Consolidated financial statements at December 31, 2022

Consolidated income statement

(In € thousands)	Notes	2022	2021
Revenue	*4.1*	760,805	577,151
Cost of sales	*4.2*	(508,269)	(383,463)
Sales and marketing expenses	*4.3*	(164,080)	(131,136)
Technology and product expenses	*4.3*	(56,655)	(35,727)
General and administrative expenses	*4.3*	(50,412)	(41,435)
Other operating income (expenses)	*4.4*	(4,888)	(6,373)
Share of net income (loss) of equity-accounted companies	*2.4*	1,233	1,361
Operating income (loss)		**(22,265)**	**(19,620)**
Cost of debt	*8.6*	1,199	(2,318)
Other net financial income (expenses)	*8.6*	7,185	(4,201)
Net financial income (expense)		**8,384**	**(6,519)**
Income (loss) before tax		**(13,881)**	**(26,139)**
Income tax	*9.1*	(11,089)	(2,497)
Net income (loss)		**(24,970)**	**(28,636)**
Attributable to:			
• Owners of the parent		(29,762)	(30,045)
• Non-controlling interests		**4,792**	1,409
Earnings per share attributable to owners of the parent company:	***10.4***		
• Basic earnings (loss) per share (in €)		(0.31)	(0.34)
• Diluted earnings (loss) per share (in €)		(0.31)	(0.34)

Other comprehensive income (expense)

(In € thousands)	2022	2021
Consolidated net income (loss)	**(24,970)**	**(28,636)**
Translation adjustments	(6,047)	(8,583)
Other comprehensive income (expense) that may be reclassified subsequently to net income	**(6,047)**	**(8,583)**
Remeasurement of net defined-benefit obligation	264	(79)
Other comprehensive income (expense) that may not be reclassified subsequently to net income	**264**	**(79)**
TOTAL COMPREHENSIVE INCOME (EXPENSE)	**(30,753)**	**(37,297)**
Attributable to:		
• Owners of the parent	(33,901)	(33,559)
• Non-controlling interests	3,148	(3,739)

Consolidated statement of financial position

(In € thousands)	Notes	December 31, 2022	December 31, 2021
ASSETS			
Goodwill	*6.1*	107,705	98,875
Other intangible assets	*6.2*	121,979	118,118
Property, plant and equipment	*6.3*	27,087	31,212
Advances to artists and labels – non-current portion	*4.6*	87,780	77,937
Investments in equity-accounted companies	*2.4*	50,657	49,353
Non-current financial assets	*8.1*	6,544	3,898
Deferred tax assets	*9.2*	5,664	4,064
Total non-current assets		**407,417**	**383,456**
Inventories	*4.7*	5,626	4,632
Trade receivables	*4.5*	158,456	136,627
Advances to artists and labels – current portion	*4.6*	90,707	88,021
Other current assets	*4.5*	32,087	29,408
Current tax assets	*9.1*	6,257	7,264
Current financial assets	*8.1*	947	726
Cash and cash equivalents	*11.1*	303,345	262,705
Total current assets		**597,425**	**529,383**
TOTAL ASSETS		**1,004,842**	**912,839**
EQUITY			
Share capital	*10.1*	484	480
Share premiums	*10.1*	468,715	464,975
Treasury shares		(1,358)	(1,274)
Reserves and retained earnings		(78,787)	(53,278)
Translation reserve		(13,143)	(8,741)
Equity attributable to owners of the parent		**375,911**	**402,163**
Non-controlling interests	*10.3*	8,951	2,941
TOTAL EQUITY		**384,862**	**405,103**
EQUITY AND LIABILITIES			
Non-current provisions	*7*	492	718
Non-current borrowing and debt	*8.3*	19,663	25,752
Other non-current liabilities	*4.10*	20,446	16,099
Deferred tax liabilities	*9.2*	22,570	16,502
Total non-current liabilities		**63,171**	**59,071**
Current provisions	*7*	748	1,147
Current borrowing and debt	*8.3*	12,811	7,541
Trade payables and contract liabilities	*4.8*	509,336	411,197
Other current liabilities	*4.9*	31,943	27,354
Current tax liabilities	*9.1*	1,970	1,425
Total current liabilities		**556,809**	**448,664**
TOTAL EQUITY AND LIABILITIES		**1,004,842**	**912,839**

Consolidated statement of cash flows

(In € thousands)	Notes	2022	2021
OPERATING ACTIVITIES			
Net income		**(24,970)**	**(28,636)**
Depreciation, amortization and impairment of non-current assets		44,857	33,700
Share-based payment		6,464	2,515
Cost of debt		(1,199)	2,318
Income tax		11,089	2,497
Net charges to provisions and employee benefits		(622)	360
Share of net income (loss) of equity-accounted companies (incl. dividends received)		(383)	(1,361)
Elimination of net gains or losses on disposals of assets		20	-
Other items with no cash impact		(7,210)	232
Income tax collected/paid		(7,818)	(3,761)
Change in operating working capital		53,427	(15,534)
Net cash from (used in) operating activities	***11.2***	**73,655**	**(7,670)**
INVESTING ACTIVITIES			
Acquisitions of property, plant and equipment and intangible assets		(25,450)	(26,699)
Disposals of property, plant and equipment and intangible assets		-	-
Acquisitions of subsidiaries, net of cash acquired		(8,717)	(49,934)
Decrease (increase) in loans		(3,246)	963
Decrease (increase) in non-current financial assets		(875)	1,399
Net cash from (used in) investing activities	***11.3***	**(38,288)**	**(74,271)**
FINANCING ACTIVITIES			
Increase in borrowings		-	-
Decrease in borrowings		(1,519)	(94,772)
Repayment of lease liabilities		(6,836)	(5,338)
Interest paid		2,006	(2,348)
Capital increase (decrease) by owners		3,744	295,254
Disposal (acquisition) of treasury shares		-	(2,000)
Net cash used in financing activities	***11.4***	**(2,605)**	**190,796**
Cash and cash equivalents, net of bank overdrafts, at beginning of period		**262,694**	**152,331**
Net increase (decrease) in cash and cash equivalents net of bank overdrafts, before the impact of changes in foreign exchange rates		32,762	108,855
Impact of changes in foreign exchange rates		7,889	1,508
Cash and cash equivalents, net of bank overdrafts, at end of period	***11.1***	**303,345**	**262,694**
Of which:			
• *Cash and cash equivalents*		303,345	262,705
• *Bank overdrafts*		-	(11)

Consolidated statement of changes in equity

In € thousands, except share data	Number of shares[1]	Share capital	Share premiums	Treasury shares	Reserves and retained earnings	Translation reserve[2]	Equity attributable to owners of the parent[3]	Non-controlling interests[4]	TOTAL EQUITY
	Attributable to owners of the parent								
EQUITY AT JANUARY 1, 2021	**80,468,842**	**402**	**169,799**	**-**	**(19,974)**	**(5,306)**	**144,922**	**6,609**	**151,530**
Remeasurement of net defined-benefit obligation					(79)		(79)		(79)
Translation adjustments						(3,435)	(3,435)	(5,148)	(8,583)
Other comprehensive income (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 payments					2,364		2,364		2,364
Changes in the scope of consolidation					(5,695)		(5,695)	300	(5,395)
Others					151		151	(229)	(78)
EQUITY AT DECEMBER 31, 2021	**96,054,202**	**480**	**464,975**	**(1,274)**	**(53,278)**	**(8,741)**	**402,163**	**2,941**	**405,103**
Impact of change in accounting method due to the application of IAS 29					2,223		2,223	1,482	3,706
EQUITY AT JANUARY 1, 2022	**96,054,202**	**480**	**464,975**	**(1,274)**	**(51,054)**	**(8,741)**	**404,386**	**4,423**	**408,809**
Remeasurement of net defined-benefit obligation					264		264		264
Translation adjustments						(4,403)	(4,403)	(1,644)	(6,047)
Other comprehensive income (expense)		**-**	**-**	**-**	**264**	**(4,403)**	**(4,139)**	**(1,644)**	**(5,783)**
Net income (loss) for the year					(29,762)		(29,762)	4,792	(24,970)
Total comprehensive income		**-**	**-**	**-**	**(29,498)**	**(4,403)**	**(33,901)**	**3,148**	**(30,753)**
Capital increase	709,907	4	3,740				3,744		3,744
Net change in treasury shares				(83)	(495)		(578)		(578)
Share-based payments					5,045		5,045	3	5,048
Changes in the scope of consolidation					(3,171)		(3,171)	375	(2,796)
Others					386		386	1,002	1,387
EQUITY AT DECEMBER 31, 2022	**96,764,109**	**484**	**468,715**	**(1,358)**	**(78,787)**	**(13,143)**	**375,911**	**8,951**	**384,862**

(1) The number of shares on January 1, 2021 was adjusted following two-for-one share split carried out by Believe SA on May 25, 2021 (see Note 10.1 – Changes in share capital). At December 31, 2021, the number of shares, the share capital and the share premium were adjusted following the issue of new shares through the exercise of BSAs and BSPCEs. On May 3, 2022, the Board of Directors recorded the corresponding capital increase (see Note 10.1 – Changes in share capital).

(2) Changes in translation reserve reflect the impact of exchange rate fluctuations on the equity of foreign operations denominated in currencies other than the euro. In 2022, the change in translation reserve is mainly attributable to our companies based in Russia and Turkey, partially offset by those in the United States, and in 2021 to our companies based in Turkey.

(3) For "Equity attributable to owners of the parent":

- *in 2022, the "Changes in the scope of consolidation" item corresponds to the valuation of the call-put option for the remaining 47% of Morning Glory Music (see Note 2.2 – Scope of consolidation and Note 2.3 – Business combinations);*
- *in 2021, the "Changes in the scope of consolidation" item corresponded to the valuation of the call-put option for the remaining 49% of Jo&Co (see Note 2.2 – Scope of consolidation and Note 2.3 – Business combinations).*

(4) For "Non-controlling interests":

- *in 2022, the "Changes in the scope of consolidation" item corresponds mainly to the acquisition of an additional 2% stake in the share capital of 6&7, previously consolidated using the equity method at 49%. The company is now fully consolidated at 51% (see Note 2.2 – Scope of consolidation, Note 2.3 – Business combinations and Note 10.3 – Non-controlling interests). The "Other" item corresponds to the allocation of the final acquisition price of the company Jo&Co acquired in 2021;*
- *in 2021, the "Changes in the scope of consolidation" item corresponded to the acquisition of Jo&Co (see Note 2.2 – Scope of consolidation, Note 2.3 – Business combinations, and Note 10.3 – Non-controlling interests).*

Notes to the consolidated financial statements

Presentation of the Group

Believe SA (hereafter the "Company") was incorporated on April 7, 2005. It is based in France and its registered office is at 24, rue Toulouse Lautrec, 75017 Paris – France.

The Group is one of the leaders in the digital music market for independent labels and local artists, with extensive experience in digital artist development and catalog performance optimization. Its international presence is a key differentiator, as the Group began investing very early on, outside of France and particularly in European and Asian markets, where the Group has been able to build strong positions in recent years. The Group is organized as a global digital platform developing high value-added technological solutions for all artists, adapted to each stage of their career development, whether they are music creators, emerging artists, established artists or top artists. Believe has also built strong local teams, trained to use tools and solutions to their best advantage to serve artists. With 1,651 employees at December 31, 2022 and a presence in more than 50 countries, the Group benefits from cutting-edge technological capabilities and places its expertise in music, digital marketing and data analysis at the service of artists all over the world. This organization enables the Group to help music creators, artists and labels expand their digital audience, at each stage of their career and in all local markets, with respect, expertise, fairness and transparency. Believe offers its various solutions through a portfolio of commercial brands including Believe, TuneCore, Nuclear Blast, Naïve, Groove Attack, AllPoints, Ishtar and Byond.

Its main subsidiaries are located in Canada, China, France, Germany, India, Italy, Japan, Luxembourg, Russia, Singapore, Turkey, the United Kingdom and the United States.

The Group's consolidated financial statements include the Company and its subsidiaries (hereafter referred to as the "Group").

Significant events of the 2022 fiscal year

Consequences of the Russia-Ukraine crisis

The Russian and Ukrainian activities recorded a slowdown in revenue growth compared to 2021. The strength of the ruble and increased monetization from local digital service providers (DSPs) helped to maintain positive growth of 11% in 2022 compared to last year.

Hyperinflation in Turkey

Following the inclusion of Turkey in the list of hyperinflationary economies on April 30, 2022, the Group was required to apply IAS 29 – Hyperinflation to its activities in Turkey in its financial statements at December 31, 2022. The application of this standard requires the remeasurement of non-monetary assets and liabilities, equity and the income statement to reflect changes in purchasing power in the local currency. These remeasurements may result in a gain or loss on the net monetary position included in the net financial income (expense).

As of December 31, 2022, the impacts on the main aggregates of the statement of financial position and income statement are as follows:

(In € thousand)	**2022**
Revenue	2,036
Operating income (loss)	(1,219)
Other financial income (expenses)	9,531
NET INCOME (LOSS)	**7,983**

(In € thousand)	**December 31, 2022**
Total non-current assets	12,996
Total non-current liabilities	1,308
TOTAL EQUITY	**11,689**

Detailed summary of the notes to the financial statements

NOTE 1 ACCOUNTING POLICIES

1.1. Accounting standards applied and statement of compliance

Background to the publication of the consolidated financial statements

The consolidated financial statements for the fiscal years ended December 31, 2022 and 2021 were prepared in accordance with International Financial Reporting Standards (IFRS) as published by the International Accounting Standards Board (IASB) and adopted by the European Union at December 31, 2022.

