The amount of invoices to be issued is included in the "Not past due" line.
(2) Impairment of receivables not due and past due for less than 90 days is negligible.

Other current assets

Other current assets can be analyzed as follows:

(In € thousands)	December 31, 2021	December 31, 2020
Tax and social security receivables[1]	17,458	22,515
Prepaid expenses	9,511	5,757
Other receivables	2,440	1,901
TOTAL OTHER CURRENT ASSETS	**29,408**	**30,173**

(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 articles and labels can be analyzed as follows:

(In € thousands)	December 31, 2021	December 31, 2020
Advances to artists and labels – current portion	88,021	60,470
Advances to artists and labels – non-current portion	77,937	48,336
TOTAL ADVANCES TO ARTISTS AND LABELS, NET	**165,958**	**108,806**
Portion of advances paid in less than one year	*68%*	*74%*

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 can be analyzed as follows:

(In € thousands)	December 31, 2021	December 31, 2020
Gross inventories	5,800	5,926
Impairment	(1,168)	(1,913)
TOTAL INVENTORIES, NET	**4,632**	**4,013**

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 trade payables and contract liabilities fall due within one year and are classified as current liabilities in the balance sheet.

Contract liabilities represent consideration received for performance obligations that have not yet been satisfied or have only partly been satisfied. Contract liabilities mainly consist of:

- 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 can be analyzed as follows:

(In € thousands)	December 31, 2021	December 31, 2020
Trade payables(1)	388,729	311,017
Contract liabilities(2)	22,468	21,949
TOTAL TRADE PAYABLES AND CONTRACT LIABILITIES	**411,197**	**332,966**

(1) The "Trade payables" item includes amounts received and to be paid over to artists in the Automated Solutions business, representing €188 million at December 31, 2021 and €133 million at December 31, 2020.

(2) 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 can be analyzed as follows:

(In € thousands)	December 31, 2021	December 31, 2020
Tax and social security liabilities	23,311	26,613
Other payables	4,043	2,056
TOTAL OTHER CURRENT LIABILITIES	**27,354**	**28,669**

4.10. Other non-current liabilities

Other non-current liabilities correspond to the forward contract entered into for the acquisition of the remaining 24% of SPI Think Music maturing in 2025 for an amount of €10.4 million and the call-put option for the acquisition of the remaining 49% for Jo&Co for € 5.7 million (see Note 2.3 - *Business combinations*).

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)	**2021**	**2020**
Average headcount over the year	1,564	1,253

5.2. Employee benefits

Accounting policies

Employee benefits are all forms of consideration given by the Group in exchange for services provided by its employees, or for the termination of employment.

These benefits are measured in accordance with IAS 19 – Employee Benefits, and break down into four categories:

- short-term benefits (paid vacation, paid sick leave, bonuses and incentives);
- 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 within current liabilities and expensed when the services are provided by the employees.

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 can be analyzed by nature as follows:

(In € thousands)	**2021**	**2020**
Wages, salaries and payroll taxes(1)	(98,371)	(73,616)
Post-employment benefit expenses	(138)	(118)
Share-based payment	(2,515)	(1,152)
Other employee benefits(2)	(3,847)	(3,581)
TOTAL PERSONNEL EXPENSES	**(104,871)**	**(78,467)**
Consultants' fees	(22,757)	(25,110)
Capitalized personnel expenses and consultants' fees(3)	19,601	19,518
TOTAL PERSONNEL EXPENSES, INCLUDING CONSULTANTS' FEES, NET OF AMOUNTS CAPITALIZED	**(108,027)**	**(84,059)**

(1) The "Wages and social security contributions" 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 developing and leveraging the Group's technology 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 are 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 obligations under defined benefit plans in four countries: France, Italy, Germany and India. The obligation recognized for post-employment benefit obligations net of plan assets was €822 thousand and €665 thousand at December 31, 2021 and 2020, respectively.

The tables below provide an analysis of benefit obligations and plan assets:

(In € thousands)	December 31, 2021	December 31, 2020
Post-employment benefit obligation at January 1	**1,939**	**1,717**
Current service cost	133	87
Interest cost (impact of unwinding the discount)	14	16
Changes in the scope of consolidation	-	-
Actuarial losses (gains)	52	143
• *Of which resulting from experience adjustments*	*192*	*10*
• *Of which resulting from changes in assumptions*	*(140)*	*133*
Benefits paid	(46)	(25)
POST-EMPLOYMENT BENEFIT OBLIGATION AT DECEMBER 31	**2,092**	**1,939**

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, 2021	December 31, 2020
Value of plan assets at January 1	**1,274**	**1,264**
Actual return on plan assets	21	23
Contributions paid	14	14
New plans/acquisitions/disposals	-	-
Benefits paid	(39)	(27)
VALUE OF PLAN ASSETS AT DECEMBER 31	**1,269**	**1,274**

Defined benefit expense recognized in the statement of income

(In € thousands)	2021	2020
Current service cost	133	87
Interest cost	14	16
Notional return on plan assets	(9)	15
Impact of the asset ceiling	-	-
DEFINED BENEFIT EXPENSE RECOGNIZED IN THE STATEMENT OF INCOME	**138**	**118**

Maturity of benefits payable

Estimated benefits payable in 2022 are less than €40 thousand.

Actuarial assumptions

	December 31, 2021		December 31, 2020	
	France-Italy	Germany	France-Italy	Germany
Discount rate/rate of return on plan assets	0.87%	1.10%	0.35%	0.75%
Inflation rate	0.35%	-	0.20%	-
Salary increase rate	2.0% to 8.0%	-	2.0% to 8.9%	-
Average duration	29.9 years	More than 17.6 years	More than 30.1 years	More than 18.2 years

Sensitivity analysis

	December 31, 2021	December 31, 2020
Impact of a 0.5% increase or decrease in employee turnover	-8.7%/6.6%	-10.5%/10.6%
Impact of a 0.5% increase or decrease in the salary increase rate	8.7%/-8.0%	10.5%/-9.4%
Impact of a 0.5% increase or decrease in the discount rate	-8.2%/9.2%	-9.6%/9.7%

5.4. Share-based payments

Accounting policies

Believe SA awarded certain employees and senior executives (i) founder's share subscription warrants (Bons de Souscription de Parts de Créateurs d'Entreprise – BSPCE), (ii) share subscription warrants (Bons de Souscription d'Actions – BSA) and performance shares (AP). These awards are settled in equity instruments.

In accordance with IFRS 2 – Share-based Payment, these plans are expensed over the vesting period of the associated rights, by reference to their fair value as determined at the date of the award (grant date). This expense is included in personnel expenses with a matching entry to equity.

Description of share-based payment arrangements

Founder's share subscription warrants (BSPCE) and share subscription warrants (BSA).

The terms and conditions for issuing BSAs and BSPCEs are as follows:

	Date of autho-rization	Issue/grant date	Per share exercise price	Number of options authorized	Number of options granted	Number of options not granted	Number of options canceled	Date of GM for cancel-lation	Expiry of exercise period
BSPCE 2011	05/31/2011	07/01/2011	€0.8884	1,560,020	668,600	-	891,420	12/18/2012	July 1, 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	10 years as from the grant date, i.e., 11/07/2024
BSA 2012	12/18/2012	11/07/2014	€1.224	334,290	266,540	-	67,750	11/25/2014	
BSPCE 2016-1	06/30/2016	06/30/2016	€5.4		260,000		-	-	10 years as from the grant date, i.e., 06/30/2026
BSPCE 2016-2	06/30/2016	06/30/2016	€5.4		155,000		-	-	
BSA 2016-1	06/30/2016	12/31/2016	€8.57	853,750	13,000	7,240	-	-	10 years as from the grant date, i.e., 12/31/2026
BSA 2016-2	06/30/2016	06/30/2016	€5.4		393,210		-	-	10 years as from the grant date, i.e., 06/30/2026
BSCPE 2017	06/30/2016	09/04/2017	€8.57		10,300		-	-	10 years as from the grant date, i.e., 09/04/2027
BSA 2017	06/30/2016	09/04/2017	€8.57		15,000		-	-	
BSPCE 2018-1	10/15/2018	10/19/2018	€9.18		845,000		-	-	10 years as from the grant date, i.e., 10/19/2028
BSA 2018-1	10/15/2018	10/19/2018	€9.18		480,000		-	-	
BSPCE 2019-1	10/15/2018	05/03/2019	€14.75	1,951,033	190,000	396,033	-	-	10 years as from the grant date, i.e., 05/03/2029
BSA 2019-1	10/15/2018	07/31/2019	€14.75		40,000				10 years as from the grant date, i.e., 07/31/2029

The change in these options over 2020 and 2021 is detailed below:

December 31, 2021

	Number of options granted	Number of options lapsed	Number of options exercised	Number of options outstanding	Total subscription amount paid for warrants exercised *(in €)*
BSPCE 2011	668,600	-	668,600	-	*€593,984*
BSA 2011	334,290	-	334,290	-	*€296,983*
BSPCE 2012	735,420	22,280	378,880	334,260	*€463,749*
BSA 2012	266,540	-	220,800	45,740	*€270,259*
BSPCE 2016-1	260,000	1,042	8,958	250,000	*€48,373*
BSPCE 2016-2	155,000	3,813	61,037	90,150	*€329,600*
BSA 2016-1	13,000	7,000	5,000	1,000	*€42,850*
BSA 2016-2	393,210	183,000	151,897	58,313	*€820,244*
BSCPE 2017	10,300	-	200	10,100	*€1,714*
BSA 2017	15,000	15,000	-	-	-
BSPCE 2018-1	845,000	74,688	55,312	715,000	*€507,764*
BSA 2018-1	480,000	105,625	54,375	320,000	*€499,163*
BSPCE 2019-1	190,000	70,000	-	120,000	-
BSA 2019-1	40,000	-	-	40,000	-

December 31, 2020

	Number of options granted	Number of options lapsed	Number of options exercised	Number of options outstanding	Total subscription amount paid for warrants exercised *(in €)*
BSPCE 2011	668,600	-	668,600	-	€593,984
BSA 2011	334,290	-	334,290	-	€296,983
BSPCE 2012	735,420	22,280	378,880	334,260	€463,749
BSA 2012	266,540	-	211,040	55,500	€258,313
BSPCE 2016-1	260,000	1,042	8,958	250,000	€48,373
BSPCE 2016-2	155,000	3,813	45,687	105,500	€246,710
BSA 2016-1	13,000	5,500	-	7,500	-
BSA 2016-2	393,210	154,000	121,210	118,000	€654,534
BSCPE 2017	10,300	-	-	10,300	-
BSA 2017	15,000	15,000	-	-	-
BSPCE 2018-1	845,000	44,063	15,937	785,000	€146,302
BSA 2018-1	480,000	90,417	54,375	335,208	€499,163
BSPCE 2019-1	190,000	-	-	190,000	-
BSA 2019-1	40,000	-	-	40,000	-

Performance Shares (AP)

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.

Fair value measurement of benefits

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
BSA 2019-1	31/07/2019	40,000	14.75	4	15.52	-0.25%	39.8%
BSPCE 2019-1	03/05/2019	190,000	14.75	4	15.52	0.19%	40.0%
BSPCE 2018-1	19/10/2018	845,000	9.18	4	9.18	0.63%	44.2%
BSA 2018-1	19/10/2018	480,000	9.18	4	9.18	0.63%	44.2%
BSPCE 2017	04/09/2017	10,300	8.57	4	8.57	0.51%	47.8%
BSA 2017	04/09/2017	15,000	8.57	3	8.57	0.51%	47.8%
BSA 2016-1	31/12/2016	13,000	8.57	4	8.57	0.42%	49.7%
BSPCE 2016-1	30/06/2016	260,000	5.40	4	5.40	0.05%	52.6%
BSPCE 2016-2	30/06/2016	155,000	5.40	3	5.40	0.05%	52.6%
BSA 2016-2	30/06/2016	393,210	5.40	3	5.40	0.05%	52.6%

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.

Plan	Grant date	Maximum number of free shares granted subject to performance conditions	Estimated achievement of performance conditions	Fair value per share *(in €)*
				At the grant date
AP 2021 - tranche 1 and tranche 3	09/15/2021	**461,503**	100%	18.25
				Assessed on the basis of the Monte Carlo model
AP 2021 - tranche 2	09/15/2021	**230,751**	N/A	13.58

Due to the Company's profile, the expected dividend rate is zero.

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, 2021		December 31, 2020	
(In € thousands)	Number of stock options	Weighted average exercise price	Number of stock options	Weighted average exercise price
In issue at January 1	**2,231,268**	**€7.6**	**2,607,810**	**€7.4**
Lapsed during the period	(146,333)	€11.1	(113,022)	€9.1
Exercised during the period	(100,372)	€6.6	(263,520)	€5.7
Granted during the period	-	-	-	-
IN ISSUE AT DECEMBER 31	**1,984,563**	**€7.3**	**2,231,268**	**€7.6**
Exercisable at December 31	1,710,591	€6.9	1,577,654	€6.4

Expenses recognized in the statement of income in respect of share-based payments

Expenses recognized in the statement of income in respect of the Group's share-based payment arrangements, excluding social charges, can be analyzed as follows:

(In € thousands)	2021	2020
AP 2021	1015	-
BSA 2019-1	101	60
BSPCE 2019-1	103	236
BSPCE 2018-1	887	380
BSA 2018-1	257	216
BSPCE 2017	1	4
BSA 2017	-	-
BSA 2016-1	-	1
BSPCE 2016-1	-	255
TOTAL SHARE-BASED PAYMENTS	**2,364**	**1,152**

5.5. Executive compensation

The Group's main executives correspond to (i) the Group's three executive corporate officers, two of whom serve from June 2020 to May 2021 and (ii) the directors 'fees of independent directors. The compensation figures presented below and recognized in the consolidated statement of income relate to compensation paid for their offices. The key executives have not been granted any post-employment benefits.

(In € thousands)	2021	2020
Compensation in respect of employment	724	584
Benefits in kind	-	7
Share-based payment	36	225
Compensation in respect of corporate officer positions	101	30
TOTAL EXECUTIVE COMPENSATION	**861**	**845**

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 test on non-current assets*). Impairment charged against goodwill cannot be reversed.

Changes in goodwill can be analyzed as follows:

(In € thousands)	**December 31, 2021**	December 31, 2020
Goodwill at January 1	**80,449**	**72,702**
Changes in the scope of consolidation(1)	21,114	11,407
Translation adjustments and others	(2,688)	(3,660)
GOODWILL AT DECEMBER 31	**98,875**	**80,449**

(1) Amounts shown on the "Changes in the scope of consolidation" line 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 can be analyzed as follows:

	December 31, 2021			December 31, 2020		
(In € thousands)	**Gross value**	**Depreciation and impairment**	**Carrying amount**	Gross value	Depreciation and impairment	Carrying amount
Catalogues	34,087	(19,433)	14,654	27,267	(13,791)	13,476
Concessions, patents and similar rights	1,936	(1,557)	379	609	(414)	195
Software(1)	69,212	(34,702)	34,510	39,365	(18,559)	20,806
Brands(2)	19,968	-	19,968	15,592	-	15,592
Relationships with artists and labels(3)	48,152	(17,187)	30,964	50,858	(12,178)	38,680
Other intangible assets	2,804	(1,438)	1,366	3,072	(1,636)	1,436
Intangible assets in progress(4)	16,276	-	16,276	20,780	-	20,780
TOTAL OTHER INTANGIBLE ASSETS	**192,435**	**(74,317)**	**118,118**	**157,543**	**(46,578)**	**110,965**

(1) The increase in software is mainly attributable to the commissioning of capitalized development costs.
(2) The increase in the brand is mainly attributable to the acquisition of the Think Music label.
(3) The decrease in relationships with artists and labels is mainly attributable to amortization during the period and adverse exchange rate effects.
(4) The remainder primarily relates to capitalized development costs associated with the Group's technology platform.