International standards include IFRS (International Financial Reporting Standards), IAS (International Accounting Standards), as well as their SIC (Standing Interpretations Committee) interpretations and IFRIC (International Financial Reporting Interpretations Committee) interpretations. All standards adopted by the European Union (EU) can be consulted on the European Commission's website: https://eur-lex.europa.eu/eli/reg/2008/1126/2022-01-01.

The 2022 consolidated financial statements were approved by the Board of Directors on March 15 2023.

With regard to events after the reporting period, only events occurring between December 31, 2022 and March 15, 2023, the date on which the financial statements were approved, are accounted for in accordance with IAS 10 – Events After the Reporting Period). These events are described in Note 12.4 – *Subsequent events*, which details the significant events that occurred during the aforesaid period.

Standards, amendments and interpretations applied by the Group

The Group applies the standards and amendments published in the Official Journal of the European Union and effective for reporting periods beginning on or after January 1, 2022. The following new amendments are effective or may be adopted early for the consolidated financial statements as at January 1, 2022:

- amendments to IFRS 3 – Reference to the Conceptual Framework;
- amendments to IAS 16 – Property, Plant and Equipment – Proceeds before Intended Use;
- amendments to IAS 37 – Onerous Contracts: Cost of Fulfilling a Contract;
- annual improvements to IFRS (2018 – 2020 Cycle).

These amendments, standards and interpretations do not have a material impact on the consolidated financial statements for the year ended December 31, 2022.

Standards, amendments and interpretations adopted by the IASB but not yet adopted by the European Union and not adopted early by the Group at December 31, 2022

The Group has not decided to apply early any standards, amendments or interpretations for the 2022 fiscal year. The following published standards, amendments and interpretations that will be effective after December 31, 2022 may have an impact on the Group's financial statements:

- amendments to IAS 1 and to the IFRS Practice Statement 2 – Disclosure of Accounting Policies;
- amendments to IAS 8 – Definition of Accounting Estimates;
- amendments to IAS 12 – Income Taxes – Deferred taxes related to Assets and Liabilities arising from a Single Transaction.

1.2. Basis of preparation

Unless otherwise indicated, financial information is presented in thousands of euros without decimal places, and the Group's presentation currency is the euro. Rounding to the nearest thousand euros may lead to non-material differences in the totals and subtotals of the tables. The consolidated financial statements have been prepared on a historical cost basis, with the exception of certain categories of assets and liabilities measured in accordance with IFRS.

Believe presents its consolidated income statement by function: operating expenses are split between "Cost of sales", "Sales and marketing expenses", "Technology and product expenses", "General and administrative expenses" and "Other operating income (expenses)".

The consolidated financial statements provide comparative information with respect to the previous period. The notes to the consolidated financial statements set out the accounting policies applied in each note, along with comments on the figures, in order to enhance the readability of the financial statements.

1.3. Use of judgment and estimates

The preparation of consolidated financial statements requires the use of accounting estimates and judgments to determine the carrying amounts of certain assets, liabilities, income and expenses. These estimates and assumptions are regularly reviewed to ensure that they are reasonable in light of the Group's history, the economic climate and the information available to the Group. Certain events could result in changes in these estimates and assumptions, which would affect the value of the Group's assets, liabilities, equity and earnings. In preparing its consolidated financial statements, the Group uses estimates and judgments to:

- determine the term and discount rate of leases;
- determine whether or not to recognize deferred taxes;
- determine the recoverable amount of advances paid to artists and labels;
- estimate revenue;

- calculate the recoverable amount of non-current assets;
- measure the intangible assets acquired as part of a business combination and estimate any earn-out liabilities;
- measure pension obligations and share-based payments.

Leases

The Group assesses each contract to determine whether it is, or contains, a lease.

In applying IFRS 16, the Group uses estimates and judgments to:

- determine the lease term: the lease term adopted represents the non-cancellable term of the lease, plus any periods covered by an extension option if the Group is reasonably certain to exercise that option, plus any periods covered by a termination option if the Group is reasonably certain not to exercise that option. These estimates take account of the IFRIC's November 2019 agenda decision on lease terms;
- determine the discount rate: where the interest rate implicit in the lease cannot be readily determined, the discount rate used corresponds to the incremental borrowing rate at the lease commencement date. This rate is determined using the Group's incremental borrowing rate plus a spread in order to reflect the specific economic environment of the country concerned and, where applicable, the risk associated with the entity or leased asset. The discount rates used are adopted so as to reflect the interest rate that the Group would have to pay to borrow money under similar terms, *i.e.* a rate that reflects the lease term.

Recognition of deferred taxes

Deferred taxes are only recognized to the extent that it is probable that sufficient taxable income will be available or that losses carried forward can be utilized against the taxable temporary differences. Where appropriate, deferred tax assets are only recognized to the extent of any limits imposed by the tax laws applicable to the entity concerned.

Recoverable amount of advances paid to artists and labels

Under certain contracts signed with artists and labels, the Group agrees to pay advances that will be recouped against the amounts payable to those artists and labels at a future date. These advances are recognized as assets when they are paid and are recognized as expenses as the corresponding amounts are paid to the artists and labels.

At each reporting date, the Group determines the probability that it will recoup these advances, based on estimates of the future performance of the artists and labels that will be used to calculate the amounts due. Future performance is measured by (i) projecting advances recovered for the last three months over the remaining term of the initial agreement, thereby identifying artists and labels for whom the recoverability of advances may be doubtful, and (ii) meetings with operational management to factor in qualitative inputs (*e.g.* a recent album release that is not yet reflected in the revenues generated over the past quarter, or the launch of a catalog promotional campaign).

The carrying amount of the advances is written down if the Group no longer expects to recoup them in full against the future performance of the artists or labels. Advances shown in the statement of financial position are split between a current portion (*i.e.* the portion that the Group expects to recoup within 12 months of the reporting date) and a non-current portion.

Outstanding advances still to be collected are split between a current and a non-current portion using the same method as that used to determine the recoverable amount, *i.e.* by projecting advances recovered in the last three months. For contracts signed in the year for which no historical recovery statistics exist, the Group applies an average recoup rate based on trends observed over the past three fiscal years. This analysis is updated annually to take account of actual amounts recouped. The current/non-current split is also updated for material advances, taking into account the analysis described above.

Revenue estimates

Based on past experience, the Group estimates revenue for sales made for which final sales reports are pending at the reporting date. This mainly concerns revenue from digital activities for all platforms working with the Group.

Revenue is estimated using the weighted average monthly growth of each platform over the past three years, and also takes into account any relevant known factors specific to a given platform. At the reporting date, the Group has additional information allowing it to corroborate the estimates made, consisting of (i) sales reports being provide the days preceding or following the reporting date, for which invoices have not yet been issued but for which the invoice amount is already known, and (ii) tools that report estimates from the platforms of revenue financed by advertising. These inputs enable the Group to ensure that its estimates are reliable.

Asset impairment tests

In testing its assets for impairment, the Group uses assumptions that are revised at least annually, relative to cash-generating units (CGUs), future cash flows and discount rates. The assumptions used and the results of sensitivity tests of recoverable amounts are described in Note 6.4 – *Impairment tests on non-current assets*.

Measurement of intangible assets acquired as part of a business combination, and estimates of any earn-out liabilities

Business combinations are accounted for using the acquisition method in accordance with IFRS 3 – Business Combinations.

The Group recognizes intangible assets acquired as part of a business combination at fair value. These intangible assets are measured using valuation models requiring cash flow assumptions. The intangible assets recognized and the basis of measurement used are described in Note 6.2 – *Other intangible assets*.

The liabilities assumed in connection with earn-out arrangements are recognized at their fair value at the date of the combination.

NOTE 2 SCOPE OF CONSOLIDATION

2.1. Basis of consolidation

Consolidation methods

The consolidated financial statements include the financial statements of companies acquired as from the date on which the Group acquired control, and those of companies sold up to the date on which the Group relinquished control, as well as investments in associates and joint ventures accounted for using the equity method. All companies are consolidated on the basis of their positions as at the annual closing dates presented and restated, where necessary, to comply with the Group's accounting principles. All intragroup transactions and balances are eliminated in full on consolidation, as well as gains and losses on transactions between controlled companies (subsidiaries).

Controlled companies

Companies controlled directly or indirectly by the Group are consolidated. The Group controls a company when all of the following conditions are met:

- it has power over the entity;
- it is exposed, or has rights, to variable returns from its involvement with the entity;
- it has the ability to affect the amount of those returns through its power over the entity.

Equity-method accounting for joint ventures and associates

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control is the contractually-agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

An associate is a company over which the Group exercises significant influence, defined as the power to participate in the operating and financial policy decisions of an entity, but does not have control or joint control over those policies. Significant influence is presumed to exist when the Group holds, directly or indirectly, 20% or more of the voting rights of the entity, unless it can be clearly demonstrated that this is not the case.

Investments in joint ventures and associates are accounted for by the equity method. This method consists in initially recording the investment in joint ventures and associates in the consolidated statement of financial position at acquisition cost, adjusted thereafter for any post-acquisition change in the Group's share of the entity's net assets. Goodwill relating to equity-accounted companies is included as part of the carrying amount of the investments and is not presented separately. As a result, it is not separately tested for impairment in accordance with IAS 36.

The Group's share of the post-acquisition net income (loss) of equity-accounted companies is recognized on a separate line of the consolidated income statement, under "Operating income (loss)".

Foreign currency translation

Translation of subsidiaries' foreign currency financial statements

The financial statements of each of the Group's consolidated companies are prepared in the functional currency, *i.e.* in the currency of the economic environment in which the company operates. The Group has two subsidiaries in Turkey, a country considered to be hyperinflationary from April 30, 2022.

The functional currency of foreign companies is the country's local currency. The financial statements of companies denominated in foreign currencies are translated into euros at the closing exchange rate for assets and liabilities on the statement of financial position and at the average exchange rate for the period for income statement and cash flow items, in the absence of significant changes in exchange rates. The financial statements of subsidiaries located in hyperinflationary countries are an exception to this rule and are translated into euros at the closing exchange rate, in accordance with IAS 21 and IAS 29.

Any resulting translation adjustments are initially recognized within other comprehensive income and maintained within the "Translation reserve" within equity.

Foreign currency transactions

Transactions carried out by a company in a currency other than its functional currency are translated at the exchange rate prevailing at the time of the transaction. Monetary assets and liabilities expressed in foreign currencies are translated at the closing exchange rate. Non-monetary assets and liabilities denominated in a foreign currency are recognized at the historical exchange rate prevailing at the transaction date.

Foreign exchange gains and losses are recognized in net financial income (expense).

Net investment in a foreign operation

Certain foreign currency loans and borrowings are considered in substance to be an integral part of the net investment in a subsidiary whose functional currency is not the euro when settlement is neither planned nor likely to occur in the foreseeable future.

The foreign currency gains and losses arising on these loans and borrowings are recorded under "Translation adjustments" in other comprehensive income for their net-of-tax amount. This specific accounting treatment applies until the disposal of the net investment, or when partial or full repayment of these loans or borrowings is highly probable.

In the event that the repayment of a loan results in it no longer being classified as a net investment in a foreign operation, the translation adjustments generated after the date its classification changes are taken to the consolidated income statement as other financial income 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:

		December 31, 2022		December 31, 2021	
Company	Country	Consolidation method[(1)]	% interest	Consolidation method[(1)]	% interest
Believe SA	France	Parent company		Parent company	
Believe Digital GmbH	Germany	FC	100%	FC	100%
GoodToGo GmbH	Germany	FC	100%	FC	100%
Groove Attack GmbH	Germany	FC	100%	FC	100%
Justbridge Entertainment GmbH	Germany	FC	100%	FC	100%
Nuclear Blast GmbH	Germany	FC	99%	FC	99%
Rough Trade Distribution GmbH	Germany	FC	100%	FC	100%
Soulfood Music Distribution GmbH	Germany	FC	100%	FC	100%
Madizin Music GmbH	Germany	FC	51%	-	-
Believe Digital Canada Inc.	Canada	FC	100%	FC	100%
Believe Music (Shanghai) Company Ltd	China	FC	100%	FC	100%
Believe Digital Holdings Inc.	United States	FC	100%	FC	100%
Believe International Holding Inc.	United States	FC	100%	FC	100%
Believe Music America LLC	United States	FC	100%	FC	100%
Nuclear Blast America Inc.	United States	FC	99%	FC	99%
TuneCore Inc.	United States	FC	100%	FC	100%
6&7 SAS	France	FC	51%	EM	49%
Jo and Co SAS	France	FC	51%	FC	51%
Lili Louise Musique SAS [(2)]	France	EM	49%	EM	49%
Play 2 SAS	France	EM	25%	EM	25%
Morning Glory Music SAS	France	FC	53%	-	-
Structure PY SAS [(2)]	France	EM	24%	-	-
Believe Digital Private Ltd	India	FC	100%	FC	100%
Canvas Talent Private Ltd	India	FC	100%	FC	100%
Entco Music Private Ltd	India	FC	100%	FC	100%
Ishtar Music Private Ltd	India	FC	100%	FC	100%
SPI Music Private Limited	India	FC	100%	FC	100%
PT Believe Music Indonesia	Indonesia	FC	100%	-	-
Believe Digital SRL	Italy	FC	100%	FC	100%
TuneCore Japan KK	Japan	FC	55%	FC	55%
Believe International SARL	Luxembourg	FC	100%	FC	100%
Viva Music and Artists Group Inc. [(2)]	Philippines	EM	15%	EM	15%
Believe Direct Ltd	UK	FC	100%	FC	100%
GS Believe LLP	UK	EM	50%	EM	50%
Nuclear Blast (UK) Ltd	UK	FC	99%	FC	99%
Believe Digital OOO	Russia	FC	100%	FC	100%
Believe Music Sea Pte Ltd	Singapore	FC	100%	FC	100%
Believe Taiwan Inc.	Taiwan	FC	100%	-	-
Doğan Müzik Yapım ve Ticaret A.Ş.	Turkey	FC	60%	FC	60%
Netd Müzik Video Dijital Platform ve Ticaret A.Ş.	Turkey	FC	60%	FC	60%

(1) FC: Full consolidation; EM: Equity-accounted companies.
(2) These entities, consolidated in the Group's financial statements, include companies directly controlled by them.