Changes in other intangible assets

Changes in other intangible assets can be analyzed as follows:

(In € thousands)	**December 31, 2021**	December 31, 2020
At January 1	**110,965**	**89,487**
Purchase price allocation(1)	7,528	11,269
Capitalized development costs(2)	23,087	27,266
Other acquisitions/increases	2,407	378
Changes in the scope of consolidation	477	1,579
Depreciation	(23,898)	(15,947)
Disposals/decreases	-	(134)
Translation adjustments and others	(2,447)	(2,933)
AT DECEMBER 31,	**118,118**	**110,965**

(1) Amounts shown on the "Purchase price allocation" line 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.

6.3. Property, plant and equipment

Reconciliation of carrying amounts

(In € thousands)	December 31, 2021	December 31, 2020
Property, plant and equipment owned outright	8,811	9,905
Property, plant and equipment – right-of-use assets	22,400	24,801
TOTAL PROPERTY, PLANT AND EQUIPMENT	**31,212**	**34,706**

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, as follows:

- fixtures: 1 to 10 years
- IT equipment: 3 years
- furniture: 1 to 10 years

Property, plant and equipment owned outright can be analyzed as follows:

	December 31, 2021			December 31, 2020		
(In € thousands)	Gross value	Depreciation and impairment	Carrying amount	Gross value	Depreciation and impairment	Carrying amount
Fixtures, fittings, general and technical installations	8,338	(2,562)	5,775	6,132	(1,275)	4,857
Office equipment	4,154	(2,122)	2,032	2,994	(678)	2,316
IT equipment	2,356	(1,653)	702	2,150	(1,260)	890
Other property, plant and equipment	700	(435)	264	717	(584)	134
Property, plant and equipment in progress	38	-	38	1,709	-	1,709
TOTAL PROPERTY, PLANT AND EQUIPMENT OWNED OUTRIGHT	**15,584**	**(6,773)**	**8,811**	**13,702**	**(3,796)**	**9,905**

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, 2021	December 31, 2020
At January 1	**9,905**	**8,562**
Acquisitions/additions(1)	1,162	3,805
Changes in the scope of consolidation	168	122
Depreciation	(2,372)	(2,388)
Disposals/decreases	-	(9)
Translation adjustments and other	(53)	(186)
AT DECEMBER 31	**8,811**	**9,905**

(1) In 2020, "Acquisitions/additions" relate primarily to fixtures and fittings for certain Group premises in France and the USA.

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.,* leases with a term of less than 12 months), in accordance with the recognition exemption set out in the standard.

The lease liability is initially measured at the present value of the lease payments outstanding at the lease commencement 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 statement of income 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 lease term. A depreciation expense is recognized in the statement of income under operating items, 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, 2021			December 31, 2020		
(In € thousands)	Gross value	Depreciation and impairment	Carrying amount	Gross value	Depreciation and impairment	Carrying amount
Buildings	29,833	(12,537)	17,296	27,617	(7,242)	20,375
Vehicles	330	(105)	224	608	(267)	341
IT equipment	6,900	(2,019)	4,881	4,380	(295)	4,085
PROPERTY, PLANT AND EQUIPMENT – RIGHT-OF-USE ASSETS	**37,062**	**(14,662)**	**22,400**	**32,605**	**(7,804)**	**24,801**

Table of changes in right-of-use assets

Right-of-use assets comprise leased premises (primarily relate to 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, 2021	December 31, 2020
At January 1	**24,801**	**23,309**
New leases	5,117	8,137
Termination and early termination of leases	(369)	-
Depreciation and impairment	(7,430)	(6,347)
Changes in the scope of consolidation	-	294
Translation adjustments and others	281	(592)
AT DECEMBER 31	**22,400**	**24,801**

Amounts recognized in the statement of income in respect of leases

The amounts recognized in the statement of income in respect of leases can be analyzed as follows:

(In € thousands)	2021	2020
Amortization of lease rights	(7,430)	(6,347)
Interest expense on lease liabilities	(544)	(580)
TOTAL RECOGNIZED IN THE STATEMENT OF INCOME	**(7,974)**	**(6,927)**

Amounts recognized in the statement of cash flows

Cash outflows attributable to leases represented €5,338 thousand at December 31, 2021 and €3,558 thousand at December 31, 2020.

6.4. Impairment tests on non-current assets

Accounting policies

IAS 36 – Impairment of Assets states that an asset must be impaired when its carrying amount exceeds its recoverable amount. The recoverable amount of an asset or a group of assets is defined as the higher of its fair value less the costs of disposal and its value in use.

Value in use is determined based on the present value of the forecast future cash flows (discounted cash flows method, or DCF), discounted at a rate that reflects the time value of money and any risks specific to the asset or CGU 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 cash-generating unit 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, 2021 and December 31, 2021.

Impairment testing approach and assumptions used

The Group tests goodwill for impairment each year, generally at the end of the reporting period. For the 2021 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 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, 2021	December 31, 2020
Premium Solutions group of CGUs	Discount rate	11.6%	12.5%
	Perpetuity growth rate	3.7%	3.8%
	Carrying amount of goodwill	81,473	64,387
	Carrying amount of brands	13,787	9,888
Automated Solutions CGU	Discount rate	9.1%	9%
	Perpetuity growth rate	2.8%	2.8%
	Carrying amount of goodwill	17,402	16,062
	Carrying amount of brands	6,180	5,705

Results of the impairment tests

Between January 1, 2020 and December 31, 2021, 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 (2020 and 2021), 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 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

At December 31, 2021 and 2020, provisions primarily relate to pension obligations as described in Note 5.3 – *Pensions and other employee benefit obligations*.

No significant provisions had been accrued for disputes at either December 31, 2021 or December 31, 2020.

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. Based on these allegations, Round Hill claims that the Group should pay the maximum amount of statutory damages under applicable U.S. law, i.e. US$150,000 per work, for a total of US$32,850,000. After these proceedings were brought by Round Hill, the Group began an analysis to identify the musical works that Round Hill claimed the Group had delivered to platforms to be downloaded. This analysis process is ongoing; however, several of the works in question are proving difficult to identify as having been distributed by the Group, which raises serious doubts as to the validity of Round Hill's claim in respect of them. More generally, in view of applicable case law, and even assuming that Round Hill's claim is partially founded for certain works, the Group considers that its substantial damage claim (corresponding to the maximum allowed by US law) is disproportionate relative to the damages that Round Hill could effectively obtain from in court. It should be recalled that in the US, producers and distributors of phonographic recordings (hence the Group) are responsible for identifying the owners of the mechanical reproduction rights to the works included in these recordings, and then for securing from those owners in return for payment a license to these works when the recordings are downloaded (not only via streaming). The Group uses the services of external service providers to identify the right holders able to provide these licenses, thereby exposing it to the risk that some such rights holders are not identified. As a result, it cannot fully control the proceedings which may be brought against it in such cases. As of the closing date of the financial statements, a mediation procedure is underway between the Group and Round Hill in order to reach an amicable settlement of this dispute. In light of this case law and in connection with the information provided by its counsel, the Company has estimated a provision recorded in the financial statements for the years ending December 31, 2021 and December 31, 2020.

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 party to the contractual provisions of the instrument within the meaning of 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 as they fall due within 12 months of the reporting date.

None of the Group's financial assets are currently classified 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 in the event 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 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, 2021	December 31, 2020
Investments in non-consolidated companies	683	680
Loans, deposits and other financial receivables – non-current portion[(1)]	3,215	5,508
TOTAL NON-CURRENT FINANCIAL ASSETS	**3,898**	**6,188**

(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 solely relate to the liquidity contract. The implementation of the liquidity contract is detailed in Significant events – *Liquidity contract.*

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 an orderly transaction between market participants at the measurement date.

Fair value is based on market data and on common valuation 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 valuation techniques for financial instruments.

The following categories are identified:

- 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 non-observable inputs.

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 had been 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, 2021						December 31, 2020
(In € thousands)	Fair value hierarchy	Carrying amount	Fair value	Fair value through net income	Fair value through other comprehen sive income	Assets and liabilities at amortized cost	Carrying amount
Investments in non-consolidated companies	-	683	683	683	-	-	680
Loans, deposits and other financial receivables – non-current portion	-	3,215	-	-	-	3,215	5,508
Trade receivables	-	136,627	-	-	-	136,627	110,366
Current financial assets	-	726	-	-	-	726	-
Cash and cash equivalents	level 1	262,705	262,705	262,705	-	-	152,333
TOTAL FINANCIAL ASSETS		**403,955**	**263,388**	**263,388**	**-**	**140,567**	**268,886**
Bank borrowings and debt – non-current portion	level 2	2,351	-	-	-	2,351	90,549
Other non-current liabilities	level 3	16,099	16,099	16,099	-	-	-
Bank borrowings and debt – current portion, including bank overdrafts	level 2	1,806	-	-	-	1,806	8,868
Derivative financial instruments with a negative fair value	level 2	217	217	217	-	-	202
Trade payables	-	388,729	-	-	-	388,729	311,017
TOTAL FINANCIAL LIABILITIES		**409,202**	**16,316**	**16,316**	**-**	**392,885**	**410,636**

There were no changes in fair value measurements in 2020-2021.

The fair value of non-current bank borrowings and debt is equivalent to their carrying amount at amortized cost, due to the variability of interest rates and unchanged lending conditions on the financial market.

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.

In addition, the Group is a creditor of digital service providers and social media platforms, which must pay for the content it makes available to them. The payment period for remuneration 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's cash investments and swap are respectively placed and arranged only with leading financial institutions. As a result, it does not consider that it has significant counterparty risk exposure on its cash resources or hedging instrument.

The Group regularly monitors receivables from digital service providers and social media.

Potential impacts on the Group

The Group is thus exposed to the risk of default by one or more digital service providers or social media, which may not pay the amounts due or may pay them outside the deadlines set out in the contract 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 assets, especially advances to certain artists and labels, cannot be sold or recouped quickly under satisfactory conditions if needed and, on the other hand, the risk of liabilities falling due early, especially commitments to producers, or the risk of not being able to access credit under satisfactory conditions.

The Group grants advances (unpaid) to selected artists and labels which are eventually recovered from the amounts paid by the Group. This exposes it to the risk of being unable to recoup those amounts if the volume of sales – resulting from the number of streams generated by these producers on digital service providers – happens to be insufficient. These advances are recognized as assets in the statement of financial position when they are paid, and may be written down if, as a result of the period-end impairment tests, there is uncertainty as to whether the Group will be able to recoup them in full. In this case, impairment is calculated based on an estimate of the amount the Group considers it will recoup through to the end of the contract, and is recognized in cost of sales, thereby impacting consolidated income. 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. The increase in the amount of unrecouped advances over the last three fiscal years is due to the growth in the Group's business, as well as its strategy of offering artists and labels more services, including financing solutions via the payment of advances. The Group intends to accelerate the roll-out of 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 over to artists and labels a percentage of the amounts paid by the digital service providers and social media 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 in the management of its cash flow are based in particular on a relative stability of working capital requirements, and on the assumption that the timing and frequency of requests for payments to artists and labels will remain relatively constant over time, based on what the Group has observed historically.

In a crisis, the Group may not be able to obtain or roll over the financing it needs to meet its investment commitments, or it may not be able to obtain satisfactory borrowing conditions for its financing or refinancing.

Risk control and mitigation measures

The advances to be granted to artists and labels are subject to a strict process of analysis and validation with the aim of ensuring the validity and consistency of the amount to be granted. In addition, the Group regularly monitors the recovery of advances granted to artists and labels.

Potential impacts on the Group

In addition, if the Group were unable to grant a volume of advances in line with demand from artists and labels (and although the Group has no contractual obligation to grant advances to them), this could affect the implementation of its strategy and limit its ability to attract new producers. The materialization of these risks could jeopardize the attractiveness of the Group and/or its profitability and could have a significant adverse effect on the its business, financial position, reputation, results and prospects.

Risks related to foreign exchange rates

The Group conducts a significant portion of its business on the international stage. Accordingly, due to its exposure to currencies other than the euro, its functional and presentation currency, the Group incurs foreign currency risk.

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.

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. Platforms charge their end-users for subscriptions in local currency and this amount is then converted into euros at the applicable exchange rate, revised regularly according to the market rate, in accordance with the applicable contractual provisions. Thus, any depreciation against the euro of the local currency in which subscriptions are charged by the platforms to their 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.

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 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)	AUD	CAD	CNY	GBP	INR	JPY	RUB	TRY	USD
Current assets	2,361	11,046	21,301	13,394	1,269,867	3,443,235	1,615,638	74,130	77,146
Current and non-current liabilities	(3,250)	(11,309)	(5,710)	(10,420)	(297,322)	(3,201,115)	(1,510,557)	(43,759)	(168,334)
Net position before hedging	(888)	(263)	15,591	2,975	972,546	242,120	105,081	30,370	(91,188)
Off-balance sheet position(1)	-	-	-	-	-	-	-	-	86,000
Net position after hedging at December 31, 2021	**(888)**	**(263)**	**15,591**	**2,975**	**972,546**	**242,120**	**105,081**	**30,370**	**(5,188)**
Rate at December 31, 2021	1.5615	1.4393	7.1947	0.8403	84.2292	130.3800	85.3004	15.2335	1.1326
Value *(in € thousands)*	(569)	(183)	2,167	3,540	11,546	1,857	1,232	1,994	(4,581)
5% increase									
Rate assuming 5% increase	1.4871	1.3708	6.8521	0.8003	80.2183	124.1714	81.2385	14.5081	1.0787
Value *(in € thousands)*	(597)	(192)	2,275	3,717	12,124	1,950	1,293	2,093	(4,810)
Impact of a 5% increase *(in € thousands)*	(28)	(9)	108	177	577	93	62	100	(229)
5% decrease									
Rate assuming 5% decrease	1.6437	1.5151	7.5734	0.8845	88.6623	137.2421	89.7899	16.0353	1.1922
Value *(in € thousands)*	(540)	(174)	2,059	3,363	10,969	1,764	1,170	1,894	(4,352)
Impact of a 5% decrease *(in € thousands)*	28	9	(108)	(177)	(577)	(93)	(62)	(100)	229

(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 subject to interest rate risk.

8.3. Gross financial debt

Definition of gross financial debt

Gross financial debt includes bank borrowings and debt net of deferred financing costs, lease liabilities, accrued interest, cash overdrafts and interest rate swaps.

The Group's gross financial debt can be analyzed as follows:

(In € thousands)	December 31, 2021	December 31, 2020
Bank borrowings and debt – non-current portion	3,231	91,103
Lease liabilities – non-current portion	23,402	24,800
Deferred financing costs	(880)	(554)
Interest rate swap[(1)]	-	202
TOTAL FINANCIAL DEBT - NON-CURRENT	**25,752**	**115,551**
Bank borrowings and debt – current portion	2,025	8,927
Lease liabilities – current portion	5,471	3,883
Currency swap[(2)]	217	-
Deferred financing costs	(255)	(261)
Accrued interest	72	200
Bank overdrafts	11	2
TOTAL FINANCIAL DEBT - CURRENT	**7,541**	**12,751**
TOTAL GROSS FINANCIAL DEBT	**33,293**	**128,302**

(1) 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.

(2) 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, interest rate swaps, cash liabilities and accrued interest are not included.

	December 31, 2021				December 31, 2020			
(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
Bank borrowings and debt	-	-	-	-	7,133	85,815	-	92,949
BPI loans	2,025	3,231	-	5,256	1,794	5,087	200	7,081
Lease liabilities	5,471	23,039	362	28,873	3,883	24,180	620	28,683
TOTAL	**7,496**	**26,270**	**362**	**34,129**	**12,810**	**115,083**	**820**	**128,713**

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, on May 6, 2021, the Group entered into a new Revolving Facility Agreement (the "New Revolving Credit Agreement") with a syndicate of international banks including BNP Paribas, Caisse d'Epargne et de Prévoyance d'Ile-de-France, HSBC Continental Europe and Société Générale (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 plans to provide a revolving credit facility in an amount of €170 million, each amount drawn being repayable at the end of the applicable interest period. Issuing fees of €1.3 million were recognized in the consolidated statement of financial position under the headings "Current borrowings and debt" and "Non-current borrowings and debt". As of December 31, 2021, this line of credit had not been drawn.

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 *pro forma* total net debt to 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 had to 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 Good-to-go, and payment of indemnities under a vendor warranty granted in connection with the Nuclear Blast and Good-to-go 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 credit facilities and loans granted to the Company are detailed below.

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 was repaid in full following the implementation of the New Revolving Credit Agreement.

Nuclear Blast Loan for €20.0 million and Good-to-go 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;
- (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.

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 27 December 2018 in order to fix the annual interest rate at 0.365%.

At December 31, 2021, the two loans were fully repaid following the implementation of the New Revolving Credit Agreement.

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 was granted a revolving credit facility in respect of the Credit Agreement for a maximum principal amount of €20.0 million to replace the 2017 revolving credit facility for the same amount. The new facility falls due on 9 December 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 €20.0 million of this facility and repaid its 2017 revolving facility.

On 20 December 2018, the Company repaid the full amount of its 2018 revolving facility.

As of December 31, 2020, the credit line had not been used.

As of December 31, 2021, the credit line no longer exists following the implementation of the New Revolving Credit Agreement.

Revolving credit facility for €70.0 million

On 9 December 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 9 December 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 business 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 the Revolving Credit Facility in full following the implementation of the New Revolving Credit Agreement.

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 financial covenants:

- the financing benefits from a guarantee under the French national guarantee fund *(fonds national de garantie)* for equity loans, representing 70% of the amount outstanding;
- the financing is associated with 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 lent 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 financial covenants:

- the financing benefits from a guarantee under the National Guarantee Fund for innovation loans, representing 30% of the amount outstanding;
- the financing benefits from an 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 lent 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 financial covenants:

- the financing benefits from a guarantee under the French national guarantee fund *(fonds national de garantie)* 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 lent 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 financial covenants:

- the financing benefits from a National Guarantee Fund guarantee for 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 lent 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, 2021, 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	2022	2023	2024	2025	2026	2027 and beyond	Total
Bank borrowings and debt	-	-	-	-	-	-	-	-
BPI loans	5,256	2,029	1,434	943	701	200	-	5,307
Lease liabilities	28,873	6,115	8,292	7,277	7,982	269	380	30,315
TOTAL	**34,129**	**8,144**	**9,726**	**8,220**	**8,683**	**469**	**380**	**35,622**

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, 2021	December 31, 2020
Fixed-rate bank borrowings and debt	5,256	7,081
Floating-rate bank borrowings and debt	-	92,947
• *Of which the floating interest rate is hedged*	-	*28,547*
• *Of which the floating interest rate is not hedged*	-	*64,400*
TOTAL BANK BORROWINGS AND DEBT	**5,256**	**100,028**

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, 2021	December 31, 2020
At January 1	**128,302**	**67,179**
Increase in borrowings	-	64,400
Decrease in borrowings	(94,772)	(7,795)
Repayment of lease liabilities	(5,338)	(3,558)
Interest paid	(2,348)	(956)
Net cash from (used in) financing activities (debt)	**(102,458)**	**52,091**
Cost of debt	2,318	1,951
Changes in bank overdrafts	9	(138)
Increase in lease liabilities	5,117	7,506
Terminations and early terminations of lease liabilities	(369)	-
Changes in the scope of consolidation	-	401
Translation adjustments and others	375	(689)
AT DECEMBER 31	**33,293**	**128,302**

8.4. Net debt

Definition of net debt

Consolidated net debt represents 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, 2021	December 31, 2020
Current borrowings and debt	25,752	115,551
Non-current borrowings and debt	7,541	12,751
Gross debt	**33,293**	**128,302**
Cash and cash equivalents	(262,705)	(152,333)
Net debt	**(229,412)**	**(24,031)**
• *In euros*	*(148,205)*	*50,959*
• *In US dollars*	*(40,317)*	*(44,528)*
• *In other currencies*	*(40,890)*	*(30,461)*

8.5. Lease liabilities

Lease liabilities by type

(In € thousands)	December 31, 2021	December 31, 2020
Leases of buildings	23,768	24,256
Leases of IT equipment	4,881	4,085
Leases of vehicles	224	342
TOTAL LEASE LIABILITIES	**28,873**	**28,683**
• *O/w which current portion*	*5,471*	*3,883*
• *O/w which non-current portion*	*23,402*	*24,800*

Changes in lease liabilities

Changes in the carrying amount of lease liabilities can be analyzed as follows:

(In € thousands)	December 31, 2021	December 31, 2020
At January 1	**28,683**	**24,398**
Lease payments	(5,338)	(3,558)
Interest expense on lease liabilities	548	580
New leases	5,117	7,506
Termination and early termination of leases	(369)	-
Changes in the scope of consolidation	-	401
Translation adjustments and others	231	(644)
AT DECEMBER 31	**28,873**	**28,683**

8.6. Financial income (expense)

Net financial income (expense) can be analyzed as follows:

(In € thousands)	2021	2020
Interest expense	(1,001)	(1,146)
Interest expense on lease liabilities	(544)	(580)
Amortization of bond issue costs and others[(1)]	(957)	(296)
Financial income from cash investments	184	71
Cost of debt	**(2,318)**	**(1,951)**
Other financial income (expense)[(2)]	(4,201)	4,855
TOTAL NET FINANCIAL INCOME (EXPENSE)	**(6,519)**	**2,904**

(1) The increase in amortization of debt issuance costs in 2021 mainly relates to the accelerated amortization of issuance costs following the full repayment of the Credit Agreement with the proceeds of its capital increase (see Note 8.4 – Gross financial debt).

(2) "Other financial income (expense)" mainly includes foreign exchange gains and losses.

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 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 on the "Income tax" line in the consolidated statement of income.

Breakdown of income tax recognized in net income

(In € thousands)	2021	2020
Current tax	(2,084)	(6,279)
Deferred tax	(413)	(636)
TOTAL TAX RECOGNIZED IN NET INCOME	**(2,497)**	**(6,915)**

Reconciliation between the effective tax rate and the applicable tax rate – Analysis of income tax benefit (expense)

(In € thousands)	2021	2020
Income (loss) before tax	**(26,139)**	**(19,371)**
Statutory income tax rate	28.41%	32.02%
Theoretical income tax benefit (expense)	**7,426**	**6,203**
Effect of differences in income tax rates	334	688
Permanent differences	559	(2,916)
Effect of changes in tax rates	(40)	(110)
Unrecognized deferred tax assets	(10,610)	(8,948)
Other taxes not levied on a specific tax base	(516)	(1,596)
Adjustment for prior periods	349	(236)
Other	-	-
TOTAL TAX RECOGNIZED IN NET INCOME	**(2,497)**	**(6,915)**
Effective tax rate	-9.55%	-35.70%

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 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.

Changes in deferred tax balances by category of temporary difference

(In € thousands)	January 1, 2021	Recognized in income	Recognized in reserves and retained earnings	Fair value through other compre-hensive income	Changes in the scope of conso-lidation	Translation adjustments	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
Trade receivables and other assets	22	(55)	-	-	-	20	(13)
Other	(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)**

(In € thousands)	January 1, 2020	Recognized in income	Recognized in reserves and retained earnings	Fair value through other comprehensive income	Changes in the scope of consolidation	Translation adjustments	December 31, 2020
Employee benefits	324	52	(7)	4	-	(1)	372
Lease liabilities[1]	6,017	2,226	(514)	-	-	(160)	7,569
Other working capital	1,103	(937)	(50)	-	-	(213)	(97)
Tax loss carryforwards	4,451	(878)	-	-	-	(165)	3,407
Offsetting of deferred tax assets/deferred tax liabilities	(4,958)	(1,941)	-	-	-	-	(6,899)
TOTAL DEFERRED TAX ASSETS	**6,937**	**(1,478)**	**(572)**	**4**	**-**	**(539)**	**4,353**
Intangible assets[2]	13,156	95	130	-	2,496	(896)	14,981
Property, plant and equipment[1]	5,598	1,789	(514)	-	-	(132)	6,742
Trade receivables and other assets	945	(764)	(58)	-	-	(100)	22
Other	135	(132)	(20)	-	-	1	(16)
Offsetting of deferred tax assets/deferred tax liabilities	(4,958)	(1,941)	-	-	-	-	(6,899)
TOTAL DEFERRED TAX LIABILITIES	**14,875**	**(952)**	**(461)**	**-**	**2,496**	**(1,127)**	**14,830**
TOTAL DEFERRED TAX LIABILITIES, NET	**(7,937)**	**(527)**	**(110)**	**4**	**(2,496)**	**588**	**(10,477)**

(1) Relating mainly to the IFRS 16 adjustment to the "Lease liabilities" line 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, 2021	December 31, 2020
Relating to temporary differences	2,637	1,578
Relating to tax loss carryforwards	16,495	8,057
TOTAL UNRECOGNIZED DEFERRED TAX ASSETS	**19,132**	**9,635**

At December 31, 2021, deferred tax assets relating mainly to tax losses carried forward by Believe SA, Believe Digital GmbH, Nuclear Blast America Inc., Believe Music America LLC, and Soulfood Music Distribution GmbH, were not recognized due to a lack of visibility as to the entities' future taxable profits. 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.

At December 31, 2020, deferred tax assets relating mainly to tax losses carried forward by Believe SA, Nuclear Blast America Inc. and Soulfood Music Distribution GmbH, were not recognized due to a lack of visibility as to the entities' future taxable profits. Believe SA recorded a €20.8 million tax loss in 2020. These tax losses may be carried forward indefinitely, with the exception of those relating to Indian entities for €1.1 million, which expire in 2025.

Tax loss carryforwards recognized

Tax loss carryforwards recognized can be analyzed as follows:

(In € thousands)	December 31, 2021	December 31, 2020
France	-	-
Germany	3,347	5,255
Canada	-	-
United States	5,070	2,510
Luxembourg	388	-
Other	23	259
TOTAL TAX LOSS CARRYFORWARDS RECOGNIZED	**8,828**	**8,023**

The estimated recovery date for deferred tax assets on tax loss carryforwards is 2024-2026.

9.3. Uncertain income tax treatments

Accounting policies

In accordance with IFRIC 23 – 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, 2021 or December 31, 2020.

NOTE 10 EQUITY AND EARNINGS PER SHARE

10.1. Changes in share capital

On May 25, 2021, the Company carried out a in 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 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, 2021, the share capital of Believe SA consisted of 96,054,202 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 2020	**399,709**	**168,293,630**	**79,941,802**
Exercise of BSAs/BSPCEs	2,635	1,505,508	527,040
AT DECEMBER 31, 2020	**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	**480,271**	**464,975,049**	**96,054,202**

At December 31, 2021, the number of shares includes 97,100 additional shares issued in November and December following the exercise of BSAs and PSPCEs, the capital increase of which will be recorded by the Board meeting of 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 2020 or 2021.

10.3. Non-controlling interests

Non-controlling interests can be analyzed as follows:

		December 31, 2021		December 31, 2020	
Company	Country	Equity attributable to non-controlling interests *(in € thousands)*	Percentage of non-controlling interests *(in %)*	Equity attributable to non-controlling interests *(in € thousands)*	Percentage of non-controlling interests *(in %)*
Jo and Co SAS	France	300	49%	-	-
TuneCore Japan KK	Japan	470	45%	261	45%
Dogan Müzik Yapim ve Ticaret A.S.	Turkey	1,733	40%	6,030	40%
Netd Müzik Video Dijital Platform ve Ticaret AŞ.	Turkey	429	40%	321	40%
Other – not material	-	8	-	(3)	-
TOTAL NON-CONTROLLING INTERESTS		**2,941**		**6,609**	

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

	2021	2020
Net income (loss) attributable to holders of ordinary shares *(in € thousands)*	**(30,045)**	**(26,845)**
Basic earnings (loss) per share *(in €)*	(0.34)	(0.33)
Diluted earnings (loss) per share *(in €)*	(0.34)	(0.33)

(1) In 2021 and 2020, 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, 2021	December 31, 2020
Weighted average number of ordinary shares in issue	**88,989,798**	**80,217,719**
Impact of dilutive instruments on the number of ordinary shares		
Potential number of dilutive shares relating to BSAs and BSPCEs	-	-
Weighted average number of ordinary shares in issue (diluted)	**88,989,798**	**80,217,719**

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 relating to operating activities separately from cash flows relating to investing activities and cash flows relating to financing activities.

Net cash from (used in) operating activities is 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 relating to 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 relating to financing activities correspond mainly to issues and repayments of loans. Cash flows relating to lease liabilities and the associated interest are shown on the "Repayments of lease liabilities" line.

Cash flows arising from transactions in a foreign currency are recorded in the Company's functional currency by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency at the date of the cash flow.

Cash flows arising from taxes on income are separately disclosed 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 at bank and in hand and short-term (*i.e.,* maturing in less than three months) highly liquid investments that are readily convertible into known amounts of cash and subject to an insignificant risk of changes in value.

This item also includes amounts that can be claimed by artists (see Note 4.8 – *Trade payables and contract liabilities*).

Cash and cash equivalents as presented in the statement of financial position and statement of cash flows can be analyzed as follows:

(In € thousands)	**December 31, 2021**	December 31, 2020
Cash at bank and in hand	262,705	152,333
Accrued interest	-	-
Cash and cash equivalents	**262,705**	**152,333**
Bank overdrafts	(11)	(2)
Cash and cash equivalents net of bank overdrafts as reported in the statement of cash flows	**262,694**	**152,331**

At December 31, 2021, cash and cash equivalents included restricted cash in an amount of €700 thousand. This corresponds to cash and cash equivalents held by subsidiaries based in countries where exchange controls or local legislation do not allow these amounts to be made available for use by the Group or another 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.

At December 31, 2020, "Share of net income (loss) from equity-accounted companies, including dividends received" included €1.9 million in dividends received from these companies.