The consolidated financial statements have a reporting date of December 31. The reporting date of all Group companies is December 31 and they all have a 12-month fiscal year, with the exception of companies based in India, for which the reporting date is March 31. The Indian companies prepare accounts at December 31, in connection with the preparation of the Group's consolidated financial statements.

All German subsidiaries listed above and included in the consolidated statement of financial position are exempt from the obligation to publish parent company and consolidated financial statements for the 2022 fiscal year, in accordance with Articles 264, 264b and 291 of the German Commercial Code (*Handelsgesetzbuch* – HGB) and the obligation to publish (Group) management reports for the 2022 fiscal year, in accordance with Article 325 of said code.

Information on non-consolidated companies

		December 31, 2022	December 31, 2021
Company	Country	% interest	
Chimperator Productions Verwaltungs GmbH [1]	Germany	-	30.0%
Chimperator Productions GmbH & Co. KG [1]	Germany	-	30.0%
Phononet GmbH	Germany	0.6%	0.6%
Triller Acquisition LLC	United States	0.3%	0.3%
IRCAM Amplify SAS	France	6.7%	6.7%
Uni-T SAS	France	24.4%	24.4%
Rapsodie SAS	France	2.8%	-

(1) The Group sold its stake in Chimperator Productions Verwaltungs GmbH and Chimperator Productions GmbH & Co. KG on January 1, 2022 for an insignificant amount.

The value of investments in non-consolidated companies is presented under "Non-current financial assets" in the statement of financial position, and described in further detail in Note 8.1 – *Financial assets and liabilities*.

Changes in the scope of consolidation in 2022

- On January 1, 2022, the Group sold its stake in Chimperator Productions Verwaltungs GmbH and Chimperator Productions GmbH & Co. KG for an insignificant amount.
- On February 4, 2022, the Group exercised its call option for the acquisition of an additional 2% stake in the share capital of 6&7, previously consolidated using the equity method at 49%. The company has been fully consolidated at 51% since January 1, 2022.
- On July 13, 2022, the Group subscribed to the capital increase of Rapsodie SAS and now holds 2.8% of the company's share capital. The company is not consolidated.
- On October 7, 2022, the Group created Madizin Music GmbH with partners in Germany. The company has been fully consolidated at 51% since that date.
- On November 16, 2022, the Group acquired a majority stake of 53% in the share capital of Morning Glory Music SAS ("MGM"). A call-put option on the remaining shares exists with two tranches over two distinct exercise periods. Since that date, the company has been fully consolidated at 53%.
- On December 19, 2022, the Group subscribed to the capital increase of Structure PY SAS and now holds 24% of the company's share capital. The company has been consolidated using the equity method since December 31, 2022.
- In addition, in 2022, the Group created Believe Taiwan Inc. and PT Believe Music Indonesia, which have been fully consolidated since their creation.

Changes in the scope of consolidation in 2021

- On May 25, 2021, by decision of the 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 (*société anonyme*) with a Board of Directors and became Believe SA.
- On November 4, 2021, the Group acquired a 25% stake in Play 2 SAS ("Play 2"), one of the leading French independent music labels and subsidiary of the TF1 group (see Note 2.4 – *Equity-accounted companies*). The company has been consolidated using the equity method since that date.
- On December 2, 2021, the Group established a strategic partnership with the acquisition of a 15% stake in Viva Music and Artists Group Inc. ("Viva"). It is the largest label in the Philippines and one of the largest labels in South-Eastern Asia (see Note 2.4 – *Equity-accounted companies*). The company has been consolidated using the equity method since that date.

- On December 10, 2021, the Group strengthened its position in the fast-growing Indian market with the acquisition of the Think Music label, one of the leaders in the movie soundtrack segment in South India. The Group acquires control of SPI Music Private Limited ("SPI Music") with an initial stake of 76% and a forward contract for the acquisition of the remaining 24% expiring in 2025 (see Note 2.3 – *Business combinations*). The company has been fully consolidated since that date.
- On December 21, 2021, the Group acquired a majority stake of 51% in the share capital of Jo and Co SAS ("Jo&Co"), a major independent label specializing in pop and variety in France (see Note 2.3 – *Business combinations).* A call-put option on the remaining shares exists. The company has been fully consolidated at 51% since December 31, 2021.

2.3. Business combinations

Accounting policies

IFRS 3 defines a business combination as a transaction or other event in which an acquirer obtains control of one of more businesses. A business is defined as an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing goods or services to customers, generating investment income (such as dividends or interest) or generating other income from ordinary activities. A business is composed of inputs and processes that, when applied to these inputs, create outputs. The Group recognizes business combinations in accordance with the acquisition method:

- identifiable assets acquired and liabilities assumed are measured at their acquisition-date fair value;
- non-controlling interests in the acquiree are measured either at fair value or at the Group's share in the acquiree's net identifiable assets. This option is available for all business combinations based on a case-by-case analysis of each transaction.

Goodwill is determined at the acquisition date as the difference between:

- the fair value of the consideration transferred, including any contingent consideration (earn-out), plus the amount of any non-controlling interests;
- the net of the acquisition-date fair value amounts of the identifiable assets acquired and the liabilities assumed.

Acquisition-related costs are recorded under "Other operating income (expenses)" in the period in which they are incurred. Any earn-outs linked to the business combination are measured at fair value on the acquisition date. After the acquisition date, the contingent consideration is remeasured to fair value at each reporting date, unless it relates to an equity instrument.

After expiry of the measurement period for allocating the purchase price (*i.e.* no more than one year from the acquisition date), any changes in the fair value of the contingent consideration are taken to income. Any changes in the fair value of contingent consideration during the measurement period that are expressly attributable to events that occurred after the acquisition date, are shown within "Other operating income (expense)" in the income statement. Other changes are recognized against goodwill.

Assets and liabilities identified

In allocating the purchase price, the Group may recognize:

- an asset in respect of the relationship with artists and labels generally valued using the excess earnings method. This method estimates the present value of the net cash flows expected to be derived from these relationships held by the business acquired, excluding cash flows relating to corporate assets;
- a catalog generally valued using the excess earnings method. This method estimates the present value of the net cash flows expected to be derived from the catalog owned by the acquiree, excluding cash flows relating to corporate assets;
- a brand generally valued using the royalty relief method. This method estimates the present value of royalties expected to be avoided as a result of the acquisition.

The table below shows the provisional and final purchase accounting, net of deferred taxes, for entities acquired during the 2021 and 2022 fiscal years:

	Acquisitions in 2022			Acquisitions in 2021		
(In € thousands)	**6&7**	**Morning Glory Music**	**Total**	SPI Think Music	Jo&Co[(1)]	**Total**
Brands, net of deferred tax	846	-	846	3,394	2,045	5,439
Catalogs, net of deferred tax	291	-	291	1,954	-	1,954
Other assets (liabilities) identified	-	(169)	(169)	3,874	611	4,485
TOTAL NET ASSETS ACQUIRED (BASED ON 100%) [A]	**1,137**	**(169)**	**968**	**9,222**	**2,657**	**11,879**
Share attributable to Believe (= % x A) [B]	577	(90)	487	9,222	1,355	10,577
Acquisition price [C]	2,101	3,942	6,043	26,186	4,463	30,649
Goodwill [C]-[B]	**1,524**	**4,032**	**5,556**	**16,964**	**3,108**	**20,072**

(1) The acquisition of Jo&Co during the 2021 fiscal year resulted in goodwill of €3,108 thousand following the allocation of the final acquisition price. Goodwill as presented and recognized in the consolidated financial statements at December 31, 2021 was €4,150 thousand.

Acquisitions in 2022

MGM

As the acquisition of the company was completed at the end of the year, the allocation of the purchase price could not be reflected in the consolidated financial statements at December 31, 2022 (valuation in 2023).

The Believe Group acquired 53% of the share capital of Morning Glory Music for €3,942 thousand. A call-put option on the remaining 47% exists with two tranches over two separate exercise periods, in 2026 and 2029. The option is valued in the financial statements for an amount of €3.2 million at December 31, 2022. No earn-out is recognized in connection with this acquisition.

Cash acquired as part of the acquisition of the company is non-material.

Contribution of acquisitions

MGM's contributions to the Group's revenue and consolidated net income at December 31, 2022 are €55 thousand and €(119) thousand, respectively. If the company had been acquired on January 1, 2022, its contribution to the Group's revenue and consolidated net income for at December 31, 2022 would have been €499 thousand and €(423) thousand, respectively.

6&7

A brand was valued using the royalty relief method. An asset in respect of the company's catalog was also recognized. The investment in 6&7 breaks down as follows:

- **initial equity investment** (October 18, 2019): initial stake of 49% concomitantly with the subscription to a capital increase, for a total amount of €1.5 million;
- **additional equity investment** (February 4, 2022): exercise of the call option on an additional 2% stake for an amount of €0.6 million.

Cash acquired as part of the acquisition of 6&7 amounted to €479 thousand.

Contribution of acquisitions

6&7's contributions to the Group's revenue and consolidated net income at December 31, 2022 are €248 thousand and €513 thousand respectively. The contribution to the Group's revenue does not include the revenue generated by Believe under the distribution agreement existing prior to the acquisition. These data reflect a contribution to the Group over a 12-month period, as the company has been fully consolidated since January 1, 2022.

Acquisitions in 2021

SPI Music (Think Music)

A brand was valued using the royalty relief method. An asset representative of the company's catalog was also recognized. SPI Think Music's equity investment breaks down as follows:

- **tranche 1** (December 10, 2021): initial stake of 76%, for an amount of €15.8 million;
- **tranche 2** (2025): forward contract for the acquisition of the remaining 24%, valued at €10.4 million at December 31, 2021. The final price will be determined on the basis of the future performance of the Company.

Cash acquired as part of the acquisition of SPI Think Music amounts to €2,825 thousand.

The goodwill reflects in particular SPI Think Music's reputation and its connection with the local music and film industry as well as the synergies expected to derive from integrating the company into the Group.

Contribution of acquisitions

SPI Think Music's contributions to the Group's revenue and consolidated net income at December 31, 2021 were €161 thousand and €97 thousand respectively. If the company had been acquired on January 1, 2021, its contribution to the Group's revenue and consolidated net income at December 31, 2021 would have been €2,944 thousand and €2,080 thousand, respectively.

Jo&Co

A brand was valued using the royalty relief method.

The Believe Group acquired 51% of the share capital of Jo&Co, one of the main independent labels specializing in pop and variety in France, for an amount of €4,463 thousand. A call-put option on the remaining 49% exists and was valued in the financial statements for an amount of €5.7 million at December 31, 2021. No earn-out was recognized in connection with this acquisition.

Cash acquired as part of the acquisition of the company amounted to €1,047 thousand.

Contribution of acquisitions

It made no contribution net income at December 31, 2021.

If the company had been acquired on January 1, 2021, its contribution to the Group's revenue and consolidated net income at December 31, 2021 would have been €3,313 thousand and €171 thousand, respectively.

2.4. Equity-accounted companies

Accounting policies

The Group's share of the post-acquisition net income (loss) of equity-accounted companies is recognized on a separate line of the consolidated income statement, under "Operating income (loss)".

Changes in investments in equity-accounted companies

(In € thousands)	December 31, 2022	December 31, 2021
Investments in equity-accounted companies at January 1	**49,353**	**12,812**
Share of net income (loss) from equity-accounted companies	1,233	1,361
Dividends	(850)	-
Changes in the scope of consolidation	1,582	34,928
Translation adjustments	(660)	252
INVESTMENTS IN EQUITY-ACCOUNTED COMPANIES AT DECEMBER 31	**50,657**	**49,353**

In 2022, the item "Changes in the scope of consolidation" corresponds to:

- the acquisition of an additional 2% stake in the share capital of 6&7, previously consolidated using the equity method at 49%. The company is now fully consolidated at 51% (see Note 2.2 – *Scope of consolidation* and Note 2.3 – *Business combinations*).
- the acquisition of Structure PY (see Note 2.2 – *Scope of consolidation*).

In 2021, the item "Changes in the scope of consolidation" related to the acquisitions of Play 2 and VIVA Music Group (see Note 2.2 – *Scope of consolidation*).

The Group did not identify any evidence that its equity-accounted investments may be impaired.

Information regarding equity-accounted companies

(In € thousands, except % interests)	Country	December 31, 2022 Carrying amount	% interests	December 31, 2021 Carrying amount	% interests
Lili Louise Group[(1)]	France	11,174	49%	11,677	49%
6&7 SAS	France	-	-	1,538	49%
Play 2 SAS	France	12,633	25%	12,184	25%
Structure PY SAS	France	3,120	24%	-	-
Viva Music and Artists Group Inc.	Philippines	22,976	15%	23,330	15%
GS Believe LLP	UK	754	50%	625	50%
TOTAL		**50,657**		**49,353**	

(1) The Lili Louise Group includes Lili Louise Musique SAS, Tôt ou Tard Films SA, VF Musiques SAS and Zouave SAS.

Financial information regarding equity-accounted companies

The condensed financial information on equity-accounted companies corresponds to the amounts reported in the financial statements of the joint venture or associate. They break down as follows:

	2022					2021				
(In € thousands)	Lili Louise group[(1)]	Viva	Play 2	Others	Total	Lili Louise group[(1)]	Viva	Play 2	Others	Total
Revenue	15,112	15,333	24,525	-	**54,971**	14,732	1,484	8,342	3,236	**27,794**
Net income	(224)	3,251	2,747	337	**6,111**	1,437	755	687	753	**3,633**
SHARE OF NET INCOME	**(110)**	**488**	**687**	**169**	**1,233**	**704**	**113**	**172**	**372**	**1,361**

	December 31, 2022					December 31, 2021				
(In € thousands)	Lili Louise group[(1)]	Viva[(2)]	Play 2[(2)]	Others	Total	Lili Louise group[(1)]	Viva[(2)]	Play 2[(2)]	Others	Total
Non-current assets	25,533	157,360	56,286	13,000	**252,179**	26,903	150,247	56,863	3,459	**237,471**
Current assets	15,109	20,553	65,136	1,621	**102,419**	15,698	19,275	69,603	12,804	**117,380**
Non-current liabilities	1,886	13,594	8,062	-	**23,542**	2,214	492	8,358	-	**11,064**
Current liabilities	13,575	11,146	62,828	113	**87,662**	14,180	13,499	69,371	11,600	**108,651**

(1) The Lili Louise Group includes Lili Louise Musique SAS, Tôt ou Tard Films SA, VF Musiques SAS and Zouave SAS.

Transactions with equity-accounted companies (as related parties)

The consolidated financial statements include transactions carried out by the Group in the ordinary course of business with equity-accounted companies. These transactions are carried out at arm's length.

(In € thousands)	December 31, 2022	December 31, 2021
Loans	3,246	659
Advances to artists and labels	-	4,000
Trade receivables	386	-
Trade payables and contract liabilities	6,198	1,843

(In € thousands)	2022	2021
Amounts paid to artists and producers	(18,056)	(4,417)
Sales and marketing expenses	386	-

NOTE 3 SEGMENT INFORMATION

3.1. Identification of operating segments

Accounting policies

Segment financial information is presented in accordance with IFRS 8 – Operating Segments and is based solely on the internal reporting used by Believe's Board of Directors, considered to be the Company's chief operating decision maker within the meaning of IFRS 8, to make decisions about resources to be allocated to the segments and assess their performance. These segments reflect the basis on which management analyzes the business.

The Group has identified two operating segments corresponding to Believe's two businesses, which form the basis of its reporting to the Board of Directors.

- **Premium Solutions:** this consists mainly of the sale, promotion and delivery of digital content provided by artists and labels for which the Group is responsible for developing their catalog on digital platforms and social media, as appropriate, using a split revenue model. To a lesser extent, it also includes services supporting the development of artists in terms of physical sales, derivative products, synchronization services, neighboring rights and music publishing;
- **Automated Solutions,** whereby the Group enables artists, via its TuneCore digital platform, to distribute their audio content in an automated manner to streaming and social media platforms in return for a subscription fee or margin. Alongside this platform, artists can also choose complementary publishing or synchronization solutions.

The "Central Platform" does not meet the definition of an operating segment under IFRS 8, but is included in internal reporting and regularly monitored and analyzed by the 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) depreciation of identified assets at the acquisition date, net of deferred taxes, for the share of net income (loss) of equity-accounted companies.

No statement of financial position data broken down by operating segment is presented to the chief operating decision maker.

	2022		2021	
(In € thousands)	**Revenue**	**Adjusted EBITDA**	**Revenue**	**Adjusted EBITDA**
Premium Solutions	712,641	101,270	541,340	78,007
Automated Solutions	48,165	6,609	35,812	5,334
Other – Central Platform	-	(73,172)	-	(60,024)
TOTAL	**760,805**	**34,707**	**577,151**	**23,317**

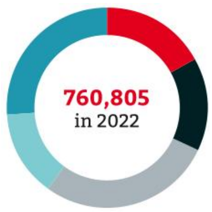
3.3. Reconciliation with Group financial data

The table below reconciles adjusted EBITDA with operating income (loss):

(In € thousands)	2022	2021
Operating income (loss)	**(22,265)**	**(19,620)**
Restatement of depreciation, amortization and impairment expense	44,857	33,700
Restatement of share-based payment including social security contributions and employer contributions	6,464	2,515
Restatement of other operating income (expense)	4,888	6,373
Restatement of depreciation of identified assets at the acquisition date, net of deferred taxes, for the share of net income (loss) of equity-accounted companies	763	350
ADJUSTED EBITDA	**34,707**	**23,317**

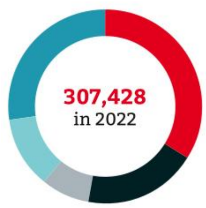
3.4. Information by geographic area

In accordance with IFRS 8.33, revenue generated in France and abroad is presented below based on the location of the Group's operations:



(In € thousands)	2022	2021
17% France	128,604	95,983
5% Germany	113,599	102,375
28% Europe excluding France and Germany	210,177	164,734
14% Americas	109,168	83,534
26% Asia/Pacific/Africa	199,258	130,525
TOTAL	**760,805**	**577,151**

The breakdown of non-current assets (excluding non-current financial assets, non-current portion of advances to artists and labels, deferred tax assets) in France and abroad is presented below on the basis of the location of the legal entity carrying the assets:



(In € thousands)	2022	2021
4% France	104,725	101,354
19% Germany	57,852	59,704
8% Europe excluding France and Germany	26,104	16,900
12% Americas	37,499	36,540
27% Asia/Pacific/Africa	81,248	83,059
TOTAL	**307,428**	**297,557**

3.5. Major customers

At December 31, 2022, the Group's three largest customers respectively accounted for 30%, 28% and 10% of total revenue; they represented 33%, 23% and 10% of total revenue at December 31, 2021.

NOTE 4 OPERATING DATA

4.1. Revenue

Accounting policies

The Group derives most of its revenue from:

- digital sales;
- other: mainly consisting of physical sales and, to a lesser extent, revenue derived from 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 catalog of musical works to which the Group has the rights. The catalog is defined as all of the works to which the Group has the rights during its contract with the platform (including works to which it will acquire the rights after signing the contract and excluding works to which the Group will no longer hold rights). This license therefore represents a right to access intellectual property as it exists throughout the license period (dynamic license). The Group enters into contracts spanning several years with digital service providers which pay in exchange for the use of its musical catalog. Revenue therefore takes the form of remuneration based on the use of the license by the platforms' end customers. Such remuneration in this case is based on the revenue generated by the platform, both from advertising and from subscriptions. Revenue is recognized as and when the catalog is used, based on reports compiled by the digital platforms.

Some contracts with platforms may provide for the payment of a minimum guarantee. This is non-refundable but can generally be recouped, and is similar to an advance received by the Group. Minimum guarantees are recognized in the same way as the payments to which they relate or are recognized *prorata temporis* over the term of the contract if the related payments are not sufficient or if pertinent information is not available. Minimum guarantees or advances not yet recognized in revenue represent contract liabilities.

As part of its digital sales activities in its Premium Solutions business, the Group acts as Principal in its dealings with the digital platform, as it obtains control of the works comprising the catalog through the distribution licenses granted to it. The Group effectively controls the catalog and has the ability to direct its use. Its activity also involves incorporating works into its catalog.

For Automated Solutions, digital sales constitute an intermediation service enabling the producer to distribute its catalog on the platforms of its choice. This service also includes collecting and paying producers amounts attributable to them during the term of their subscription. In this arrangement, the Group acts as Agent and revenue corresponds to subscriptions paid by artists or to the margin if revenue is shared, as it does not obtain control of the works delivered to the platform; the producer has discretion in establishing the price and making other commercial decisions. Revenue is recognized on a straight-line basis over the subscription period, since the producer receives and consumes the benefits as and when the services are provided and the necessary inputs are consumed in a uniform manner over the service period.

Others:

In the course of its business, and depending on the contractual provisions agreed with artists or producers, in the case of physical sales the Group may act as either Agent or Principal.

When the Group acts as a label (*i.e.* it enters into a recording contract with an artist, or an "artist contract", or a license agreement under which it acts as a licensee for a third-party producer), it carries out the physical sales as a Principal, since it obtains control of the physical recording, makes commercial decisions, and bears the inventory risk. In this case, the Group's customer is the physical distributor.

When the Group acts as distributor, its role is as an Agent as it does not obtain control of the physical recordings, does not and make other commercial decisions, and does not bear the inventory risk.

When the Group acts as Principal, physical sales constitute sales of intellectual property licenses for musical works. This license represents a right to use the intellectual property as it exists in the physical recording, *i.e.* at a point in time (static license). In this case, revenue, net of any discounts or rebates, is recognized when control of the physical recording is transferred, which generally occurs when the physical recording is delivered to physical stores or, in the event of sales on consignment, when the physical recording is sold to the end customer. In the case of sales on consignment, the physical distributor only obtains control of the physical recording when the product is sold to its customer, and it does not have an unconditional obligation to pay for the product as long as the sale to its customer does not take place.

Estimates of returns are based on historical statistics and forecasts and are deducted from revenue.

When the Group acts as Agent, sales correspond to an intermediary distribution service to the producer and, where appropriate, add-on services such as the manufacture of the different formats. In this case, the Group's customer is the producer and revenue consists only of the fees it earns on distribution. The impact of estimated returns is recognized as a deduction from revenue relating to distribution fees. Estimates of returns are based on historical statistics and forecasts, *i.e.* using the expected value method.

The Group generates revenue on other, more incidental, activities, namely:

- activities involving the sale of derivative products and brand partnerships – corresponding to the sale of derivative products in partnership with a brand – generate revenue which is recognized at the time of entering into the license agreement, or when control of the goods is transferred to the customer. The Group acts as Principal in this arrangement as it obtains control of the goods: It makes commercial decisions, is responsible for sales to the end customer, and bears the inventory risk;
- synchronization services are where a license is granted to an extract from a musical work as it exists at the time the contract is signed, with no changes envisaged. In this case, revenue is recognized when control of the license is transferred, *i.e.* when the customer obtains the right to use the work;
- neighboring rights relate to incidental copyrights returned to the recording artist and audiovisual producers, as well as to radio or television broadcasting bodies. The Group may be responsible for collecting payments relating to neighboring rights from the competent authorities, and then for paying them over to the artist/producer, less a management fee, where applicable. The Group acts as Agent when it collects such payments and only its fees are recognized as revenue;
- the Group also offers additional publishing right administration services, where it collects – mainly from collective management organizations and on behalf of owners of the rights to the musical works – payments due in respect of the right to reproduce and perform these works. The Group acts as Agent when it collects such rights and only its fees are recognized as revenue.

BREAKDOWN OF REVENUE BY TYPE

(In € thousands)	2022		2021	
Digital sales	701,948	92.3%	524,689	90.9%
Others[(1)]	58,857	7.7%	52,463	9.1%
TOTAL REVENUE	**760,805**	**100%**	**577,151**	**100%**

(1) The amounts shown on under "Others" essentially relate to physical sales.

4.2. Cost of sales

Accounting policies

Cost of sales includes costs directly or indirectly attributable to products and services sold. Cost of sales relates mainly to amounts paid to artists and labels, production costs and changes in inventories (mainly physical recordings), as well as expenses incurred to organize musical events.

Payments to artists and labels are expensed when proceeds from the sales of musical recordings are recognized, less any provision for returns.

4.3. Operating income 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. They also include depreciation and amortization charged against the corresponding non-current assets (which mainly comprise capitalized personnel expenses and consultants' fees).

Technology and product expenses

Technology and product expenses include all costs relating to internal and external personnel involved in developing technology platforms for services provided by the Group, and to other internally-developed IT projects, part of which being capitalized. They also include depreciation and amortization charged against property, plant and equipment and intangible assets.

General and administrative expenses

General and administrative expenses include all costs relating to internal and external personnel in operational support and head office teams, along with overheads and miscellaneous fees relating to these support functions. General and administrative expenses also include amortization charged against intangible assets (content and platform delivery management tools, interfaces with artists and labels, data management and analysis systems, etc.) and property, plant and equipment, as well as costs related to post-employment benefits and share-based compensation plans.

Operating income 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 (expense)

Accounting policies

In order to facilitate interpretation of the income statement and Group performance, unusual items that are material to the consolidated financial statements are presented separately as operating income (expense) under "Other operating income (expense)".

The Group's other operating income (expense) is comprised of the following:

(In € thousands)	**2022**	**2021**
Gains (losses) on asset disposals	(20)	-
Acquisition-related costs	(2,173)	(849)
Other operating income (expense)	(2,695)	(5,524)
TOTAL OTHER OPERATING INCOME (EXPENSE)	**(4,888)**	**(6,373)**

At December 31, 2022, the "Other operating income (expense)" item mainly includes expenses related to the reorganization undertaken in certain countries for €(2.4) million.

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.

4.5. Trade receivables and other current assets

Accounting policies

Trade receivables are initially recognized at their transaction price (within the meaning of IFRS 15); there is no significant financing component owing to the short settlement periods. Trade receivables are measured at amortized cost less expected losses over the life of the receivable according to the simplified model provided for by IFRS 9.

Expected credit losses are estimated taking into account historical loss experience, the age of the receivables and a detailed risk assessment. If there is objective evidence of a credit loss at the reporting date (*e.g.* litigious receivables or difficulties in terms of collection), an additional write down may be recognized on a case-by-case basis in light of information available at the reporting date.

Invoices not yet issued (included in the estimated revenue) at the reporting date pending the final reports from the digital platforms are presented with trade receivables. These relate to revenue recognized when a performance obligation has been satisfied but not yet billed. As well as the estimates made, the Group also receives daily activity reports from major platforms which include key revenue inputs (*e.g.* listening volume, for example by artist/stream/genre/country). Based on these inputs, the Group considers that it has an unconditional right to consideration since only the passage of time is required before payment of that consideration is due. Furthermore, the payment and amount of these invoices do not depend on the future provision of services.