The change in working capital requirement can be analyzed as follows:

(In € thousands)	2021	2020
Change in advances paid to artists and labels	(57,752)	(43,167)
Change in trade payables and contract liabilities	63,172	54,000
Other changes in working capital requirement	(20,954)	(13,138)
Changes in working capital requirement	**(15,534)**	**(2,305)**

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	2021	2020
Capitalized development costs	*6.2*	(23,087)	(27,266)
Acquisitions of intangible assets owned outright	*6.2*	(2,407)	(378)
Acquisitions of property, plant and equipment owned outright, including changes in related amounts due to non-current asset suppliers	*6.3*	(1,205)	(7,015)
TOTAL ACQUISITIONS OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS		**(26,699)**	**(34,658)**

Acquisitions of subsidiaries, net of cash acquired

In 2021, the outflow of €49.9 million related to acquisitions made, net of cash acquired and can be analyzed as follows:

(In € million)	Purchase price	Cash acquired	Acquisitions, net of cash acquired
Play 2	12.0	-	12.0
SPI Think Music	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**

In 2020, this caption represented a cash outflow of €19.4 million, primarily relating to the acquisition of DMC for €18.8 million net of cash acquired (€1.6 million).

Decrease (increase) in loans

In 2021, the cash inflow mainly relates 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 2021, the cash inflow mainly relates to the repayment of the term account in connection with the acquisition of Soulfood in 2017 for €1.5 million.

11.4. Net cash used in financing activities

Increase in borrowings

In 2021, the Group did not use the revolving credit facility (see Note 8.3 – *Gross financial debt).*

In 2020, the Group drew down €64.4 million of its €70 million revolving facility. These borrowings are described in further detail in Note 8.3 – *Gross debt*.

Decrease in borrowings

In 2021 the Group, at the time of its IPO, 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, 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.

In 2020, the repayments of borrowings mainly related to the credit agreement taken out in 2018 for €7.1 million and the BPI loans for €0.7 million.

Capital increase by shareholders

In 2021, the capital increase of €295.3 million can 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 shareholders through the exercise of BSAs and BSPCEs (see Note 10.1 – *Change in share capital*).

In 2020, the Group carried out a €1.5 million capital increase by issuing shares to its shareholders. Further details of these share issues are provided in Note 10.1 – *Change in share capital*.

11.5. Free cash flow

Accounting policies

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.), current accounts or loans granted to companies acquired and consolidated using the equity method.

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 flow relating to operations can be reconciled as follows with the consolidated statement of cash flows:

(In € thousands)	2021	2020
Net cash from (used in) operating activities	**(7,670)**	**(4,068)**
Acquisitions of property, plant and equipment, and intangible assets	(26,699)	(34,658)
Disposals of property, plant and equipment and intangible assets	-	-
Acquisition-related costs	621	189
Acquisition costs of a group of assets	1,000	642
Advances related to Distribution contracts intended specifically for the acquisition of assets (acquisition of companies, catalogs, etc.), current accounts or loans granted to companies acquired and consolidated using the equity method	2,000	-
FREE CASH FLOW	**(30,748)**	**(37,895)**

NOTE 12 OTHER DISCLOSURES

12.1. Fees paid to the Statutory Auditors

The table below shows fees paid to the Statutory Auditors:

	2021					2020				
(In € thousands)	KPMG SA	Network	Total KPMG	ACA NEXIA(1)	Total	KPMG SA	Network	Total KPMG	ACA NEXIA(1)	Total
Statutory audit and review of the parent company and consolidated financial statements	664	579	**1,223**	254	**1,477**	680	350	**1,030**	163	**1,193**
Non-audit services(2)	556	-	**576**	150	**726**	-	-	**-**	35	**35**
TOTAL	**1,220**	**579**	**1,799**	**404**	**2,203**	**680**	**350**	**1,030**	**198**	**1,228**

(1) In 2020, Fico Gestion resigned from its Statutory Audit engagement and was replaced by Aca Nexia.
(2) Services other than Statutory Audits mainly concern the regulatory work carried out in connection with the IPO of Believe SA.

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 (reporting entity).

A related party 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 were no transactions with owners within the meaning of IAS 24 on either December 31, 2021 or December 31, 2020.

Other related party transactions

Transactions between Believe and its associates or joint ventures are detailed in Note 2.4 – *Equity-accounted companies.*

Besides these transactions, no other transactions were carried out with the Group's related parties.

12.3. Off-balance sheet commitments

Off-balance sheet commitments linked to the scope of consolidation

Commitments received:

- pledge of Lili Louise Musique SAS shares granted to Believe in connection with the 2018 acquisition, expiring January 30, 2022;
- 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
Lili Louise Musique SAS	01/30/2022*	Tax guarantees
Ishtar Music Private Ltd	12/31/2022	Specific guarantees on the music catalog
6&7	12/31/2022*	General guarantees (including tax guarantees)
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 Think 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 (including tax guarantees) and specific guarantees (relating to contracts, goods and services, insurance, intellectual property rights)

* *Except where specific expiry dates are provided for.*

Off-balance sheet commitments linked to Company financing

Commitments relating to bank borrowings and debt are detailed in Note 8.3 – *Gross debt*.

Off-balance sheet commitments linked to the Company's operating activities

None.

12.4. Subsequent events

The Believe Group, through its Russian subsidiary, is exposed to the consequences of the Russia-Ukraine crisis, in particular via (i) economic and future sanctions enforced against Russia and (ii), the impacts of this crisis on the growth prospects of the Russian market and their possible repercussions on global growth. As is the case 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 Russia-Ukraine crisis is closely monitored internally, with Russian and Ukrainian markets representing approximately 9% of revenue in 2021. At this stage, and due to the degree of uncertainty regarding the potential developments of this crisis, the Group is not able to clearly identify potential impacts of the Russia-Ukraine crisis on its business, its profitability, or financial position.

6.2 Separate financial statements at December 31, 2021

6.2.1 Separate financial statements

Statement of financial position

	Fiscal year ended December 31, 2021			Fiscal year ended December 31, 2020
Assets *(In € thousands)*	**Gross**	**Amort. prov.**	**Net**	**Net**
NON-CURRENT ASSETS				
Concessions, patents, similar rights	2,252	782	1,470	199
Goodwill	1,440	1,152	288	576
Other intangible assets	73,213	38,450	34,763	24,987
Other property, plant and equipment	9,411	3,644	5,767	7,371
Intangible assets in progress	13,666		13,666	18,065
Other equity investments	74,562		74,562	31,073
Receivables related to equity investments	142,700		142,700	124,176
Other financial assets	3,622	47	3,575	3,001
Total (I)	**320,866**	**44,075**	**276,791**	**209,447**
CURRENT ASSETS				
Goods	738	41	697	932
Advances and down payments on orders	15,080	2,896	12,184	15,036
Discounts and rebates from suppliers				
Trade receivables	75,271	1,016	74,255	201,869
Other receivables				
• prepayments to suppliers	4,983		4,983	110
• Personnel	86		86	74
• Social security	174		174	156
• State, income tax	1,460		1,460	2,730
• State, tax other than income tax	9,478		9,478	6,243
• Other	122,205		122,205	114,548
Cash at bank and on hand	181,717		181,717	92,982
Prepaid expenses	5,032		5,032	2,545
Total (II)	**416,224**	**3,953**	**412,271**	**437,224**
Expenses to be spread over several years (III)	1,136		1,136	339
Translation adjustments, assets (V)	9,005		9,005	8,679
TOTAL ASSETS I TO V	**747,231**	**48,028**	**699,203**	**655,689**

Liabilities *(In € thousands)*	**Fiscal year ended December 31, 2021**	**Fiscal year ended, December 31, 2020**
EQUITY		
Share or individual capital	480	402
Share, merger and contribution premiums	462,323	168,973
Legal reserve	64	64
Retained earnings	(16,472)	1,290
Net income (loss) for the period	(18,928)	(17,763)
Regulated provisions	597	588
Total (I)	**428,064**	**153,555**
PROCEEDS FROM EQUITY-SECURITIES ISSUES		
Provisions for risks and contingencies	10,001	10,203
Total (III)	**10,001**	**10,203**
BORROWINGS AND DEBT		
Bank borrowings and debt	5,281	100,110
Borrowings and other financial debt	135,969	114,171
Advances and down payments received on orders in progress	1,000	580
Trade payables	93,539	248,008
Tax and social security liabilities:		
• personnel	6,279	4,358
• social security	5,125	4,201
• State, tax other than income tax	2,198	1,952
• other taxes and duties	1,249	785
Trade payables on non-current assets	578	745
Other payables	2,301	5,426
Prepaid expenses	293	72
Total (IV)	**253,812**	**480,408**
Translation adjustments, liabilities (V)	7,326	11,522
TOTAL LIABILITIES I TO V	**699,203**	**655,689**

Income statement

(In € thousands)	Fiscal year ended December 31, 2021	Fiscal year ended, December 31, 2020
Sales of goods	7,769	6,340
Sold production (services)	146,608	190,132
Revenue	**154,377**	**196,472**
Capitalized production	20,268	23,545
Operating grants received	845	227
Reversals on impairment and provisions, transfers of expenses	3,085	4,757
Ancillary revenue	60,091	42,744
Other income	4,156	5,046
Total operating income	**242,822**	**272,791**
Other purchases and external expenses	50,470	57,727
Change in inventories	245	(675)
Taxes, duties and similar expenses	1,929	2,591
Payroll expenses	37,481	26,428
Social charges	16,642	11,491
Depreciation of non-current assets	17,138	9,778
Provisions for risks and contingencies	317	
Depreciation, amortization and other capitalized expenses	481	2
Provisions on current assets	3,425	3,062
Other expenses:	142,400	187,058
● *Payments to producers*	*141,779*	*186,304*
● *Other operating expenses*	*621*	*754*
Total operating expenses	**270,528**	**297,462**
OPERATING INCOME (LOSS)	**(27,706)**	**(24,671)**
Financial income from equity investments	45	9,768
Other interest and similar income	8,207	7,046
Reversals on provisions and transfers of expenses	8,679	796
Positive exchange rate differences	3,747	418
Total financial income	**20,678**	**18,028**
Depreciation, amortization and provisions	9,052	8,679
Interest and similar expenses	822	1,832
Negative exchange rate differences	179	1,424
Total financial expenses	**10,053**	**11,935**
NET FINANCIAL EXPENSE	**10,625**	**6,093**
Non-current income on operating transactions	732	1,967
Non-current income on equity transactions		3,885
Reversals on provisions and transfers of expenses	716	406
Total non-current income	**1,448**	**6,258**
Non-current expenses on operating transactions	5,219	3,644
Non-current income on equity transactions		621
Non-current depreciation, amortization and provisions	309	1,481
Total non-current expenses	5,528	**5,746**
NON-CURRENT INCOME (LOSS)	**(4,080)**	**512**
Income tax	(2,233)	(304)
NET INCOME (LOSS)	**(18,928)**	**(17,763)**

6.2.2 Appendix

6.2.2.1 Presentation of the Company

Believe (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 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, 2021 has a period of 12 months. The previous fiscal year ended December 31, 2020 had a duration of 12 months.

Before appropriation of income, the statement of financial position totaled €699,203 thousand.

A net financial loss was recorded in the amount of €18,928 million.

The information provided below is an integral part of the annual financial statements which were approved by the Board of Directors on 03/17/2022.

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 result from the provisions of ANC Regulation 2014-03 of June 5, 2014, as revised to include any additional regulations as of the date of said annual financial statements.

The financial statements were 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, 2021.

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 generally accepted accounting 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: one 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 or registration costs. It results from the transfer of all assets and liabilities of Musicast on January 1, 2018.

Goodwill is amortized over a five-year period.

An impairment test is performed by comparing the carrying amount of goodwill with its market value or value in use. The market value is determined according to criteria such as economic profitability and practices in the profession. An impairment loss is recognized where applicable.

(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 impairment 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 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[(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 over the past quarter, or the launch of a catalogue 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.

(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), an additional writedown 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 acquisition cost, excluding incidental expenses. Impairment is recognized where the 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 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 sales of physical media.

Digital sales

Digital sales constitute sales of intellectual property licenses relating to the catalog of musical works of 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.

Other

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, more non-controlling 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 competent 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 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 producers:

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 at December 31, 2021.

6.2.2.4 Significant events

Conversion into a joint-stock company

Further to a decision by the Ordinary and Extraordinary Shareholders' Meeting of May 25, 2021, Believe SAS, a French simplified joint-stock company (société par actions simplifiée), was converted into a joint-stock company (société anonyme – SA) with a board of directors.

Two-for-one share split

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 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.

The Company also issued share subscription warrants (BSA) and founder's share subscription warrants (BSPCE), which were allocated to certain senior managers and executives of the Group. The two-for-one share split (i) doubled the number of new shares to be issued by the Company on exercise of BSAs and BSPCEs, and (ii) had no effect on the exercise price of each BSA and BSPCE.

IPO and capital increase

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.

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, on May 6, 2021, the Group entered into a new Revolving Facility Agreement (the "New Revolving Credit Agreement") with a syndicate of international banks including BNP Paribas, Caisse d'Epargne et de Prévoyance d'Ile-de-France, HSBC Continental Europe and Société Générale (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 a revolving credit facility 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 were recognized and the amount remaining to be amortized at the end of 2020 of the previous credit line was fully amortized in the amount of €339 thousand. As of December 31, 2021, 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.

Acquisitions in 2021

On November 4, 2021 the Group acquired 25% of Play 2 SAS ("Play 2"), the leading independent French music label, a subsidiary of the TF1 group, for an amount of €12.0 million.

On December 21, 2021, the Group acquired 51% majority stake in the share capital Jo and Co SAS ("Jo & Co"), a major independent label specializing in pop and commercial music in France, for an amount of €4,463 thousand. There is a call-put option on the remaining 49%.

Business related to subsidiaries

Believe SA decided to strengthen its equity in Believe International, its Luxembourg subsidiary, in order to help it retrieve a sound net financial position.

Accordingly, a capital increase for €17.3 million was recognized.

Believe SA decided to strengthen its equity in Believe Digital Gmbh, its German subsidiary, in order to help it retrieve a sound net financial position.

Accordingly, a capital increase for €10 million was recognized for Believe Digital GmbH through the incorporation of receivables.

Soundsgoood, French simplified joint-stock company (société par actions simplifiée), registered with the Paris Trade and Companies Register under number 803 885 474, whose core business is the design and operation of websites and social media platforms, and which was acquired in 2020, was subject to the transfer of all its assets and liabilities to Believe SA on December 31, 2021 with no retroactive effect. The merger loss was allocated to other intangible assets. It will be amortized over three years.

Other information:

The Company recognized income of €1.9 million in connection with tax loss carrybacks. The receivable resulting from this carryback was recognized in respect of this fiscal year, in the amount of €1.5 million and is due in less than one year.

The Company 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 renewable. €2 million have been allocated to the liquidity account.

Covid-19

The World Health Organization (WHO) classified Covid-19 as a pandemic on March 11, 2020, triggering an unprecedented global health crisis.

It had a significant impact of certain segments of the recorded music market, particularly in 2020. The main impact on the Group's results in 2020 of the crisis was that the Group's revenue growth slowed down, although each revenue source was affected differently.