Trade receivables break down as follows:

(In € thousands)	December 31, 2022	December 31, 2021
Trade receivables[1]	166,960	142,791
Impairment of trade receivables	(8,504)	(6,164)
TOTAL TRADE RECEIVABLES, NET	**158,456**	**136,627**

(1) The amount of invoices not yet issued included in "Trade receivables" represents €86.5 million at December 31, 2022 and €73.6 million at December 31, 2021. Changes in trade receivables reflect the increase in the Group's business.

Age of trade receivables

The table below provides an aged analysis of trade receivables:

	December 31, 2022			December 31, 2021		
(In € thousands)	Trade receivables	Impairment of trade receivables	Trade receivables, net	Trade receivables	Impairment of trade receivables	Trade receivables, net
Not yet due [1]	140,375	-	140,375	122,647	-	122,647
Less than 90 days past due	11,281	(360)	10,921	9,639	-	9,639
Between 90 and 180 days past due	2,514	(18)	2,496	1,603	(337)	1,266
More than 180 days past due	12,791	(8,127)	4,664	8,903	(5,828)	3,075
TOTAL TRADE RECEIVABLES, NET	**166,960**	**(8,504)**	**158,456**	**142,791**	**(6,164)**	**136,627**

(1) The amount of invoices to be issued is included in the "Not yet due" line.

Other current assets

Other current assets break down as follows:

(In € thousands)	December 31, 2022	December 31, 2021
Tax and social security receivables[1]	19,086	17,458
Prepaid expenses	10,461	9,511
Other receivables	2,540	2,440
TOTAL OTHER CURRENT ASSETS	**32,087**	**29,408**

(1) Tax and social security receivables relate mainly to amounts due to the Group in respect of VAT.

4.6. Advances to artists and labels

Accounting policies

Under certain contracts signed with artists and labels, the Group agrees to pay advances, which will be recouped against the amounts payable to those artists and labels at a future date. These advances are recognized as assets when they are paid and are expensed as and when the corresponding amounts are paid to the artists and labels.

At each reporting date, the Group determines the probability that it will recoup these advances, based on estimates of the future performance of the artists and labels that will be used to calculate the amounts due. The carrying amount of the advances is written down if the Group no longer expects to recoup them in full against the future performance of the artists or labels. Any impairment is recognized in cost of sales.

Advances shown in the statement of financial position are split between a current portion (*i.e.* the portion that the Group expects to recoup within 12 months of the reporting date) and a non-current portion.

Advances to artists and labels can be analyzed as follows:

(In € thousands)	December 31, 2022	December 31, 2021
Advances to artists and labels – current portion	90,707	88,021
Advances to artists and labels – non-current portion	87,780	77,937
TOTAL ADVANCES TO ARTISTS AND LABELS, NET	**178,487**	**165,958**
Portion of advances paid in less than one year	*52%*	*68%*

4.7. Inventories

Accounting policies

Inventories are initially measured at cost. The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The Group's inventories mainly consist of physical music recordings held in connection with its label business.

At each reporting date, inventories are measured at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. Inventories are written down by means of an impairment loss if their net realizable value is lower than their cost. Any such impairment is reversed as soon as the net realizable value of the inventories once again exceeds their cost.

Inventories break down as follows:

(In € thousands)	December 31, 2022	December 31, 2021
Gross inventories	8,157	5,800
Impairment	(2,531)	(1,168)
TOTAL INVENTORIES, NET	**5,626**	**4,632**

4.8. Trade payables and contract liabilities

Accounting policies

Trade payables and contract liabilities are measured at fair value on initial recognition, and subsequently at amortized cost. All these payables are classified as liabilities in the statement of financial position with a maturity of less than one year. Contract liabilities represent consideration received for performance obligations that have not yet been satisfied or have only partly been satisfied. They correspond mainly to:

- advances and minimum guarantees received from digital platforms;
- prepaid income relating to subscriptions paid in full by artists on inception of contracts in the Automated Solutions business but recognized over several reporting periods.

Trade payables and contract liabilities break down as follows:

(In € thousands)	December 31, 2022	December 31, 2021
Trade payables	458,377	388,729
Contract liabilities[1]	50,960	22,468
TOTAL TRADE PAYABLES AND CONTRACT LIABILITIES	**509,336**	**411,197**

(1) The majority of contract liabilities shown at the beginning of each reporting period are reclassified to revenue during that period.

4.9. Other current liabilities

Other current liabilities break down as follows:

(In € thousands)	December 31, 2022	December 31, 2021
Tax and social security liabilities	28,935	23,311
Other payables	3,008	4,043
TOTAL OTHER CURRENT LIABILITIES	**31,943**	**27,354**

4.10. Other non-current liabilities

Other non-current liabilities break down as follows (see Note 2.3 – *Business combinations*):

(In € thousands)	December 31, 2022	December 31, 2021
Forward contract for the acquisition of the remaining 24% of SPI Music	12,149	10,404
Call-put option for the acquisition of the remaining 49% of Jo&Co	5,120	5,695
Call-put option for the acquisition of the remaining 47% of MGM	3,176	-
TOTAL NON-CURRENT LIABILITIES	**20,446**	**16,099**

NOTE 5 PERSONNEL EXPENSES AND EMPLOYEE BENEFITS

5.1. Headcount

The table below shows the Group's average full-time equivalent headcount, including external consultants in the countries in which the Group does business:

(Full-time equivalent)	2022	2021
Average headcount over the year	1,846	1,564

5.2. Employee benefits

Accounting policies

Employee benefits are compensation in any form granted by the Group for services rendered by its employees or for the termination of their employment. These benefits, measured in accordance with IAS 19 – Employee benefits, can be broken down into four categories:

- short-term benefits (paid leave, paid sick leave, bonuses, etc.);
- post-employment benefits (pension benefits, social security benefits and supplementary benefits);
- other long-term benefits (long-service awards, long-service leave, etc.);
- termination benefits.

Short-term benefits are those expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees provide the related services. They are recognized in current liabilities and recorded as expenses when the employee provides the service. Post-employment benefits are described in Note 5.3 – *Pensions and other employee benefit obligations*.

Termination benefits are expensed at the earlier of the following dates: when the Group can no longer withdraw the offer of those benefits, and (ii) when the Group recognizes costs for a restructuring plan that is within the scope of IAS 37 and involves the payment of termination benefits.

Personnel expenses are broken down as follows, by type:

(In € thousands)	2022	2021
Wages, salaries and payroll taxes(1)	(124,400)	(98,371)
Post-employment benefit expenses	(131)	(138)
Share-based payments	(6,464)	(2,515)
Other employee benefits(2)	(4,412)	(3,847)
TOTAL PERSONNEL EXPENSES	**(135,407)**	**(104,871)**
Consultants' fees	(20,546)	(22,757)
Capitalized personnel expenses and consultants' fees(3)	17,033	19,601
TOTAL PERSONNEL EXPENSES, INCLUDING CONSULTANTS AND NET OF CAPITALIZED PERSONNEL COSTS	**(138,919)**	**(108,027)**

(1) The "Wages salaries and payroll taxes" item includes bonuses, incentives and profit-sharing payments.
(2) The "Other employee benefits" item includes employer contributions to benefit plans and supplementary health insurance plans.
(3) The "Capitalized personnel expenses and consultants' fees" item includes staff in the IT, Product and Operations teams who develop and leverage the Group's technological platform.

5.3. Pensions and other employee benefit obligations

Accounting policies

There are two types of post-employment benefits:

- defined contribution plans, where the Group pays fixed contributions into external funds. Under defined contribution plans, the Group is under no legal or constructive obligation to make further payments if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. Payments to defined contribution plans are expensed in the period in which the related services are provided;
- defined benefit plans, under which the Group's obligation is to provide the agreed benefits to current and former employees. These obligations are recognized in liabilities at their present value, where appropriate less the fair value of plan assets in the funds allocated to finance such benefits.

The benefit obligations are assessed by an independent actuary who calculates the present value of the Group's future obligations at each reporting date using the projected unit credit method. Future payments are calculated based on assumptions with respect to salary increases, retirement age, mortality and employee turnover. They are then discounted to their present value based on the yield on high-quality corporate bonds with a term consistent with the estimated average term of the plan in question. The assumptions used for the periods presented are described in this section.

Actuarial gains and losses resulting from changes to the calculation assumptions and experience adjustments are recognized in other comprehensive income.

The net expense for the period, corresponding to current service cost plus past service cost where appropriate, is recognized in operating expenses. The interest cost on the net defined-benefit liability (or asset) is included in net financial income (expense) and corresponds to the impact of unwinding the discount on the obligations.

The Group has defined benefit obligations in four countries: France, Italy, Germany and India. The commitment recognized for post-employment benefit obligations net of plan assets amounted to €638 thousand and €822 thousand at December 31, 2022 and 2021, respectively.

The benefit obligations and plan assets break down as follows:

(In € thousands)	December 31, 2022	December 31, 2021
Post-employment benefit obligation at January 1	**2,092**	**1,939**
Current service cost	105	133
Interest cost (impact of unwinding the discount)	26	14
Changes in the scope of consolidation	(5)	-
Actuarial losses (gains)	(283)	52
• *Of which resulting from experience adjustments*	*140*	*192*
• *Of which resulting from changes in assumptions*	*(423)*	*(140)*
Benefits paid	(53)	(46)
POST-EMPLOYMENT BENEFIT OBLIGATION AT DECEMBER 31	**1,882**	**2,092**

Plan assets

In Germany, companies partially cover their pension obligations with funds outsourced to insurance companies, the present value of which is as follows:

(In € thousands)	December 31, 2022	December 31, 2021
Value of plan assets at January 1	**1,269**	**1,274**
Actual return on plan assets	-	21
Contributions paid	-	14
New plans/acquisitions/disposals	-	-
Benefits paid	(26)	(39)
VALUE OF PLAN ASSETS AT DECEMBER 31	**1,244**	**1,269**

Defined benefit expense recognized in the income statement

(In € thousands)	2022	2021
Current service cost	105	133
Interest cost	26	14
Notional return on plan assets	-	(9)
Impact of the asset ceiling	-	-
DEFINED BENEFIT EXPENSE RECOGNIZED IN THE INCOME STATEMENT	**131**	**138**

Maturity of benefits payable

Estimated benefits payable in 2023 are not material.

Actuarial assumptions

	December 31, 2022		December 31, 2021	
	France-Italy	Germany	France-Italy	Germany
Discount rate/rate of return on plan assets	3.68%	not available	0.87%	1.10%
Inflation rate	2.4%	-	0.35%	-
Salary increase rate	2.0% to 8.0%	-	2.0% to 8.0%	-
Average duration	29.5 years	not available	29.9 years	17.6 years

Sensitivity analysis

	December 31, 2022	December 31, 2021
Impact of a 0.5% increase or decrease in employee turnover	-7.5%/2.4%	-8.7%/6.6%
Impact of a 0.5% increase or decrease in the salary increase rate	6.3%/-6.0%	8.7%/-8.0%
Impact of a 0.5% increase or decrease in the discount rate	-6.9%/7.6%	-8.2%/9.2%

5.4. Share-based payments

Accounting policies

Believe SA has granted to some of its employees and senior executives (i) founders' share subscription warrants (BSPCE), (ii) share subscription warrants (BSA) and (iii) Performance Shares (AP). These transactions are settled in equity instruments. In accordance with IFRS 2 – Share-based payment, these plans are recognized as expenses over the vesting period of the rights by reference to their fair value determined on the grant date. This expense is included in personnel expenses with a matching entry to equity.

Description of share-based payment arrangements and measurement of the fair value of benefits

Founder's share subscription warrants (BSPCE) and share subscription warrants (BSA).

The terms and conditions for issuing BSAs and BSPCEs are as follows:

<table>
<tr><th>Plan</th><th>Date of authori-zation</th><th>Issue/ grant date</th><th>Per-option exercise price</th><th>Number of options authori-zed</th><th>Number of options granted</th><th>Number of options not granted</th><th>Number of options canceled</th><th>Date of GM for cancel-lation</th><th>Expiry of exercise period(1)</th></tr>
<tr><td>**BSPCE 2011**</td><td>05/31/2011</td><td>07/01/2011</td><td>€0.8884</td><td>1,560,020</td><td>668,600</td><td>-</td><td>891,420</td><td>12/18/2012</td><td rowspan="2">07/01/2023, 2024 or 2025, depending on the tranche</td></tr>
<tr><td>**BSA 2011**</td><td>05/31/2011</td><td>07/01/2011</td><td>€0.8884</td><td>668,580</td><td>334,290</td><td>-</td><td>334,290</td><td>12/18/2012</td></tr>
<tr><td>**BSCPE 2012**</td><td>12/18/2012</td><td>11/07/2014</td><td>€1.224</td><td>891,420</td><td>735,420</td><td>-</td><td>156,000</td><td>11/25/2014</td><td>11/07/2024</td></tr>
<tr><td>**BSA 2012**</td><td>12/18/2012</td><td>11/07/2014</td><td>€1.224</td><td>334,290</td><td>266,540</td><td>-</td><td>67,750</td><td>11/25/2014</td><td>11/07/2024</td></tr>
<tr><td>**BSPCE 2016-1**</td><td>06/30/2016</td><td>06/30/2016</td><td>€5.40</td><td rowspan="6">853,750</td><td>260,000</td><td rowspan="6">7,240</td><td>-</td><td>-</td><td>06/30/2026</td></tr>
<tr><td>**BSPCE 2016-2**</td><td>06/30/2016</td><td>06/30/2016</td><td>€5.40</td><td>155,000</td><td>-</td><td>-</td><td>06/30/2026</td></tr>
<tr><td>**BSA 2016-1**</td><td>06/30/2016</td><td>12/31/2016</td><td>€8.57</td><td>13,000</td><td>-</td><td>-</td><td>12/31/2026</td></tr>
<tr><td>**BSA 2016-2**</td><td>06/30/2016</td><td>06/30/2016</td><td>€5.40</td><td>393,210</td><td>-</td><td>-</td><td>06/30/2026</td></tr>
<tr><td>**BSCPE 2017**</td><td>06/30/2016</td><td>09/04/2017</td><td>€8.57</td><td>10,300</td><td>-</td><td>-</td><td>09/04/2027</td></tr>
<tr><td>**BSA 2017**</td><td>06/30/2016</td><td>09/04/2017</td><td>€8.57</td><td>15,000</td><td>-</td><td>-</td><td>09/04/2027</td></tr>
<tr><td>**BSPCE 2018-1**</td><td>10/15/2018</td><td>10/19/2018</td><td>€9.18</td><td rowspan="4">1,951,033</td><td>845,000</td><td rowspan="4">396,033</td><td>-</td><td>-</td><td>10/19/2028</td></tr>
<tr><td>**BSA 2018-1**</td><td>10/15/2018</td><td>10/19/2018</td><td>€9.18</td><td>480,000</td><td>-</td><td>-</td><td>10/19/2028</td></tr>
<tr><td>**BSPCE 2019-1**</td><td>10/15/2018</td><td>05/03/2019</td><td>€14.75</td><td>190,000</td><td>-</td><td>-</td><td>05/03/2029</td></tr>
<tr><td>**BSA 2019-1**</td><td>10/15/2018</td><td>07/31/2019</td><td>€14.75</td><td>40,000</td><td>-</td><td>-</td><td>07/31/2029</td></tr>
</table>

(1) Unless otherwise stated, the exercise deadline is 10 years from the grant date of the warrants.