- the impact on revenue from digital sales (89% of the Group's consolidated revenue in 2020) was limited. The negative impact essentially results from revenue arising on free streaming financed by advertising on video distribution platforms and social media, which saw a fall in advertiser spending.
- the crisis had a bigger impact on the Group's other income, notably physical sales (essentially in Germany and France) and live music (essentially in France and India).

The impact in 2021 was much more limited than in 2020, which has an effect on the comparability of fiscal years.

6.2.2.5 Information on the statement of financial position

NON-CURRENT ASSETS

Movements during the period are described in the tables below.

Fixed assets *(In € thousands)*	At January 1	Increase	Decrease	At December 31
Intangible assets	50,331	26,575	-	76,905
Property, plant and equipment	9,291	120	-	9,411
Property, plant and equipment in progress	18,065	21,484	25,883	13,666
Other equity investments	31,072	43,978	488	74,562
Financial assets	127,177	50,711	31,566	146,322
TOTAL	**235,936**	**142,867**	**57,937**	**320,866**

Capitalized production

The Company recognizes as capitalized production mainly research and development costs.

These are the costs for developing and improving Believe's own technologies and projects to improve the organization, which amounted to €19,922 thousand during the fiscal year, compared with €22,884 thousand in 2020.

The other items recorded in capitalized production are related to the Company's label activity.

The amount totaled €346 thousand this year, compared to €661 thousand in 2020.

Depreciation and provisions *(In € thousands)*	At January 1	Increase	Decrease	At December 31
Intangible assets	24,569	15,815	-	40,384
Property, plant and equipment	1,921	1,723	-	3,644
Investments in associates	-	-	-	-
Other financial assets	-	47	-	47
TOTAL	**26,490**	**17,585**		**44,075**

BREAKDOWN OF NON-CURRENT ASSETS AND DEPRECIATION AT THE END OF THE PERIOD EXCLUDING FINANCIAL ASSETS

Type of assets *(In € thousands)*	Gross value	Amort.	Carrying amount
Software	2,265	795	1,470
Catalogues	11,733	6,270	5,463
Application design	55,982	26,980	29,002
Clips, Masters	5,485	5,187	298
Goodwill	1,440	1,152	288
Miscellaneous fixtures and fittings	5,756	1,938	3,818
Office equipment	-	-	-
IT equipment	738	479	259
Other IT equipment	109	72	37
Furniture	2,808	1,155	1,653
Intangible assets in progress	13,666	-	13,666
TOTAL	**99,982**	**44,028**	**55,954**

TABLE OF SUBSIDIARIES AND EQUITY ASSOCIATES

Names *(In € thousands)*	Country	Capital	% holding	Revenue	Net income	Loans and advances	Other Capital	Net value of shares
Believe Digital GmbH	Germany	26	100%	984	(3,351)	71,913	4,931	11,636
Believe Srl	Italy	10	100%	1,095	(2,021)	4,249	940	10
Believe International S.a.r.l.	Luxembourg	17,312	100%	365,245	(985)	113,511	3,865	17,312
Believe OOO	Russia	12	100%	(24)	(1,065)	12,181	2,605	20
Believe Digital Holding Inc.	United States	14,080	100%	0	4,011	8,825	4,759	14,555
Lili Louise	France	1,000	49%	52	(11)	0	1,783	12,300
6&7 SAS	France	81	49%	3,236	432	659	(773)	1,551
Play2 SAS	France	42	25%	8,342	737	0	1,069	12,179
Jo & Co SAS	France	10	51%	4,182	171	0	431	4,499

Extraordinary depreciation is recognized in the Company's financial statements for an amount of €597 thousand. The provision for these depreciations amounted to €24 thousand and the reversal amounted to €16 thousand.

ANALYSIS OF RECEIVABLES

(In € thousands)	Gross amount	One year	More than one year
Receivables related to equity associates	142,700	2,530	140,170
Other current assets	138,385	138,385	
Prepaid expenses	5,032	3,730	1,302
Trade receivables outside the Group	19,650	19,650	
Intragroup trade receivables	55,620	55,620	
GROSS TOTAL	**361,387**	**219,915**	**141,472**

The receivable resulting from the carryback of deficits recognized in respect of this fiscal year amounted to €1.5 million and is due in less than one year.

ACCRUED INCOME

(In € thousands)	Amount
Customer invoices to be issued	47,592
Accrued income	95
TOTAL	**47,687**

PREPAID EXPENSES

(In € thousands)	Amount
Insurance	378
Rent	210
Maintenance	38
Fees	1,750
Live	582
Label	449
Licenses	1,314
Miscellaneous	312
TOTAL	**5,032**

EQUITY

(In € thousands)	At January 1	Increase	Decrease	At December31
Capital	402	78		480
Share premium	168,973	293,350		462,323
Legal reserve	64			64
Retained earnings	1,291		17,763	(16,472)
Net income (loss) for the period	(17,763)	(18,928)	(17,763)	(18,928)
Regulated provisions	588	24	16	597
EQUITY AT YEAR-END	**153,555**	**274,524**	**16**	**428,064**

SHARE CAPITAL

Share movements	Number	Par value €	Share capital €
Shares at beginning of year	40,234,421	0.01	402,344
Shares at beginning of year (taking into account the two-for-one share split)*	80,468,842	0.005	402,344
Capital increase of June 11, 2021	15,384,616	0.005	76,923
Exercise of BSAs/BSPCEs of November 3, 2021	103,644	0.005	518
SHARES AT YEAR-END	**95,957,102**	**0.005**	**479,786****

* *A two-for-one share-split was decided at the General Meeting of Shareholders of the Company of May 25, 2021, in order to reduce it from €0.01 to €0.005 per share, the total number of shares comprising the Company's share capital having been multiplied by two.*

** *97,100 additional shares were issued in November and December 2021 following the exercise of BSAs/BSPCEs for which the capital increase, with a nominal amount of €485.50, will be recognized by the Board of May 3, 2022. These are not included in this table.*

An automatic conversion of the preference shares into ordinary shares was also recognized by the Board of Directors on June 11, 2021 by applying a conversion ratio of one new ordinary share for each preference share converted.

Accordingly, at December 31, 2021, the Company's share capital amounted to €479,785.51, i.e. an increase of €77,441.30, resulting from the completion of the following capital increases:

- on June 11, 2021, for a nominal amount of €76,923.08 (as part of the Company's IPO) through the issuance of 15,384,616 new shares;
- on November 3, 2021, for a nominal amount of €518.22 (following the exercise of BSPCEs/BSAs and the issuance of 103,644 shares).

It is divided into 95,957,102 ordinary shares with a par value of €0.005 each

Characteristics of the share subscription warrants

The terms and conditions of these issues are indicated below:

	Date of autho-rization	Issue/ grant date	Per-share exercise price	Number of options authorized	Number of options granted	Number of options not granted	Number of options canceled	Date of GM for cancel-lation	Expiry of exercise period
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	€1.2240	891,420	735,420	-	156,000	11/25/2014	10 years as from the grant date, i.e., 11/07/2024
BSA 2012	12/18/2012	11/07/2014	€1.2240	334,290	266,540	-	67,750	11/25/2014	
BSPCE 2016-1	06/30/2016	06/30/2016	€5.4000	853,750	260,000	7,240	-	-	10 years as from the grant date, i.e., 06/30/2026
BSPCE 2016-2	06/30/2016	06/30/2016	€5.4000		155,000		-	-	
BSA 2016-1	06/30/2016	12/31/2016	€8.5700		13,000		-	-	10 years as from the grant date, i.e., 12/31/2026
BSA 2016-2	06/30/2016	06/30/2016	€5.4000		393,210		-	-	10 years as from the grant date, i.e., 06/30/2026
BSCPE 2017	06/30/2016	09/04/2017	€8.5700		10,300		-	-	10 years as from the grant date, i.e., 09/04/2027
BSA 2017	06/30/2016	09/04/2017	€8.5700		15,000		-	-	
BSPCE 2018-1	10/15/2018	10/19/2018	€9.1800	1,951,033	845,000	396,033	-	-	10 years as from the grant date, i.e., 10/19/2028
BSA 2018-1	10/15/2018	10/19/2018	€9.1800		480,000		-	-	
BSPCE 2019-1	10/15/2018	05/03/2019	€14.7500		190,000		-	-	10 years as from the grant date, i.e., 05/03/2029
BSA 2019-1	10/15/2018	07/31/2019	€14.7500		40,000		-	-	10 years as from the grant date, i.e., 07/31/2029

Treasury shares purchased

As part of the implementation of the liquidity and market screening contract on its ordinary shares, the Company held 75,876 treasury shares at December 31, 2021.

PROVISIONS FOR RISKS AND CONTINGENCIES

(In € thousands)	At January 1	Addition	reversal used	unused reversal	At December 31
Provisions for risks	1,511	128	77	768	794
Other prov. for risks and contingencies	13	189	-	-	202
Provisions for foreign exchange risks	8,679	9,005	-	8,679	9,005
TOTAL	**10,203**	**9,322**	**77**	**9,447**	**10,001**

Provisions for foreign exchange risks amounted to €9,005 thousand at the end of 2021 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	100,110	25	94,853	5,281
Bank overdrafts	-	-	-	-
Bank borrowings and debt	**100,110**	**25**	**94,853**	**5,281**
Subsidiary current accounts	114,171	48,939	27,141	135,969
Borrowings and other financial debt	**114,171**	**48,939**	**27,141**	**135,969**
TOTAL	**214,281**	**48,964**	**121,994**	**141,251**

ANALYSIS OF PAYABLES

(In € thousands)	Total amount	0 to 1 year	1 year to 5 years	More than five years
Borrowings and financial debt	5,281	2,050	3,231	-
Bank overdrafts and facilities	-	-	-	
Other financial liabilities	135,969	135,969	-	
Trade receivables, CNI, CNR	1,000	1,000	-	
Trade payables	94,117	91,881	2,236	
Tax and social security liabilities	14,851	14,851	-	
Other payables	2,301	2,301	-	
Prepaid expenses	293	293	-	
TOTAL	**253,812**	**248,345**	**5,467**	

ACCRUED EXPENSES

(In € thousands)	Amount
Bank borrowings and debt	25
Trade payables	61,228
Tax and social security liabilities	9,877
TOTAL	**71,130**

6.2.2.6 Information on the income statement

BREAKDOWN OF OPERATING INCOME

(in € thousands)	Amount excl. VAT	%
Sales of goods	7,769	3.2%
Provision of services	146,608	60.4%
Ancillary revenue	88,445	36.4%
TOTAL	**242,822**	**100.0%**

Sales of goods correspond to the physical distribution activity and Merchandising and 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 for service providers accruing to the Company according to the billing methods provided for in the contracts between the Company and its subsidiaries and capitalized production.

REVENUE BREAKDOWN BY GEOGRAPHIES

(in € thousands)	France	Exports	Total
Sales of goods	7,248	521	7,769
Services	686	145,922	146,608
NET REVENUE	**7,934**	**146,443**	**154,377**

TAX BREAKDOWN

Detailed tax expense *(in € thousands)*	2021	2020
Income tax	114	-
Phonographic tax credit	(400	(304)
Live performance Tax Credit (Crédit d'impôt Spectacle Vivant)	(61)	
Tax loss carryforwards	(1,886)	
TOTAL	**(2,233)**	**(304)**

INCREASE AND REDUCTION OF THE FUTURE TAX LIABILITY

(in € thousands)	Amount	Tax
Increases		
Regulated provisions	597	149
Translation adjustments, Assets	9,006	2,251
Reductions		
Non-deductible provisions year of recognition	222	55
Provision for foreign exchange losses	152	38
Social construction tax	9,006	2,251
Translation adjustments, liabilities	7,326	1,831
TOTAL	**7,103**	**1,775**

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 before tax	Tax due	Income after tax
Current income	(17,081)	347	(16,734)
Non-current income (loss)	(4,080)	-	(4,080)
Tax loss carryforwards		1,886	1,886
TOTAL	**(21,161)**	**2,233**	**(18,928)**

EXCEPTIONAL EXPENSES AND INCOME

Exceptional income mainly comprises:

- non-recurring income on capital and management transactions, in the amount of €732,328 as well as reversals of provisions and expense transfers of €715,788;
- non-current expenses on capital and management transactions, in the amount of €5,218,859 as well as non-current depreciation, amortization and provisions of €308,772. These are mainly non-current expenses related to the IPO.

6.2.2.7 Average headcount

Employee categories	Employees
Executives	426
Employees	90
TOTAL	**516**

6.2.2.8 Executive compensation

The Group's main executives correspond to (i) the Group's three executive corporate officers, two of whom serve from June 2020 to May 2021 and (ii) the directors 'fees of independent directors. The amounts presented below in respect of their compensation and recorded in the 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)	2021	2020
Compensation in respect of employment	724	584
Benefits in kind	0	7
Compensation in respect of corporate officer positions	101	30
TOTAL EXECUTIVE COMPENSATION	**825**	**621**

6.2.2.9 Off-balance sheet commitments

Finance lease liabilities

At December 31, 2021, liabilities associated with finance leases relate to investments in IT equipment by Believe SA. The commitment was €1,899,080 at December 31, 2021

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 the Group with 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 under this lease was €9,224,453 at December 31, 2021.

Other commitments

Pledge of Lili Louise Musique SAS shares granted to Believe in connection with the 2018 acquisition, expiring January 30, 2022.

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 the acquisitions of Lili Louise Musique, 6&7, Play 2 and Jo&Co.

Post-employment benefit obligations

Post-employment benefit obligations were estimated at December 31, 2021 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 that of the Creation and Event collective bargaining agreement; the amount of the retirement benefit is as follows:

- for employees with between five and eight years of service: one month's salary;
- for employees with between nine and 13 years of service: two months' salary;
- for employees with between 14 and 18 years of service: three months' salary;
- for employees with between 19 and 23 years of service: four months' salary;
- for employees with between 24 and 28 years of service: five months' salary;
- for employees with between 29 and 34 years of service: six months' salary;
- for employees with more than 35 years of service: seven months' salary.

The calculation is estimated based on the compensation paid in 2021 and takes into account a turnover rate by age group of between 0% and 17.2%, a discount rate of 0.87%, a salary increase rates by age group between 2.0% and 8.0%, and a social security contribution rate of 45%.

Off-balance sheet commitments amounted to €288,344 at December 31, 2021 and €193,861 at December 31, 2020.

The change in the 2021 fiscal year can be analyzed as follows:

- standard cost of €8,285;
- interest on debt of €708;
- actuarial losses of €85,490.

6.2.2.10 Subsequent events

The Believe Group, through its Russian subsidiary, is exposed to the consequences of the Russia-Ukraine crisis, in particular via (i) economic and future sanctions enforced against Russia and (ii), the impacts of this crisis on the growth prospects of the Russian market and their possible repercussions on global growth. As is the case 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 Russia-Ukraine crisis is closely monitored internally, with Russian and Ukrainian markets representing approximately 9% of revenue in 2021.

In addition, the exposure of Believe SA to its Russian subsidiary on the statement of financial position, as presented in Note "6.2.2.5 - "Information on the statement of financial position", is offset within the group by mirror positions vis-à-vis the Russian subsidiary.

At this stage, and due to the degree of uncertainty regarding the potential developments of this crisis, the Group is not able to clearly identify the potential impacts of the Russia-Ukraine crisis on its business, its profitability, or financial position.