The main data and assumptions underpinning the fair value measurement of benefits awarded under share-based payment arrangements are as follows:

Plan	Grant date	Number of options granted	Exercise price *(in €)*	Maximum vesting period in years	Value of underlying share *(in €)*	10-year risk-free rate at maturity	Average target volatility over the period
BSPCE 2016-1	06/30/2016	260,000	5.40	4	5.40	0.05%	52.6%
BSPCE 2016-2	06/30/2016	155,000	5.40	3	5.40	0.05%	52.6%
BSA 2016-1	12/31/2016	13,000	8.57	4	8.57	0.42%	49.7%
BSA 2016-2	06/30/2016	393,210	5.40	3	5.40	0.05%	52.6%
BSCPE 2017	09/04/2017	10,300	8.57	4	8.57	0.51%	47.8%
BSA 2017	09/04/2017	15,000	8.57	3	8.57	0.51%	47.8%
BSPCE 2018-1	10/19/2018	845,000	9.18	4	9.18	0.63%	44.2%
BSA 2018-1	10/19/2018	480,000	9.18	4	9.18	0.63%	44.2%
BSPCE 2019-1	05/03/2019	190,000	14.75	4	15.52	0.19%	40.0%
BSA 2019-1	07/31/2019	40,000	14.75	4	15.52	-0.25%	39.8%

The instruments are valued using a Black-Scholes-type model. Due to the Company's profile, the expected dividend rate was zero, but the calculation took into account a sub-optimal early exercise probability. Expected volatility was determined based on an industry sample of comparable companies using a multi-criteria approach. The risk-free rate used is based on the yield on 10-year eurozone government bonds.

The change in these options over 2022 and 2021 is detailed below:

		December 31, 2022				December 31, 2021			
Plan	Number of options granted	Number of options lapsed	Number of options exercised	Number of options out-standing	Total subscription amount paid for warrants exercised *(in €)*	Number of options lapsed	Number of options exercised	Number of options out-standing	Total subscription amount paid for warrants exercised *(in €)*
BSPCE 2011	668,600	-	668,600	-	€593,984	-	668,600	-	€593,984
BSA 2011	334,290	-	334,290	-	€296,983	-	334,290	-	€296,983
BSCPE 2012	735,420	22,280	378,880	334,260	€463,749	22,280	378,880	334,260	€463,749
BSA 2012	266,540	-	266,540	-	€326,245	-	220,800	45,740	€270,259
BSPCE 2016-1	260,000	1,042	8,958	250,000	€48,373	1,042	8,958	250,000	€48,373
BSPCE 2016-2	155,000	3,813	72,687	78,500	€392,510	3,813	61,037	90,150	€329,600
BSA 2016-1	13,000	7,000	5,000	1,000	€42,850	7,000	5,000	1,000	€42,850
BSA 2016-2	393,210	183,000	167,496	42,714	€904,478	183,000	151,897	58,313	€820,244
BSCPE 2017	10,300	-	10,300	-	€88,271	-	200	10,100	€1,714
BSA 2017	15,000	15,000	-	-	-	15,000	-	-	-
BSPCE 2018-1	845,000	79,272	90,728	675,000	€832,883	74,688	55,312	715,000	€507,764
BSA 2018-1	480,000	107,293	82,707	290,000	€759,250	105,625	54,375	320,000	€499,163
BSPCE 2019-1	190,000	70,000	8,555	111,445	€126,186	70,000	-	120,000	-
BSA 2019-1	40,000	9,167	30,833	-	€454,787	-	-	40,000	-

Reconciliation of options on shares in issue

The number and weighted average price of stock options under stock option plans and replacement awards are as follows:

	December 31, 2022		December 31, 2021	
(In € thousands)	Number of stock options	Weighted average exercise price	Number of stock options	Weighted average exercise price
In issue at January 1	**1,984,563**	**€7.3**	**2,231,268**	**€7.6**
Lapsed during the period	(15,419)	€12.5	(146,333)	€11.1
Exercised during the period	(186,225)	€7.8	(100,372)	€6.6
Granted during the period	-	-	-	-
IN ISSUE AT DECEMBER 31	**1,782,919**	**€7.2**	**1,984,563**	**€7.3**
Exercisable at December 31	1,770,417	€7.2	1,710,591	€6.9

Performance Shares (AP)

The terms and conditions of the Performance Share issues are presented below:

- On December 9, 2022, the Board of Directors decided to grant 100,000 free shares subject to performance conditions to one Group employee. This number may be increased to a maximum of 113,333 in the event of outperformance. These free shares, subject to performance conditions, will vest in three tranches in September 2025 after the Board of Directors has duly noted that the performance conditions have been met;
- On May 3, 2022, the Board of Directors decided to grant 697,322 free shares subject to performance conditions to certain Group employees. This number may be increased to a maximum of 790,298 in the event of outperformance. These free shares, subject to performance conditions, will vest in three tranches in May 2025 after the Board of Directors has duly noted that the performance conditions have been met;
- On September 15, 2021, the Board of Directors decided to grant 692,254 free shares subject to performance conditions to certain Group employees. This number may be increased to a maximum of 784,543 in the event of outperformance. These free shares, subject to performance conditions, will vest in three tranches in September 2024 after the Board of Directors has duly noted that the performance conditions have been met.

The main data and assumptions underpinning the fair value measurement of benefits awarded under share-based payment arrangements are as follows:

Plan	Grant date	Maximum number of free shares granted subject to performance conditions	Estimated achievement of performance conditions	Fair value per share at the grant date *(in €)*	Fair value per share valued on the basis of a Monte Carlo model *(in €)*
AP 2021 - tranche 1	09/15/2021	230,751	120%	18.25	-
AP 2021 - tranche 2	09/15/2021	230,751	N/A	-	13.58
AP 2021 - tranche 3	09/15/2021	230,751	50%	18.25	-
AP 2022 - tranche 2	05/03/2022	232,441	N/A	-	8.13
AP 2022 - tranche 1 and 3	05/03/2022	464,881	100%	11.34	-
AP 2022 - tranche 2	12/09/2022	33,333	N/A	-	6.05
AP 2022 - tranche 1 and 3	12/09/2022	66,667	100%	10.60	-

The change in these options over 2022 and 2021 is detailed below:

			December 31, 2022				December 31, 2021			
Plan	Number of options granted	Maximum number of options	Number of options lapsed	Number of options exercised	Number of options out-standing	Maximum number of options in issue	Number of options lapsed	Number of options exercised	Number of options out-standing	Maximum number of options in issue
AP 2021	692,254	784,543	98,696	-	685,847	685,847	-	-	784,543	784,543
AP 2022	793,322	903,631	-	-	903,631	903,631	-	-	-	-

Employee shareholding plan: b.shares 2022

In countries that meet the Group's eligibility and local feasibility criteria, the Group offers its employee beneficiaries of the offer to become shareholders through a special capital increase reserved for them. An employee shareholding plan was offered to employees in the second half of 2022. This plan allows them to subscribe for Believe shares through a company mutual fund (FCPE) at a subscription price of €6.90, corresponding to the average of the opening prices of Believe shares on the 20 trading sessions preceding the date of the decision, minus a 20% discount. These shares are unavailable for a period of five years (except in the event of early release provided for by applicable local regulations). Employees bear the risk of a change in the share value in relation to the subscription price. The subscription of shares under the Group savings plan (PEG) allows employees to benefit from a matching contribution from their employer.

In total, 337,457 shares were subscribed at a nominal price of €0.005, *i.e.* a capital increase of €1.7 thousand and an increase in the issue premium of €2,286 thousand on November 3, 2022 (see Note 10.1 – *Changes in share capital*). The total cost of the b.shares plan amounted to €1,658 thousand, recognized in personnel expenses for the fiscal year ended December 31, 2022, including social security contributions and employer contributions. Excluding social security contributions and employer contributions, the b.shares plan stands at €578 thousand.

Expenses recognized in the income statement in respect of share-based payments

Expenses recognized in the income statement in respect of the Group's share-based payment arrangements, excluding social security and employer matching contributions, can be analyzed as follows:

(In € thousands)	2022	2021
BSCPE 2017	-	1
BSPCE 2018-1	246	887
BSA 2018-1	174	257
BSPCE 2019-1	42	103
BSA 2019-1	(20)	101
AP 2021	2,484	1,015
AP 2022	1,543	-
b.shares 2022	578	-
TOTAL SHARE-BASED PAYMENTS	**5,048**	**2,364**

5.5. Executive compensation

The compensation of the Group's main executives corresponds to the compensation of corporate officers and independent directors' fees. From January to May 2021, the Group had three corporate officers. Since then, the Group has only one corporate officer.

The compensation figures presented below and recognized in the consolidated income statement relate to compensation paid for their offices. The key executives have not been granted any post-employment benefits.

(In € thousands)	2022	2021
Compensation in respect of employment	534	724
Benefits in kind	-	-
Share-based payments	-	36
Compensation in respect of corporate officer positions	206	101
TOTAL EXECUTIVE COMPENSATION	**739**	**861**

NOTE 6 INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

6.1. Goodwill

Accounting policies

Goodwill represents the excess of the consideration paid for an acquisition over the fair value of the Group's share of the acquired entity's net identifiable assets at the acquisition date. Goodwill is accounted for as described in Note 2.3 – *Business combinations*.

It is measured at cost less any accumulated impairment losses. Goodwill is not amortized but is tested for impairment at least once a year and whenever there is evidence that it may be impaired, in accordance with IAS 36 (see Note 6.4 – *Impairment tests on non-current assets*). Impairment charged against goodwill cannot be reversed.

Changes in goodwill can be analyzed as follows:

(In € thousands)	December 31, 2022	December 31, 2021
Goodwill at January 1	**98,875**	**80,449**
Changes in the scope of consolidation[1]	5,556	21,114
Translation adjustments and others	3,274	(2,688)
GOODWILL AT DECEMBER 31	**107,705**	**98,875**

(1) Amounts shown under "Changes in the scope of consolidation" relate to acquisitions carried out (See Note 2.3 – Business combinations).

6.2. Other intangible assets

Accounting policies

Intangible assets are initially measured:

- at cost when they are separately acquired;
- at fair value, separately from goodwill, when they are acquired as part of a business combination.

The Group's intangible assets include the following items:

- software;
- internally developed software;
- relationships with artists and labels;
- brands;
- catalogs.

Start-up and research costs are expensed as incurred.

Development costs are recognized within intangible assets if the Group can demonstrate all of the following:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- its intention to complete the intangible asset and use or sell it;
- its ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset;
- its ability to measure reliably the expenditure attributable to the intangible asset during its development.

If the above cannot be demonstrated, the development costs are expensed.

After initial recognition, intangible assets are recognized using the amortized cost model and amortized on a straight-line basis over their estimated useful lives, as follows:

• software	1 year
• internally developed software	3 years
• relationships with artists and labels	10 years
• catalogs	3 to 10 years

Since brands have an indefinite useful life, they are not amortized but are tested for impairment at least each year or whenever there is evidence that they may be impaired (see Note 6.4 – *Impairment tests on non-current assets*).

Other intangible assets

Other intangible assets are broken down as follows:

	December 31, 2022			December 31, 2021		
(In € thousands)	Gross value	Depreciation and impairment	Carrying amount	Gross value	Depreciation and impairment	Carrying amount
Catalogs	38,074	(21,905)	16,169	34,087	(19,433)	14,654
Concessions, patents and similar rights	2,409	(1,713)	695	1,936	(1,557)	379
Software [1]	92,420	(57,780)	34,641	69,212	(34,702)	34,510
Brands [2]	24,909	-	24,909	19,968	-	19,968
Relationships with artists and labels[3]	52,633	(23,317)	29,316	48,152	(17,187)	30,964
Other intangible assets	3,127	(1,684)	1,444	2,804	(1,438)	1,366
Intangible assets in progress[4]	14,804	-	14,804	16,276	-	16,276
TOTAL OTHER INTANGIBLE ASSETS	**228,378**	**(106,399)**	**121,979**	**192,435**	**(74,317)**	**118,118**

(1) The increase in software is mainly attributable to the commissioning of capitalized development costs.
(2) The increase in brands is mainly related to the definitive allocation of the acquisition price of Jo&Co and 6&7 (see Note 2.3 – Business combinations) and the favorable impact of hyperinflation in Turkey (see Significant events of the 2022 fiscal year).
(3) The change in relationships with artists and labels is mainly attributable to amortization over the period and the favorable impact of hyperinflation in Turkey.
(4) The remainder primarily relates to capitalized development costs associated with the Group's technology platform.