6.2.3 Other items relating to the 2021 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 €154,377 thousand for the year ended December 31, 2021 compared with €196,472 thousand in the previous fiscal year, *i.e.* a decrease of 21%.

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 €242,822 thousand compared to €272,791 thousand in the previous fiscal year. Total operating expenses amounted to €270,528 thousand, down by 9% compared to the fiscal year ended December 31, 2020.

Total payroll amounted to €54,123 thousand compared to €37,919 thousand for the fiscal year ended December 31, 2020, *i.e.* an increase of 43%.

Recruitment is focused on the following resources: metadata and operations management, developers and finance.

Operating income was down on the previous fiscal year and came to €(27,706) thousand for the year ended December 31, 2021 compared to €(24,671) thousand in the previous fiscal year, *i.e.* a decrease of 12.3%.

Net financial income was positive at €10,625 thousand compared to income of €6,093 thousand in 2020, due in particular to the reversal of provisions for foreign exchange losses and foreign exchange gains.

Operating income before tax was down compared to the previous fiscal year and stood at €(17,081) thousand for the fiscal year, compared with €(18,578) thousand in the previous fiscal year.

Non recurring income came out at €(4,080) thousand compared to €512 thousand at December 31, 2020, mainly comprised of expenses associated with the IPO.

Income tax amounted to €(2,233) thousand compared to €(304) thousand at December 31, 2020. This amount mainly corresponds to the phonographic tax credit and the loss carryback.

Business for the fiscal year resulted in a net book loss of €(18,928) thousand compared to a net book loss of €(17,763) thousand recognized in the previous fiscal year.

In accordance with the provisions of Article R. 225-102 of the French Commercial Code, the table shows the Company's results for the last five fiscal years:

(In € thousands)	December 2017	December 2018	December 2019	December 2020	December 2021
I. Financial position at year-end					
a) Share capital	304	304	400	402	480
b) Number of shares issued	30,380,560	30,436,060	39,970,901	40,234,421	95,957,102
c) Number of bonds convertible into shares					
II. Comprehensive operating income					
a) Revenue excluding tax	143,993	201,814	254,671	196,472	154,377
b) Earnings before tax, depreciation, amortization and provisions	5,832	3,972	9,842	(1,004)	(2,758)
c) Income tax	87	397	2.650	(304)	(2.233)
d) Earnings after tax, depreciation, amortization and provisions	(466)	(573)	976	(17,763)	(18,928)
e) Amount of earnings distributed					
III. Operating income per share:					
a) Earnings after tax, but before depreciation, amortization and provisions in €	0.19	0.12	0.18	(0.02)	(0.01)
b) Earnings after tax, depreciation, amortization and provisions in €	(0.02)	(0.02)	0.02	(0.44)	(0.20)
c) Dividend allocated to each share in €					
IV. Staff					
a) Number of employees	172	211	261	391	516
b) Total payroll	8,536	10,557	15,100	24,070	34,462
c) Amount paid in respect of social benefits (social security, employee social and cultural budget, etc.)	3,543	4,632	6,702	10,355	15,206

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, in the period from January 1, 2021 to December 31, 2021, revenue was €983 thousand and a net book loss of €(3,351) thousand.

Believe International SARL (Luxembourg)

In 2019 and 2020, this company benefited from the transfer of producer contracts from Believe SAS, Believe Direct Limited, Believe GmbH, Believe Digital Srl and Believe OOO.

These transfers took place in December 2018 with the exception of Believe OOO whose producer contracts were transferred in April 2019.

Revenue was €365,245 thousand with a net book loss of €(985) thousand.

Believe Digital Srl (Italy)

For this wholly-owned Company subsidiary, in the period from January 1, 2021 to December 31, 2021, Believe Digital Srl posted revenue of €1,095 thousand and recorded a net book loss of €(2,021) thousand.

Believe Digital OOO (Russia)

For this wholly-owned Company subsidiary, in the period from January 1, 2021 to December 31, 2021, Believe Digital OOO posted revenue of €(24) thousand and recorded a net book loss of €(1,065) thousand.

Believe Digital Holdings Inc (United States)

This wholly-owned subsidiary did not recognize any revenues and net income was a profit of €4,011 thousand, resulting from the dividend paid by Tunecore Inc.

Existing branches

As of December 31, 2021, the Company has 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

Conversion into a joint-stock company

Further to a decision by the Ordinary and Extraordinary Shareholders' Meeting of May 25, 2021, Believe SAS, a French simplified joint-stock company (société par actions simplifiée), was converted into a joint-stock company (société anonyme – SA) with a board of directors.

Two-for-one share split

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 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.

The Company also issued share subscription warrants (BSA) and founder's share subscription warrants (BSPCE), which were allocated to certain senior managers and executives of the Group. The two-for-one share split (i) doubled the number of new shares to be issued by the Company on exercise of BSAs and BSPCEs, and (ii) had no effect on the exercise price of each BSA and BSPCE.

IPO and capital increase

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.

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, on May 6, 2021, the Group entered into a new Revolving Facility Agreement (the "New Revolving Credit Agreement") with a syndicate of international banks including BNP Paribas, Caisse d'Epargne et de Prévoyance d'Ile-de-France, HSBC Continental Europe and Société Générale (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 a revolving credit facility in the amount of €170 million, each amount drawn being repayable at the end of the applicable interest period. Issuing fees of €1.3 million were recognized and as of December 31, 2021, 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.

Acquisitions in 2021

On November 4, 2021 the Group acquired 25% of Play 2 SAS ("Play 2"), the leading independent French music label, a subsidiary of the TF1 group, for an amount of €12.0 million.

On December 21, 2021, the Group acquired 51% majority stake in the share capital Jo and Co SAS ("Jo & Co"), a major independent label specializing in pop and commercial music in France, for an amount of €4,463 thousand. There is a call-put option on the remaining 49%.

Business related to subsidiaries

Believe SA decided to strengthen its equity in Believe International, its Luxembourg subsidiary, in order to help it retrieve a sound net financial position.

Accordingly, a capital increase for €17.3 million was recognized for Believe International through the incorporation of receivables.

Believe SA decided to strengthen its equity in Believe Digital Gmbh, its German subsidiary, in order to help it retrieve a sound net financial position.

Accordingly, a capital increase for €10 million was recognized for Believe Digital GmbH through the incorporation of receivables.

Soundsgoood, French simplified joint-stock company (société par actions simplifiée), registered with the Paris Trade and Companies Register under number 803 885 474, whose core business is the design and operation of websites and social media platforms, and which was acquired in 2020, was subject to the transfer of all its assets and liabilities to Believe SA on December 31, 2021 with no retroactive effect. The merger loss was allocated to other intangible assets. It will be amortized over three years.

Other information

The Company recognized income of €1.9 million in connection with tax loss carrybacks. The receivable resulting from this carryback was recognized in respect of this fiscal year, in the amount of €1.5 million and is due in less than one year.

The Company 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 renewable. €2 million have been allocated to this effect.

6.2.3.3 Impacts of Covid-19 on the Company's business:

The World Health Organization (WHO) classified Covid-19 as a pandemic on March 11, 2020, triggering an unprecedented global health crisis.

It had a significant impact of certain segments of the recorded music market, particularly in 2020. The main impact on the Group's results in 2020 of the crisis was that the Group's revenue growth slowed down, although each revenue source was affected differently.

- the impact on revenue from digital sales (89% of the Group's consolidated revenue in 2020) was limited. The negative impact essentially results from revenue arising on free streaming financed by advertising on video distribution platforms and social media, which saw a fall in advertiser spending.
- the crisis had a bigger impact on the Group's other income, notably physical sales (essentially in Germany and France) and live music (essentially in France and India).

The impact in 2021 was much more limited than in 2020, which has an effect on the compatibility of fiscal years.

6.2.3.4 Equity investments made during the fiscal year

On November 4, 2021, the Group acquired a 25% stake in Play 2 SAS ("Play 2"), the leading French independent music label and subsidiary of the TF1 group.

On December 21, 2021, the Group acquired 51% majority stake in the share capital of Jo and Co SAS ("Jo&Co"), a major independent label specializing in French pop and commercial music.

6.2.3.5 Foreseeable development and outlook

For the coming fiscal year, the Company anticipates the following changes:

- continuing its international development organically and via 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 €19,922 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 income for the fiscal year ended December 31, 2021, namely, a net book loss of €18,927,190 as follows:

- the balance, *i.e.* an amount of €(18,927,190) to "Retained earnings" which will be increased from €(16,472,483) to €(35,399,673).

6.2.3.8 Information on dividends previously paid

In accordance with the provisions of Article 243 a of the French General Tax Code, we hereby remind you that no dividends were distributed 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, 2021 include non-tax deductible expenses referred to in Article 39-4 of the French General Tax Code, namely an amount of €8,503 for excess depreciation and other non-deductible depreciation and amortization and an amount of €2,601 in respect of TVTS (tax on vehicles), as well as the resulting additional tax expense for the Company in the amount of €2,903.

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 and more
(A) Past due periods					
Number of invoices involved	173	136	24	1,098	1,431
Total amount of invoices including VAT	1,653	4,687	397	4,478	11,215
Percentage of total purchases excluding tax for the fiscal year	1.19%	3.36%	0.29%	3.21%	8.05%
(B) Invoices not included in (A) associated with disputed debt and receivables not recognized					
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 use to calculate late payments	Contractual deadlines				

At the reporting date, the breakdown of the Company's trade receivables by maturity date was as follows:

(In € thousands)	Article D. 441 I-2 °: invoices issued but not yet paid at the end of the fiscal year whose term is past due				
	1-30 days	**31-60 days**	**61-90 days**	**More than 90 days**	**Total 1 day and more**
(A) Past due periods					
Number of invoices involved	365	132	57	477	1,031
Total amount of invoices including VAT	2,464	490	286	9,922	13,162
Percentage of revenue for the fiscal year	1.58%	0.31%	0.18%	6.36%	8.44%
(B) Invoices not included in (A) associated with disputed debt and receivables not recognized					
Number of invoices non included	416				
Total amount of invoices not included	817				
(C) Reference payment terms used (contractual or legal – Article L. 441-6 or L. 443-1 of the French Commercial Code)					
Payment terms use to calculate late payments	Contractual deadlines				

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, 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 have included in their special report all agreements entered into during the fiscal year ended December 31, 2021 and which fall within the scope of Article L. 225-38 of the French Commercial Code. This special report can be found in Chapter 4 *"Corporate governance"* of this Universal registration document, section 4.1.4.6 *"Related-party agreements and valuation procedure for current agreements"*. Shareholders will be asked to approve this report at the Annual General Meeting of June 20, 2022 and to note that said report does not mention any agreement of this kind.

6.2.3.13 Terms of office of executives and the Joint Statutory Auditors

(a) Terms of office of executives

The General Shareholders' Meeting of May 25, 2021 noted that the transformation of the Company into a French public limited company (société anonyme) would automatically terminate the term of office of Denis Ladegaillerie as Chairman and the terms of office of Xavier Dumont and Romain Vivien as Chief Executive Officers.

The transformation of the Company also entailed the automatic dissolution of the Board of Directors, a body set up within the framework of the French simplified joint-stock company.

The description of the Company's senior executives's 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 Shareholders' Meeting of May 25, 2021 specified that the transformation of the Company into a French public limited company had no impact on the term of office of the Co-Statutory Auditors, which will remain in office for the remaining term of their office respectively.

As a reminder, ACA NEXIA, 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., 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 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 20, 2022.

In addition, the General Meeting of May 25, 2021 adopted a certain number of currently valid financial delegations described in chapter 7 "*Information on the Company and its shareholders",* section 7.2.1 *"Share capital subscribed and share capital authorized but not issued"* of this Universal registration document.

6.3 Statutory Auditors' report on the consolidated financial statements and the separate financial statements at December 31, 2021

6.3.1 Statutory Auditors' report on the consolidated financial statements at December 31, 2021

Year ended on 31 December 2021

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 S.A. (ex-Believe S.A.S.),

Opinion

In compliance with the engagement entrusted to us by your Annual General Shareholders' Meeting, we have audited the accompanying consolidated financial statements of Believe S.A. (ex-Believe S.A.S.) for the year ended 31 December 2021.

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 31 Decembre 2021 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.

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 1 January 2021 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

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of the audits.

It is in this complex and evolving context that, 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

Risk identified	Responses provided during our audit
(Notes 1.3 "Use of judgement and estimates" et 4.6 "Advances to artists and labels" of the notes to the consolidated financial statements) Advances to artists and labels are recorded on the balance sheet as at 31 December 2021 for a net amount of 165 958 thousand of euros, of which 88 021 thousand of euros are the current portion (recoupment expected within less than one year) and 77 937 thousands of euros are the non-current portion. These advances are recognized as assets when they are paid and are expensed as the related rights are due to the artists and labels. When there is doubt as to the recoverability of these advances, an impairment loss is recognized in cost of sales. 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. 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. 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: ● obtaining an understanding of how management determines the recoverability of advances paid to artists and labels ● assessing the reasonableness of the quantitative and qualitative factors used by management to evaluate the future performance of artists and labels ● performing a retrospective analysis of the performance of artists and labels for which (1) there was a doubt as to the recoverability of their advances based on the projections for the last three months and (2) which had not been impaired based on qualitative elements ● assessing the appropriateness of the information on the accounting principles applied and the significant judgments provided in the notes to the consolidated financial statements.

DIGITAL REVENUE ESTIMATE RELATED TO FINAL SALES REPORTS NOT RECEIVED AT YEAR END

Risk identified	Responses provided during our audit
(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) 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. 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. 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. 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: ● obtaining an understanding of the revenue estimation method used by the Group for final sales reports not received at year end ● assessing the compliance of this method with applicable accounting principles ● 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 ● 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 ● comparing retrospectively the estimates made by the Group at previous year-ends with the final sales reports received ● 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 N° 2019/815 of 17 December 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.

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 S.A. (ex-Believe S.A.S.) by the Annual General Shareholders' Meetings held on 27 June 2019 for KPMG S.A. and on 23 December 2020 for Aca Nexia.

As at 31 December 2021, KPMG S.A. were in the 3rd year and of total uninterrupted engagement and Aca Nexia were in the 2nd year, including one year 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) N° 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, 17 March 2022
KPMG Audit
Département de KPMG S.A.

Jean-Pierre Valensi
Associé

Paris, 17 March 2022
Aca Nexia

Olivier Juramie
Associé

6.3.2 Statutory Auditors' report on the financial statements at December 31, 2021

Year ended on 31 December 2021

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 S.A. (ex-Believe S.A.S.),

Opinion

In compliance with the engagement entrusted to us by your Annual General Shareholders' Meeting, we have audited the accompanying financial statements of Believe S.A. (ex-Believe S.A.S.) for the year ended 31 December 2021.

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 31 December 2021 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 1st January 2021 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

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of the audits.