Changes in other intangible assets

Changes in intangible assets can be analyzed as follows:

(In € thousands)	December 31, 2022	December 31, 2021
At January 1	**118,118**	**110,965**
Purchase price allocation[1]	4,291	7,528
Capitalized development costs[2]	19,826	23,087
Other acquisitions/increases	6,030	2,407
Changes in the scope of consolidation	170	477
Depreciation	(33,412)	(23,898)
Disposals/decreases	-	-
Translation adjustments and others	6,956	(2,447)
AT DECEMBER 31	**121,979**	**118,118**

(1) Amounts shown under "Purchase price allocation" relate to acquisitions carried out as described in Note 2.3 – Business combinations.
(2) Capitalized development costs primarily relate to the Group's technology platform.

6.3. Property, plant and equipment

Reconciliation of carrying amounts

(In € thousands)	December 31, 2022	December 31, 2021
Property, plant and equipment owned outright	6,987	8,811
Property, plant and equipment – right-of-use assets	20,101	22,400
TOTAL PROPERTY, PLANT AND EQUIPMENT	**27,087**	**31,212**

Property, plant and equipment owned outright

Accounting policies

Property, plant and equipment acquired are initially measured at cost, including all expenses directly attributable to the acquisition. Any subsequent costs incurred in respect of property, plant and equipment are expensed as incurred, unless they are designed to extend the asset's useful life. Property, plant and equipment acquired as part of a business combination are recognized at fair value, separately from goodwill.

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. These are as follows:

- fixtures 1 to 10 years
- IT equipment 3 years
- furniture 1 to 10 years

Property, plant and equipment owned outright are broken down as follows:

	December 31, 2022			December 31, 2021		
(In € thousands)	Gross value	Depre-ciation and impairment	Carrying amount	Gross value	Depre-ciation and impairment	Carrying amount
Fixtures, fittings, general and technical installations	8,444	(3,754)	4,690	8,338	(2,562)	5,775
Office equipment	4,159	(2,729)	1,429	4,154	(2,122)	2,032
IT equipment	2,818	(2,260)	559	2,356	(1,653)	702
Other property, plant and equipment	930	(683)	248	700	(435)	264
Property, plant and equipment in progress	61	-	61	38	-	38
TOTAL PROPERTY, PLANT AND EQUIPMENT OWNED OUTRIGHT	**16,412**	**(9,426)**	**6,987**	**15,584**	**(6,773)**	**8,811**

Table of changes in property, plant and equipment owned outright

Changes in property, plant and equipment can be analyzed as follows:

(In € thousands)	December 31, 2022	December 31, 2021
At January 1	**8,811**	**9,905**
Acquisitions/additions	580	1,162
Changes in the scope of consolidation	64	168
Depreciation	(2,560)	(2,372)
Disposals/decreases	(20)	-
Translation adjustments and others	111	(53)
AT DECEMBER 31	**6,987**	**8,811**

Leases: right-of-use assets

Accounting policies (Group as lessee)

Any lease that grants the lessee the right to control the use of an identified asset for a period of time in exchange for consideration falls within the scope of IFRS 16. The Group's lessee companies recognize a right-of-use asset and a corresponding lease liability in the statement of financial position for all leases except short-term leases (*i.e.* with a term of less than 12 months), in accordance with the exemption set out in the standard. The lease liability is initially measured at the present value of the lease payments outstanding at this date, discounted using either the interest rate implicit in the lease if that rate can be readily determined, or the incremental borrowing rate for the relevant country, in accordance with the terms and conditions and using the currency of the lease, plus a risk premium specific to the lessee or the leased asset, where applicable. Lease payments include fixed payments, variable payments that depend on an index or a rate, and payments under any options that the Group is reasonably certain to exercise.

Following initial measurement, the lease liability is reduced by the lease payments made and increased by the interest expense. It is remeasured to reflect any modifications to future lease payments in the event of renegotiation with the lessor, a change in the index or the rate or the reassessment of the options. The amount of any remeasurement of the lease liability is recognized as an adjustment to the right-of-use asset or in the income statement if the carrying amount of the right-of-use asset has already been reduced to zero following a decrease in the scope of the lease. The right-of-use asset determined at the commencement date of the lease includes the initial lease liability, any initial direct costs and any obligations to restore the asset, less any lease incentives granted by the lessor. The right-of-use asset is depreciated over the term of the lease. A depreciation expense is recognized in the income statement under operating income (loss), while the interest expense is recognized within financial items. To reflect the tax impact of this consolidation adjustment, deferred taxes are recognized.

The lease term used corresponds to the non-cancelable period, together with periods covered by an extension option if the lessee is reasonably certain to exercise that option and by a termination option if the lessee is reasonably certain not to exercise that option.

Property, plant and equipment held in the form of right-of-use assets can be analyzed as follows:

	December 31, 2022			December 31, 2021		
(In € thousands)	Gross value	Depreciation and impairment	Carrying amount	Gross value	Depreciation and impairment	Carrying amount
Buildings	32,423	(18,162)	14,261	29,833	(12,537)	17,296
IT equipment	10,100	(4,544)	5,556	6,900	(2,019)	4,881
Vehicles	578	(294)	284	330	(105)	224
PROPERTY, PLANT AND EQUIPMENT – RIGHT-OF-USE ASSETS	**43,101**	**(23,000)**	**20,101**	**37,062**	**(14,662)**	**22,400**

Table of changes in right-of-use assets

Right-of-use assets comprise leased premises (primarily the commercial lease of Believe's registered office premises in France), vehicles and IT equipment. Changes in right-of-use assets can be analyzed as follows:

(In € thousands)	December 31, 2022	December 31, 2021
At January 1	**22,400**	**24,801**
New leases	6,212	5,117
Termination and early termination of leases	-	(369)
Depreciation and impairment	(8,885)	(7,430)
Changes in the scope of consolidation	-	-
Translation adjustments and others	374	281
AT DECEMBER 31	**20,101**	**22,400**

Amounts recognized in the income statement in respect of leases

The amounts recognized in the income statement in respect of leases can be analyzed as follows:

(In € thousands)	2022	2021
Amortization of lease rights	(8,885)	(7,430)
Interest expense on lease liabilities	(529)	(544)
TOTAL RECOGNIZED IN THE INCOME STATEMENT	**(9,414)**	**(7,974)**

Amounts recognized in the statement of cash flows

Cash outflows attributable to leases represented €6,836 thousand at December 31, 2022 and €5,338 thousand at December 31, 2021.

6.4. Impairment tests on non-current assets

Accounting policies

IAS 36 – Impairment of Assets specifies that an asset is to be impaired when its carrying amount is higher than its recoverable amount, the recoverable amount of an asset or group of assets being the higher of its fair value less disposal costs and its value in use. Value in use is determined on the basis of future cash flow projections (the discounted cash flows or DCF method), discounted at a rate that reflects the time value and any risks specific to the asset or cash-generating unit being tested. Impairment tests compare the recoverable amount of a non-current asset with its carrying amount. If the carrying amount is higher than the recoverable amount, an impairment loss is recognized for the amount of the difference.

Non-current assets are grouped into cash-generating units (CGUs) for the purpose of the tests. A 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, 2022 and December 31, 2022.

Impairment testing approach and assumptions used

The Group tests goodwill for impairment each year, generally at the end of the reporting period. For the 2022 reporting period, the recoverable amount of the CGUs and groups of CGUs was determined based on their value in use. This required the Group to make use of assumptions, notably concerning the discount rate, perpetuity growth rate and expected cash flows, depending on the economic environment in which the Group operates.

Cash flow projections are based on five-year financial budgets approved by management. Cash flows beyond this period are extrapolated using the estimated growth rates indicated below. These growth rates are consistent with the forecasts included in the reports for the industries in which the Group does business.

The discount rate relates to the industry's weighted average cost of capital (WACC) for each CGU and group of CGUs, and depends on the region(s) in which business is conducted.

The following table summarizes the key assumptions used, along with the carrying amount of the goodwill and brands tested for impairment as part of the CGU or group of CGUs to which they were allocated (corresponding to the same level as the operating segments):

CGU (or group of CGUs) tested	Key assumptions and carrying amounts *(in € thousands)*	December 31, 2022	December 31, 2021
	Discount rate	14.3%	11.6%
	Perpetuity growth rate	3.7%	3.7%
	Carrying amount of goodwill	89,226	81,473
Premium Solutions group of CGUs	Carrying amount of brands	18,346	13,787
	Discount rate	10.6%	9.1%
	Perpetuity growth rate	2.8%	2.8%
	Carrying amount of goodwill	18,479	17,402
Automated Solutions CGU	Carrying amount of brands	6,563	6,180

Results of the impairment tests

Between January 1, 2021 and December 31, 2022, no impairment losses were recognized against assets taken individually, or against CGUs or groups of CGUs.

Sensitivity of impairment tests

At the date of each impairment test (2021 and 2022), the Group analyzed the test's sensitivity to changes in the main assumptions used to determine the recoverable amount of the CGUs and groups of CGUs being tested. An increase or decrease of 1 percentage point in the discount rate and 0.5 percentage points in the perpetuity growth rate, and of 1 percentage point in the EBITDA margin, and 0.5 percentage points in the revenue growth rate (over the period of the business plan), would not lead to the recognition of any impairment loss.

NOTE 7 PROVISIONS AND CONTINGENT LIABILITIES

Accounting policies

The Group recognizes a provision whenever it has a present legal or constructive obligation arising as a result of a past event which is likely or certain to result in an outflow of resources embodying economic benefits to third parties and can be estimated reliably. Provisions are shown as either current or non-current liabilities, depending on when the underlying event is expected to occur and taking into account the assumptions deemed most likely at the reporting date. A contingent liability is:

- a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group;
- a present obligation that arises from past events but is not recognized because (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or (ii) the amount of the obligation cannot be measured with sufficient reliability.

Description of the main provisions and contingent liabilities

As of December 31, 2022 and 2021, provisions mainly consist of provisions for retirement benefit obligations as detailed in Note 5.3 – *Pensions and other employee benefit obligations*. There was no significant provision for litigation at December 31, 2022 or 2021.

Dispute between the Group and Round Hill:

In July 2020, proceedings were brought against certain Group companies before a federal court of the State of New York by music publishing companies Round Hill Music LLP and Round Hill Music LP. These companies alleged that the Group used, reproduced and distributed 219 musical works in the course of its business (in particular the Group making available works covered by Round Hill to platforms for downloading), without having previously secured a license to the song rights (known as "mechanical royalties" under US law) owned by Round Hill. An out-of-court agreement signed between the parties on June 9, 2022 brought an end to the dispute.

NOTE 8 FINANCING AND FINANCIAL INSTRUMENTS

8.1. Financial assets and liabilities

Accounting policies

The Group recognizes a financial asset or liability when it becomes a party to the contractual provisions of the instrument in accordance with IFRS 9 – Financial Instruments. A financial asset (except a trade receivable with no significant financing component) or a financial liability is initially measured at fair value plus or minus, in the case of items not at fair value through net income, transaction costs that are directly attributable to the acquisition or issue of the financial asset or liability. Trade receivables with no significant financing component are initially measured at their transaction price as defined by IFRS 15.

Financial assets

On initial recognition, financial assets are classified in one of the three following categories:

- amortized cost;
- fair value through other comprehensive income, separating debt instruments from equity instruments;
- fair value through net income.

This classification depends on:

- the contractual cash flow characteristics of the financial asset;
- the Group's business model for managing the financial asset.

A financial asset is measured at amortized cost and not designated at fair value through net income if both of the following conditions are met:

- it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows;
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

This is the case of the Group's security deposits and trade receivables. Security deposits are included in non-current assets as they fall due more than 12 months after the reporting date. Trade receivables are included in current assets because they are due within 12 months of the reporting date. To date, the Group does not hold any financial assets at fair value through other comprehensive income.

All financial assets which are not classified at amortized cost or at fair value through other comprehensive income are carried at fair value through net income. This applies to the Group's investments in non-consolidated companies.

Financial liabilities

In accordance with IFRS 9, financial liabilities are classified at amortized cost or at fair value through net income.

Currently, all other financial liabilities are initially recognized at fair value less transaction costs, and subsequently at amortized cost using the effective interest method. They are shown as current or non-current liabilities depending on their maturity. The amount of interest recognized in financial expenses is calculated by multiplying the liability's effective interest rate by its carrying amount. Current financial liabilities include trade payables.

The Group derecognizes a financial liability when its contractual obligation is discharged or cancelled or expires. A financial liability is also derecognized when there is a substantial modification of its terms which also significantly modify its cash flows, in which case a new financial liability is recognized at fair value. When the terms of a financial liability measured at amortized cost are modified, but not to the extent that the liability is derecognized, a gain or loss is recognized in income. The gain or loss reflects the difference between the initial contractual cash flows and the present value of the modified cash flows discounted at the original effective interest rate.

Non-current financial assets

The Group's non-current financial assets can be analyzed as follows:

(In € thousands)	December 31, 2022	December 31, 2021
Investments in non-consolidated companies	656	683
Loans, deposits and other financial receivables – non-current portion[1]	5,888	3,215
TOTAL NON-CURRENT FINANCIAL ASSETS	**6,544**	**3,898**

(1) Loans, deposits and other financial receivables consist mainly of security deposits paid under property leases and to loans granted to the Group's associates.