It is in this complex and evolving context that, 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 RECEIVABLES RELATED TO EQUITY INVESTMENTS

Risk identified	Responses provided during our audit
(Notes 2.3 "Accounting policies – (c) Financial assets") Equity investments are recorded on the balance sheet as at 31 December 2021 for a net amount of 74,562 thousand euros and related receivables for a net book value of 142,700 thousand euros. 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. 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. 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: *For valuations based on the share of net assets of the subsidiary:* ● 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; *For forecast-based valuations:* ● obtain the cash flow forecasts of the concerned entities and assess their consistency with historical data ; ● check the consistency of the assumptions used with the economic environment on the dates of closing and establishment of the accounts; ● assess the reasonableness of the other assumptions used, such as the perpetual growth rate or the discount rate; ● check that the value resulting from the cash flow forecasts has been adjusted for the amount of debt of the entity in question. Beyond the assessment of the value in use of equity investments, our work also consisted to: ● assess the recoverability of the related receivables with regard to the analyzes carried out on the equity investments; ● 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' [or Supervisory Board's] 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.225-37-5 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 included19 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 Chariman 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 included19 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. (ex-Believe S.A.S.) by the Annual General Shareholders' Meetings held on 27 June 2019 for KPMG S.A. and on 23 December 2020 for Aca Nexia.

As at 31 December 2021, KPMG S.A. were in the 3rd year and of total uninterrupted engagement and Aca Nexia were in the 2nd year, including one year 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) N° 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, 17 March 2022
KPMG Audit
Département de KPMG S.A.
Jean-Pierre Valensi
Associé

Paris, 17 March 2022
Aca Nexia

Olivier Juramie
Associé

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 term of 99 years from the date of registration on April 7, 2005, unless it is dissolved early or extended 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 contractual Board of Directors. As of this Universal registration document, the Company is a public limited company *(société anonyme)* under French law, governed by the laws and regulations applicable in France and 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 Articles of incorporation and articles of association

7.1.5.1 Corporate purpose

The Company's purpose, in France and abroad, is:

- 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...), 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, exploitation and diffusion 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)

Convocation, 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 convening notice.

Agenda

The agenda of the meeting appears on the convening notices and letters; it is determined by the author of the convening notice.

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 shareholders' 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 convening notice, 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 applicale laws and regulations, by means of a form drawn up by the Company and sent to the latter under the conditions provided for by applicale 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 applicale 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 shareholders' 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 shareholders' 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 financial year, to approve the financial statements for that year and the consolidated financial statements.

On first call, the ordinary general shareholders' 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 shareholders' 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 shareholders' 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 shareholders' 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 pertaining to shares of stock (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 shareholders' 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 shareholders' 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 shareholders' 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 shareholders' 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 shareholders' meetings and to the bare owner at extraordinary general shareholders' meetings.

Transmission and disposal 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) 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 shareholders' 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.

7.2 Share capital

7.2.1 Share capital subscribed and share capital authorized but not issued

As of December 31, 2021, the Company's share capital was €479,785.51, divided into 95,957,102 fully paid up ordinary shares with a par value of half a euro cent (€0.005) each.

A two-for-one share-split was decided at the General Meeting of Shareholders of the Company of May 25, 2021, in order to reduce it from one euro cent (€0.01) to half a euro cent (€0.005) per share, the total number of shares comprising the Company's share capital having been multiplied by two.

At its meeting of May 25, 2021, the General Meeting of Shareholders of the Company adopted the financial delegations below.

It will also be proposed at the next Annual General Meeting to renew the above delegations.

Type of delegated authority	Maximum duration	Maximum nominal amount
Authorization to transact Company shares	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	26 months	10% of the share capital per any 24-month period
Delegation of authority 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	26 months	20% of 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	26 months	50% of share capital(1) €750 million with respect to debt securities(2)
Delegation of authority 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(3)	26 months	20% of share capital(1) €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(3)	26 months	10% of share capital(1) €750 million with respect to debt securities(2)
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	26 months	10% of share capital(1) €750 million with respect to debt securities(2)

Type of delegated authority	Maximum duration	Maximum nominal amount
Authorization of 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	26 months	10% of share capital per year
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	26 months	Limit set by applicable regulations (to date, 15% of the original issue)(1)
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	26 months	10% of share capital(1) €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	26 months	5% of 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)	18 months	5% of share capital(1)
Authorization of 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	38 months	2.9% of share capital(1)(4)
Authorization of the Board of Directors to grant stock purchase or subscription options to the eligible employees and corporate officers of the Group	38 months	2.9% of share capital(1)(4)

(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.

(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) Including as part of a public exchange offer initiated by the Company (Article L. 22-10-54 of the French Commercial Code).

(4) 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 awards 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 May 25, 2021, the General Meeting of Shareholders authorized, for a period of 18 months from the date of the meeting, the Board of Directors, with an option to further delegate such authority as provided by Articles 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 shall be within 18 months of the close of the meeting and conditioned on the settlement-delivery of the Company's shares as part of their admission to trading on the regulated market of Euronext Paris. Such shares may at no time exceed 10% of total shares in 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 in the share capital. It is stipulated that in no event shall the number of shares held by the Company at any time exceed 10% of the total shares in the 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 July 2, 2018;
- 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 any free share award 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, 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 Company's Board of Directors or a person acting on behalf of the Board shall choose;
- 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 purchase price per share net of costs will not be greater than 200% of the price of the Company's shares set for their admission to trading on the regulated market of Euronext Paris, such price appearing in the Company's official press release containing the final terms of the Company share offering and their admission to trading on the regulated market of Euronext Paris.

The Board of Directors 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 regulation, *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 of Directors shall choose, excepting when a public offering of the Company's shares is being made.

The Board of Directors shall have full powers, with an option to further delegate such powers as provided by law and regulations and acting 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 programme to one or more of its other objectives, or to sell them, on the market or off market.

The Board of Directors shall, as provided by law, inform the General Meeting of the transactions executed.

At December 31, 2021, the Company held 75,876 of its shares, representing 0.1% (based on the share capital at December 31, 2021), held entirely 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, 2021, the liquidity account consisted of 75,876 shares and the liquidity account credit amounted to €725,577.2.

Over the period from July 13, 2021 to December 31, 2021, the cumulative purchases made under the liquidity contract involved 227,748 shares at an average price of €17.47 for a total amount of €3,979,606, with sales of 151,872 shares at an average price of €17.81 for a total amount of €2,705,182.

In addition, as of December 31, 2021, none of the Company subsidiaries held any Company shares.

7.2.4 Other securities giving access to share capital

As of December 31, 2021, the Company's share capital consisted of 95,957,102 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 (the **"BSPCEs"**).

The BSAs and the BSPCEs were issued in accordance with Articles L. 228-92 and L. 225-129 of the French Commercial Code to benefit certain employees and corporate officers of the Company or its subsidiaries. They were allocated at no cost to the beneficiaries. Following two-for-one share split decided by the General Meeting of Shareholders on May 25, 2021, each BSA and BSPCE now give the right to subscribe to two new ordinary Company shares. The BSAs and the BSPCEs that become exercisable may be exercised until their expiry, set at ten years from their grant date. They are not transferable.

At the date of December 31, 2021, there were 422,887 BSAs and 1,219,676 BSPCEs, of which 340,381 BSAs and 1,028,210 BSPCEs are exercisable, giving access, in the event of exercise, to 3,285,126 new shares of the Company, corresponding to 3.42% of the share capital at December 31, 2021.

The Company has also implemented a free share allocation plan which, in the event of the issue of all free shares, will give access to 784,543 new shares of the Company, corresponding to 0.82% of the share capital at December 31, 2021.

A detailed description of the BSA and BSPCE plans, as well as the free share allocation plan, can be found in Section 6.1.1 "*Notes to the consolidated financial statements*", Note 5.4. "*Share-based payments*".

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 €)*
03/20/2019	Capital increase (exercise of BSPCEs)	304,360.60	30,436,060	30,441,247	0.01	304,412.47
03/21/2019	Capital increase (exercise of BSAs)	304,412.47	30,441,247	30,447.247	0.01	304,472.47
05/06/2019	Capital increase (issue of P5 preference shares)	304,472.47	30,447,247	38,823.535	0.01	388,235.35
07/02/2019	Capital increase (issue of P5 preference shares)	388,235.35	38,823,535	39,013,301	0.01	390,133.01
07/26/2019	Capital increase (exercise of BSAs and BSPCEs)	390,133.01	39,013,301	39,953,401	0.01	399,534.01
07/26/2019	Capital increase (exercise of BSPCEs)	399,534.01	39,953,401	39,970,901	0.01	399,709.01
03/05/2020	Capital increase (exercise of BSAs)	399,709.01	39,970,901	39,979,401	0.01	399,794.01
05/05/2020	Capital increase (exercise of BSAs and BSPCEs)	399,794.01	39,979,401	40,144,069	0.01	401,440.69
05/15/2020	Capital increase (exercise of BSPCEs)	401,440.69	40,144,069	40,173,444	0.01	401,734.44
11/09/2020	Capital increase (exercise of BSPCEs)	401,734.44	40,173,444	40,180,006	0.01	401,800.06
12/03/2020	Capital increase (exercise of BSAs)	401,800.06	40,180,006	40,234,421	0.01	402,344.21
06/11/2021	Capital increase (IPO)	402,344.21	80,468,842	95,853,458	0.005	479,267.29
11/03/2021	Capital increase (exercise of BSA & BSPCE)	479,267.29	95,853,458	95,957,102	0.005	479,785.51

7.3 Share ownership

7.3.1 Major shareholders

As of December 31, 2021, the Company is incorporated as a French public limited company *(société anonyme)* with share capital of €479,785.51 divided into 95,957,102 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, 2021(1):

Shareholder	Number of shares	% of capital	Number of voting rights	% of voting rights	Share classes
TCV Luxco BD S.à.r.l.	39,942,982	41.62%	39,942,982	41.62%	39,942,982 ordinary shares
Investment funds managed by Ventech	16,367,944	17.06%	16,367,944	17.06%	16,367,944 ordinary shares
Investment funds managed by Siparex XAnge Venture	6,489,068	6.76%	6,489,068	6.76%	6,489,068 ordinary shares
Denis Ladegaillerie	12,168,320	12.68%	12,168,320	12.68%	12,168,320 ordinary shares
Free float	20,988,788	21.88%	20,988,788	21.88%	20,988,788 ordinary shares
including FSP	3,076,923	3.21%	3,076,923	3.21%	3,076,923 ordinary shares
TOTAL	**95,957,102**	**100%**	**95,957,102**	**100%**	**95,957,102 ORDINARY SHARES**

(1) An additional 97,100 shares were issued in November and December 2021 resulting from exercises of BSAs/BSPCEs for which the capital increase, with a nominal amount of €485.50, will be recognized by the Board at its meeting on May 3, 2022.

None of the Company's shareholders listed in the table above hold securities giving access to the Company share capital, other than shares.

7.3.1.1 Disclosure thresholds

As of December 31, 2021, the Company has not been informed of any disclosure thresholds provided by law.

7.3.1.2 TCV Luxco BD S.à.r.l

As of December 31, 2021, TCV Luxco BD S.à.r.l., an entity affiliated with TCMI, Inc. (TCV), held 41.62% of the share capital and voting rights of the Company.

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 internet, software and FinTech. 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 executed over 350 investments of varying structures, including mid-stage, late stage and public company investments and has offices in Menlo Park, New York, and London.

7.3.1.3 Ventech

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 Nasdaq.

7.3.1.4 XAnge

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, fintech, 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

The Fonds Stratégique de Participations (the "**FSP**") 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 FSP aims to provide long-term support to French companies in their growth and transition projects. To this end, the FSP acquires significant stakes, and which are considered as "strategic", in the share capital of companies and contributes to their governance through offices on their Boards of Directors or Supervisory Boards, either directly or indirectly with the support of an independent director appointed on their recommendation. The FSP portfolio, valued at €2.65 billion at December 31, 2021, includes nine equity investments in industry-leader French companies: Seb, Arkéma, Safran, Eutelsat Communications, Tikehau Capital, Elior, Neoen, Valeo and Believe.

The FSP, which is managed by ISALT, is registered with the *Autorité des marchés financiers.*

7.3.2 Statement regarding the control of the Company

To the best of the Company's knowledge, as of December 31, 2021, there are no agreements whose implementation could result in a change of control at a later date.

As of December 31, 2021, the founder of the Group, 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 of Directors 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;
  - **ii)** one seat on the Board of Directors will be allocated to Denis Ladegaillerie, founder of the Group;
  - **iii)** one seat on the Board of Directors will 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 Appointments and Compensation Committee;
  - **iv)** one seat on the Board of Directors will 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 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.
- *Orderly disposal:* the parties to the shareholders' agreement undertake to make their best efforts to ensure that any disposal of the Company's shares that they hold after the end of the agreed lock-up period, which will be carried out with guarantee banks in connection with the Company's IPO, will be organized in an orderly manner, mainly in the context of private placements through accelerated order book construction or off-market transactions, in order to avoid or limit as far as possible any disruptive effect on the Company's share price.
- *Specific lock-up commitment agreed by Denis Ladegaillerie:* 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, 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 for the sole benefit of Denis Ladegaillerie, his spouse and/or his descendants, provided that the transferee agrees to be bound by (i) a lock-up commitment identical to the commitment described above for the remaining term of said commitment 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 date (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 (i) at the date on which each of TCV, XAnge and Ventech (together with their affiliates) will 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 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.

Under the terms of this investment agreement, the Company undertook to propose and support, and undertook to make its best efforts to ensure that Denis Ladegaillerie and the respective representatives of TCV and Ventech on the Board of Directors of the Company support the appointment of FSP as director at the General Meeting of Shareholders to be held in 2022 at the latest.

FSP has also undertaken to resign from its duties as a non-voting member, as from its appointment as a director.

7.3.3 Statement of employee share ownership

As of December 31, 2021, the employees did not have any shareholdings in the Company as defined in Article L. 225–102 section 1 of the French Commercial Code.

As part of the authorization granted by the General Meeting of Shareholders of May 25, 2021, the Company plans to implement a capital increase reserved for employees in France and abroad in 2022.

The objective is to strengthen teams' commitment by offering them the opportunity to become company shareholders.

The terms of this transaction, the size of which may not exceed 0.5% of the share capital will be communicated and specified at the launch of the transaction.

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 mentioned in Article L. 621–18–2 of the French Monetary and Financial Code carried out during the fiscal year 2021.

First name, Last name, Company name	Position	Financial instrument	Nature of transaction	Date	Price *(in €)*	Transaction amount *(in €)*
Knightly Investments, a French simplified joint-stock company with sole shareholder, legal entity related to Orla Noonan, Director	Director	Share	Acquisitions	July 7, 2021	14.27	71,346.50
Denis Ladegaillerie	Chairman and Chief Executive Officer	Share	Acquisitions	July 20, 2021	15.56	269,637.61
Denis Ladegaillerie	Chairman and Chief Executive Officer	Share	Acquisitions	July 21, 2021	16.13	801,480.06
Gideon Mountford	Member of the Executive Committee	Share subscription warrant	Exercise	Nov 4, 2021	2.70	2,700.00
Gideon Mountford	Member of the Executive Committee	Share	Disposals	Nov 4, 2021	18.15	18,150.00
Gideon Mountford	Member of the Executive Committee	Share subscription warrant	Exercise	Nov 23, 2021	2.70	13,500.00
Gideon Mountford	Member of the Executive Committee	Share	Disposals	Nov 23, 2021	19.10	95,500.00
Gideon Mountford	Member of the Executive Committee	Share subscription warrant	Exercise	Nov 24, 2021	2.70	3,715.20
Gideon Mountford	Member of the Executive Committee	Share	Disposals	Nov 24, 2021	19.50	26,832.00
Gideon Mountford	Member of the Executive Committee	Share subscription warrant	Exercise	Nov 24, 2021	2.70	9,784.80
Gideon Mountford	Member of the Executive Committee	Share	Disposals	Nov 24, 2021	19.50	70,668.00

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 "Shareholders" in the table "Major shareholders" in 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 in the event of 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 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 entities controlled by, or investment vehicles managed by, such shareholders), acquires, directly or indirectly, shares in the Company giving the right to more than 50% of the voting rights of the Company.

Free performance share allocation plan

The free performance share allocation plan regulations dated September 15, 2021 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 of Directors 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 entered into on June 9, 2021 between Denis Ladegaillerie, TCV Luxco BD S.à.r.l., Ventech and XAnge 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 would hold more than 50% of the Company's share capital.

7.4 Dividend policy

The Company paid no dividends in respect of the fiscal years ended December 31, 2021 and 2020. 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.

7.5 Stock market information and relations with shareholders and investors

7.5.1 Stock market information

Data sheet

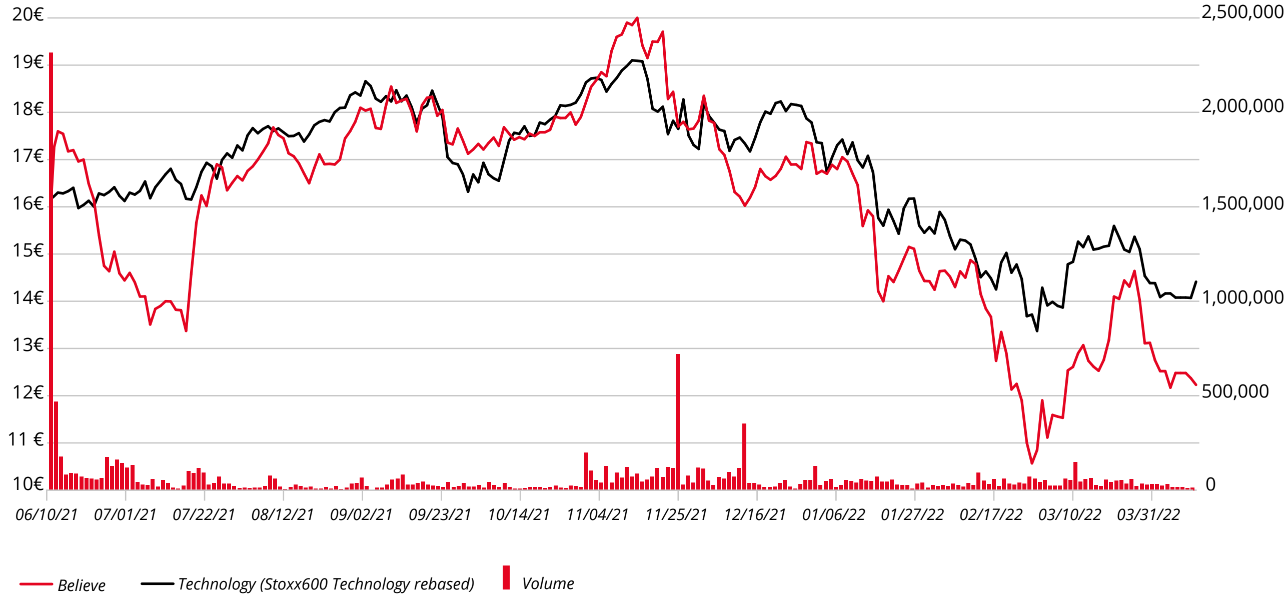
ISIN	FR0014003FE9
Euronext code	FR0014003FE9
Type of instrument	Share
Sub-type instrument	Ordinary share
Segment	Local securities
Compartment	Compartment A (Large Cap)
Listing frequency	Continuous
Listing group	11
Listing currency	EUR
Quantity expressed in	Currency unit
Total number of shares	95,957,102
Listing date	June 10, 2021

Market capitalization at 04/20/2022:

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
Apr. 2022	13.25	14.9	11.9	13.0	28,409	379,068	13.1
March 2022	12.4	14.5	9.7	12.3	48,947	603,324	12.3
Feb. 2022	14.4	15.3	12.3	14.3	31,851	450,695	14. 3
Jan. 2022	16.2	17.7	13.9	16	48,741	784,496	16.1
Dec. 2021	17.1	18.6	16.0	17.0	65,758	1,115,038	17.06
Nov. 2021	18.9	20.0	17.7	18.9	108,899	2,037,982	18.96
Oct. 2021	17.5	17.9	17.1	17.5	19,093	333,171	17.47
Sep 2021	18.0	18.5	17.3	18.0	33,530	603,767	17.97
Aug 2021	17.0	17.8	16.5	17.0	19,828	339,052	17.00
Jul. 2021	14.8	17.1	13.4	14.9	54,574	811,459	14.88
June 2021	16.6	18.4	14.6	16.3	277,778	4,639,939	16.36

Change in the Believe share price since the IPO



7.5.2 Relations with investors and financial analysts

7.5.2.1 Accessibility of information

With regard to accessibility to 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 on the Group's website, thereby 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 will be available soon.

This information can also be sent by mail upon request by 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 aplace a special focus on dialogue with all shareholders, investors and financial analysts. This dialogue takes place during roadshows, individual meetings and industry conferences.

In 2021, the financial publications for the first half and the third quarter and the annual whole of 2021 were presented by Executive Management during its webcasts.

In addition, since the listing of the share, Executive Management and Investor Relations Department took part in meetings with the financial community (financial analysts and institutional investors), which took the form of roadshows and online conferences given the health context. These regular contacts help to build a relationship of trust.

The Believe share is monitored by eight financial analyst firms.

A dialogue with shareholders on governance issues is also ensured by Executive Management and Investor Relations. Since its listing on the stock market in June 2021, Believe has begun to establish a dialogue with its investors and proxy advisors on governance issues and more broadly on ESG topics. The Board is kept regularly informed of the content of these discussions.

7.5.2.3 Financial agenda

Publication of first quarter 2022 revenue: May 3, 2022, after market close.

General Meeting of Shareholders: June 20, 2022 at 3 p.m.

Publication of first-half 2022 results: August 3, 2022, after market close.

Publication of third quarter 2022 revenue: November 3, 2022, after market close.

7.5.2.4 Investor and Shareholder Relations contacts

Believe

24 rue Toulouse Lautrec,

75017 Paris, France

investors@believe.com

8. Additional Information

8.1 Persons responsible

8.1.1 Person responsible for the Universal registration document

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 22, 2022

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, digital service providers and social media.

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.

8.2 Persons responsible for auditing the financial statements

8.2.1 Principal Statutory Auditors

KPMG S.A.

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

In accordance with the applicable legislation, the articles of association, General Meeting minutes and other corporate 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 also available on the Company's website (www.believe.com).

8.4 Cross-reference tables

8.4.1 Universal Registration Document

Annexes 1 and 2 of Commission Delegated Regulation (EU) 2019/980 of March 14, 2019 in accordance with the URD plan.

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8.4.2 Annual Financial Report

Cross-reference table for the Annual Financial Report pursuant to articles L. 451-1-2 of the French Monetary and Financial Code and article 222-3 of the 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	
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8.4.3 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

Reference	Required elements	Chapters
1. COMPANY SITUATION AND ACTIVITY		
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. Activity report (progress and difficulties encountered) and Company results, for each Group subsidiary	1.4.5; 5.1.2; 5.1.3; 6.1.1; 6.2.2.4; 6.2.3.1
Commercial code Article L. 225-100-1, I.,2°	Key financial performance indicators	Introduction; 5.1.4
Commercial code Article L. 225-100-1, I.,2°	Key non-financial performance indicators, pertaining to specific Company activity	Introduction; 2.7
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 note 12.4; 6.2.2.10
Commercial code Article L. 232-1, II	Existing branches	1.6.1; 6.2.3.1
Commercial code Article L. 233-6 al. 1	Stakeholding in a Company headquartered in France, on French territory	1.1; 6.1.1; 6 note 2; 6.2.2.4; 6.2.3.4
Commercial code Articles L. 233-29, L. 233-30 and R. 233-19	Notice of detention of over 10% of capital in another company via shares (alienation of cross participation)	N/A
Commercial code Articles L. 232-1, II and L.233-26	Company's expected evolution and forecasts	1.5; 5.4; 6.2.3.5
Commercial code Articles L. 232-1, II and L.233-26	Research and development activities	6.2.3.6

Reference	Required elements	Chapters
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
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		
Commercial code Article L. 225-100-1, I.,3°	Principal risks and uncertainties pertaining to the Company	3.1
Commercial code Article L. 22-10-35,1°	Financial risks related to climate change and presentation of measures in place to reduce such impacts	
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	2.6.2
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	
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
Commercial code Article L. 225-100-1, I.,4°	Objectives and policy covering Company transations and exposure to price, credit, liquidity and treasury risks. Indications take into account Company use of financial instruments	3.1.4; 6 note 8
3. SHAREHOLDING AND CAPITAL		
Commercial code Article L. 233-13	Structure, Company capital evolution, self-detention and threshold passing	6 note 10; 6.2.2.5 7.2.1; 7.3.1; 7.2.7; 7.2.3
Commercial code Article L. 225-211 and R 225-160	Company acquisition and sale of its own shares	6.2.2.5; 7.2.3
Commercial code Article L. 225-102 indent 1	Statement on employee participation in share capital	4.2.2.5; 6 note 5; 6.2.3.11; 7.3.3
Commercial code Article L. 228-99 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
Monetary and financial code Article L. 621-18-2 and R 621-43-1 AMF regulation Article 223-26	Information on executive operations and persons tied to Company shares	4.1.4.5; 7.3.4
General taxation code Article 243 bis	Dividends distributed over the past three fiscal years	6.2.3.8; 7.4
4. STATEMENT OF EXTRA-FINANCIAL PERFORMANCE (DPEF)		
Commercial code Articles L.225-102-1 and R.225-105	Business models	2.1.2
Commercial code Articles L.225-102-1 and R. 225-105, I.1°	Principal risks tied to Company activity	2.2.4
Commercial code Art. L.225-102-1, III, L. 22-10-36 R. 225-105, I, 2° and R 22-10-29	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)	2.2.3; 2.2.4; 2.3; 2.4; 2.5; 2.6; 3.1.2
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; 2.7.3
Commercial code Articles L. 225-102-1 and R. 225-105, II, A, 1°	Social information (employment, labor organization, healthy and safety, social relations, training, fairness of treatment)	2.3.2; 2.4.2; 2.7.3
Commercial code Articles L. 225-102-1 and R. 225-105, II, A, 2°	Environmental information (general environmental policy pertaining to pollution, circular economy and climate change)	2.6.2; 2.6.3; 2.7.3.2

Reference	Required elements	Chapters
Commercial code Articles L. 225-102-1 and R. 225-105, II, A, 3°	Societal information (societal engagements favoring sustainability, outsourcing and providers, practice loyalty)	2.2; 2.3; 2.5; 2.6
Commercial code Articles L. 225-102-1 and R. 225-105, II, B, 1°	Information pertaining to the fight against corruption and measures taken to signal corruption	2.5.3; 3.2.2
Commercial code Articles L. 225-102-1 a nd R. 225-105, II, B, 2°	Information pertaining to actions promoting human rights	2.3.2; 2.5
Commercial code Article L. 225-102-2	Information pertaining to SEVESO installations	N/A
Art 8 of taxonomy regulation 2020/852 and delegated act of July 6, 2021	Revenue, investment spending (CAPEX), exploitation spending (OPEX), economic activity eligible for sustainable taxonomy publishing	2.6.2.2
Commercial code Art. L.225-102-1 III and R.225-105-2	Certification of independent third-parties	2.8
5. ADDITIONAL INFORMATION REQUIRED FOR THE PRODUCTION OF THE MANAGERIAL REPORT		
General taxation code Articles 223 quater and 223 quinquies	Additional fiscal information (spending and non-deductible expenses)	6.2.3.9
Commercial code Article L. 464-2	Financial injunctions or sanctions for anticompetitive practices	N/A
Monetary and financial code 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	N/A

8.4.4 Report on Corporate Governance

Cross-reference table for the report on corporate governance – articles L. 225-37 et seq. of the French Commercial Code

Reference	Required elements	Chapters
1. Compensation information		
Commercial code Article L. 22-10-8, I., indent 2	Corporate director compensation policy	4.2.1
Commercial code Article L. 22-10-9, I.,1°	Total compensation and all benefits allocated to each corporate director during the fiscal year	4.2.2.1; 4.2.2.2
Commercial code Article L. 22-10-9, I.,2°	Relative proportion of fixed and variable compensation	4.2.1.3
Commercial code Article L. 22-10-9, I., 3°	Usage of option to request restitution of variable compensation	N/A
Commercial code Article L. 22-10-9, I.,4°	All engagements taken by the Company to benefit corporate directors	4.2.1.3
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 Commercial code	N/A
Commercial code Article L. 22-10-9, I.,6°	Corporate director compensation and **average** and **mean** employee compensation ratios	4.2.2.3
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
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	4.2.1.3; 4.2.2.1

Reference	Required elements	Chapters
Commercial code Article L. 22-10-9, I.,9°	Method of incorporation for the last General Meeting vote according to II of article L. 225-100 (until December 31, 2020) and article L 22-10-34 (from January 1, 2021)	N/A
Commercial code Article L. 22-10-9, I.,10°	Gap between enactment of compensation policy and all exemptions	N/A
Commercial code Article L. 22-10-9, I.,11°	Applications of elements of the second indent of article L.225-45 of the Commercial code	N/A
Commercial code Article L. 225-185 and L. 22-10-57	Allocating and conservation of options by corporate directors	4.2.1.3
Commercial code Articles L. 225-197-1 and L. 22-10-59	Allocation and conservation of free shares to executive directors	4.2.1.3
2. Governance information		
Commercial code Article L.225-37-4, 1°	List of all mandates and functions undertaken in the Company by each corporate director during the fiscal year	4.1.2
Commercial code Article L.225-37-4, 2°	Agreed-upon conventions between a director or significant shareholder and a subsidiary	4.1.4.6; 6.2.3.12
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	6.2.3.14; 7.2.1
Commercial code Article L.225-37-4, 4°	Chief executive and general management leadership	4; 4.1.1
Commercial code Article L. 22-10-10-1°	Composition, preparation and organization conditions of Council projects	4; 4.1.1; 4.1.2; 4.1.5.1
Commercial code Article L. 22-10-10-2°	DEI strategy and policy, and application of gender parity principles within the Council	4; 4.1.2.2
Commercial code Article L. 22-10-10-3°	Potential limits to CEO powers brought on by the Board of Directors	4.1.1.2
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
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
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		
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 Commercial code	7.3.5.2
	Direct or indirect participation in known Company capital in line with articles L.233-7 and L.233-12 of the Commercial code	7.3.1
	List of all equity holders with special rights and their description	7.3.5.2
	Agreements between shareholders known to the Company and who may engender restrictions to share transfer and voting rights	7.3.5.4
	Applicable rules to nomination and replacement of Board of Directors members as well as to the modification of Company statutes	7.3.2
	Board of Directors powers, in particular those concerning emission or re-buying of shares	
	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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