Current financial assets

Current financial assets held by the Group mainly correspond to the liquidity contract and escrow accounts related to Believe's Live productions.

Believe has appointed NATIXIS and ODDO BHF SCA to implement a liquidity and market screening contract on its ordinary shares, starting on July 13, 2021, for a period of one year tacitly renewable. This contract complies with the decision of the French Financial Markets Authority (*Autorité des marchés financiers* - AMF) No. 2021-01 of June 22, 2021 It complies with the Code of Ethics of the *Association française des marchés financiers* (AMAFI). This contract covers the management by ODDO BHF SCA of BELIEVE shares on the regulated market of Euronext Paris.

Fair value of financial assets and liabilities

Accounting policies

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in a normal transaction between market participants at the measurement date. Fair value is based on market data and on common measurement techniques, and for complex instruments can be corroborated by prices supplied by independent financial institutions.

Fair value measurement hierarchy

IFRS 13 – Fair Value Measurement establishes a hierarchy of measurement techniques for financial instruments. The categories are defined as follows:

- Level 1: inputs directly based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3: prices established using valuation techniques drawing on unobservable inputs for the asset or liability.

Interest rate hedge

The interest rate hedging instrument (swap) contracted by the Group at the end of 2018 and eligible for hedge accounting under IFRS 9 was a cash flow hedge, whose main characteristics matched the loans hedged. The swap was set up on December 27, 2018 and took effect as from January 28, 2019. It hedged the three tranches of the syndicated bank loan totaling €42.8 million.

Drawdowns on these bank loans, which bear floating-rate interest, were hedged by an interest rate swap on a notional amount of €42.8 million (repayable at the same time as the three tranches of the bank loan), allowing the Group to swap its Euribor 3-month floating rate floored at 0% for a fixed rate of 0.365%.

Following its IPO and the full repayment of the Credit Agreement with the proceeds of its capital increase, the Group terminated the interest rate swap contract on June 11, 2021.

Carrying amount and fair value of financial assets and liabilities by category

(In € thousands)	December 31, 2022						December 31, 2021
	Fair value hierarchy	Carrying amount	Fair value	Fair value through net income	Fair value through other comprehensive income	Assets and liabilities at amortized cost	Carrying amount
Investments in non-consolidated companies	-	656	656	656	-	-	683
Loans, deposits and other financial receivables – non-current portion	-	5,888	-	-	-	5,888	3,215
Trade receivables	-	158,456	-	-	-	158,456	136,627
Current financial assets	level 1	947	800	800	-	147	726
Cash and cash equivalents	level 1	303,345	303,345	303,345	-	-	262,705
TOTAL FINANCIAL ASSETS		**469,292**	**304,801**	**304,801**	**-**	**164,491**	**403,955**
Bank borrowings and debt – non-current portion	-	1,178	-	-	-	1,178	2,351
Other non-current liabilities	level 3	20,446	20,446	20,446	-	-	16,099
Bank borrowings and debt – current portion, including bank overdrafts	-	1,727	-	-	-	1,727	1,806
Derivative financial instruments with a negative fair value	level 2	559	559	559	-	-	217
Trade payables	-	458,377	-	-	-	458,377	388,729
TOTAL FINANCIAL LIABILITIES		**482,287**	**21,005**	**21,005**	**-**	**461,282**	**409,202**

There were no changes in fair value measurements in 2021-2022.

8.2. Management of financial risks

Counterparty risks

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

The Group is a creditor of digital service providers and social media platforms, which must pay for the content it makes available to them. The payment period for amounts due under the Group's main contracts is generally between 30 and 60 days following receipt of the invoice or the end of the calendar month of the current period.

Risk control and mitigation measures

The Group uses leading financial institutions for its cash investments and swaps. It therefore considers that it does not bear any significant counterparty risk on its cash or financial instruments. The Group regularly monitors receivables from streaming and social media platforms.

Potential impacts on the Group

The Group is also exposed to the risk of default of one or more streaming and social media platforms. These platforms may not pay the amounts due or may pay them outside the deadlines provided for in the contract entered into with the Group.

Liquidity risk

Liquidity risk is the risk of not having funds needed to meet commitments at maturity. This includes, on the one hand, the risk that, if necessary, advances to certain artists may not be recovered quickly. On the other hand, it includes the risk of early repayment of commitments to producers or the risk of an inability to access credit on satisfactory terms.

The Group grants (non-interest-bearing) advances to certain producers, which are recovered in the longer or shorter term from the repayments to be made by the Group. The Group is thus exposed to the risk of not being able to recover these sums if sales volumes are insufficient. Sales volumes are reflected in the number of streams generated by the content of these producers made available on the platforms. These advances, which are recognized as assets on the statement of financial position when they are paid, may also be subject to impairment. If there is any doubt as to their recoverability, an impairment loss is calculated on the basis of an estimate of the amount to be recovered until the end of the contract.

Advances retained as assets are broken down into a current portion and a non-current portion. The current portion corresponds to the portion that the Group expects to recover within the 12 months following the reporting date. The increase in the amount of unrecovered advances over the last three fiscal years is due to the growth of the Group's activities.

This increase is also due to its strategy to offer artists and labels more services. Advance payments are one of the services offered to artists to support their career development. The Group intends to continue to apply this strategy in the future, which will have the effect of increasing the amount of advances and amplifying the risk described above.

The Group is required to pay to artists and labels a percentage of the amounts paid by the digital service providers in exchange for delivering content. There is an uncertainty as to the timing and frequency of producers' demands for payment of these amounts. The assumptions made by the Group for cash management are based on the relative stability of the working capital requirement. The Group's assumptions are based on the historical observation of payment deadlines and the frequency of payment requests to artists, which are relatively constant over time.

In a crisis context, the Group may not be able to obtain (or obtain under unacceptable terms) the financing or refinancing necessary for its growth.

Risk control and mitigation measures

Advances to artists and labels are subject to a strict analysis and validation process. The objective of this process is to ensure the validity and consistency of the amount to be granted. The Group also monitors the recovery of advances granted to artists and labels on a regular basis.

Potential impacts on the Group

If the Group were not able to grant a volume of advances in line with the demand from artists and labels, this could affect its ability to attract new producers. The Group has no contractual obligation towards the artists and labels to grant advances. The occurrence of these risks could call into question the attractiveness of the Group's offering and have a material adverse effect on its results and outlook.

Risks related to foreign exchange rates

The Group conducts a significant portion of its business on the international stage. As a result of its exposure to currencies other than the euro, it is therefore subject to foreign exchange risk mainly in respect of its operations. The euro is the functional currency of the Company and is used for the presentation of the Group's consolidated financial statements.

Transaction risk

This risk arises from the existence within Group companies of receivables or payables denominated in a currency different from the functional currency of the subsidiary.

In order to assess this risk globally, short-term payables (liabilities) and receivables (assets) (including cash pooling) in currencies other than the functional currency of the subsidiary.

Financial exchange rate risk

As no subsidiaries carry substantial external bank debt denominated in a currency other than their functional currency, this risk is not considered material.

Fluctuations in exchange rates could also have an impact on the amounts paid to the Group by digital service providers. The digital service providers invoice their end-users for subscriptions in local currencies and this amount is then converted (*e.g.* into euros) in accordance with the applicable contractual provisions. The exchange rates applied for conversions are regularly reviewed against market rates. The local currencies in which subscriptions are charged by the digital service providers to their users could depreciate against the contractual currency (*e.g.* the euro). As a result, the converted revenue base used to calculate the amounts to be paid to the Group would be reduced. Such a situation would reduce the amount of payments received by the Group and consequently its revenue.

Risk control and mitigation measures

Since the second half of 2021 as part of its transactional currency risk management, the Group has set up a risk hedging policy by establishing mirror asset/liability positions for certain currencies, thus limiting its exposure to risk.

Analysis of the sensitivity of the net foreign currency risk exposure

The tables below present the net position, as at December 31, 2022, in the Group's main foreign currencies, along with the impact of a 5% increase or decrease in each currency against the euro:

(in thousands of currency units)	CAD	CNY	GBP	INR	JPY	TRY	USD
Current assets	10,088	20,270	11,933	1,034,118	4,509,156	81,461	74,770
Current and non-current liabilities	(16,676)	(5,340)	(12,074)	(503,010)	(4,165,691)	(103,056)	(184,584)
Net position before hedging	(6,588)	14,930	(141)	531,108	343,465	(21,595)	(109,814)
Off-balance sheet position (1)	-	-	2,100	-	-	-	110,000
Net position after hedging at December 31, 2022	**(6,588)**	**14,930**	**1,959**	**531,108**	**343,465**	**(21,595)**	**186**
Rate at December 31, 2022	1.4440	7.3582	0.8869	88.1710	140.6600	19.9649	1.0666
Value *(in € thousands)*	(4,562)	2,029	2,209	6,024	2,442	(1,082)	174
5% increase							
Rate assuming 5% increase	1.3752	7.0078	0.8447	83.9724	133.9619	19.0142	1.0158
Value *(in € thousands)*	(4,790)	2,130	2,320	6,325	2,564	(1,136)	183
Impact of a 5% *increase (in € thousands)*	(228)	101	110	301	122	(54)	9
5% decrease							
Rate assuming 5% decrease	1.5200	7.7455	0.9336	92.8116	148.0632	21.0157	1.227
Value *(in € thousands)*	(4,334)	1,928	2,099	5,722	2,320	(1,028)	165
Impact of a 5% decrease *(in € thousands)*	228	(101)	(110)	(301)	(122)	54	(9)

(1) The Group only uses currency swaps as part of its cash management policy.

Risks related to interest rates

Risk management

The Group's exposure to interest rate risk is due to the existence of floating-rate debt, the cost of which may vary over the medium term in line with fluctuations in interest rates. Believe has no floating-rate debt and is therefore not exposed to interest rate risk.

8.3. Gross financial debt

Definition of gross financial debt

Gross financial debt includes bank borrowings and debt net of deferred financing costs, lease liabilities, accrued interest not yet due, and bank overdrafts. The Group's gross financial debt is broken down as follows:

(In € thousands)	December 31, 2022	December 31, 2021
Bank borrowings and debt – non-current portion	1,800	3,231
Lease liabilities – non-current portion	18,485	23,402
Deferred financing costs	(622)	(880)
TOTAL NON-CURRENT BORROWING AND DEBT	**19,663**	**25,752**
Bank borrowings and debt – current portion	1,937	2,025
Lease liabilities – current portion	10,497	5,471
Currency swap (1)	559	217
Deferred financing costs	(255)	(255)
Accrued interest	73	72
Bank overdrafts	-	11
TOTAL CURRENT BORROWING AND DEBT	**12,811**	**7,541**
TOTAL GROSS FINANCIAL DEBT	**32,474**	**33,293**

(1) The Group only uses currency swaps as part of its cash management policy. These swaps do not qualify as hedging contracts.

Bank borrowings and debt and lease liabilities by maturity

The tables below present bank borrowings and debt and lease liabilities by maturity. Deferred financing costs, swaps, bank overdrafts and accrued interest are not included in the table below.

	December 31, 2022				December 31, 2021			
(In € thousands)	Due in less than one year	Due between one and five years	Due in more than five years	Total	Due in less than one year	Due between one and five years	Due in more than five years	Total
BPI loans	1,937	1,800	-	**3,738**	2,025	3,231	-	**5,256**
Lease liabilities	10,497	18,209	276	**28,982**	5,471	23,039	362	**28,873**
TOTAL	**12,435**	**20,009**	**276**	**32,720**	**7,496**	**26,270**	**362**	**34,129**

Description of bank borrowings and debt

Certain borrowings and debt are subject to covenants. Where applicable, these were complied with in the periods in which the borrowings in question were drawn.

New Revolving Credit Agreement

At the time of its IPO, the Group has proceeded, with effect from the settlement-delivery date of the Company's shares offered in connection to the admission to trading on the Euronext Paris regulated market, with the full repayment of the Credit Agreement thanks to its capital increase, concurrently with the implementation of a new syndicated credit agreement, replacing the Credit Agreement.

To this end, the Group entered into a New Revolving Credit Agreement on May 6, 2021 (the "New Revolving Credit Agreement") with a syndicate of international banks (the "Lenders"), for a term of five years from the settlement-delivery date of the Company's IPO. The New Revolving Credit Agreement is governed by French law. The drawdown of the amounts made available to the Group by the Lenders under the New Revolving Credit Agreement is subject to certain conditions.

Credit line

The New Revolving Credit Agreement provides for the provision of a revolving credit line in the amount of €170 million, each drawn amount being repayable at the end of the applicable interest period. Issue costs of €1.3 million were recognized in the consolidated statement of financial position under "Current borrowing and debt" and "Non-current borrowing and debt". As of December 31, 2022, this credit line is undrawn.

Interest and charges

The loans under the New Revolving Credit Agreement will bear interest at a variable rate indexed to Euribor, plus the applicable margin in each case. The applicable margin is initially set at 0.80% *per annum*, with an upward or downward ratchet mechanism. The following fees will also be payable: (i) a commitment fee due in respect of each Lender's available credit commitment under the revolving credit line at a rate of 35% of the applicable margin and (ii) a utilization fee due in respect of drawings under the revolving credit line above a certain threshold at a rate of between 0.10% *per annum* and 0.15% *per annum* and varying according to the proportion of the revolving credit line drawn.

The table below sets out the spread of the margins for each of the credit facilities based on the Group's *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 must be repaid in full or in part ahead of maturity (subject to certain exceptions) in the event of certain customary events, including a change in shareholding structure, an IPO, a disposal of non-current assets subject to a minimum amount, payment of insurance indemnities relating to the acquisition of Nuclear Blast and GoodToGo GmbH, and payment of indemnities under a vendor warranty granted in connection with the Nuclear Blast and GoodToGo GmbH acquisitions.

Borrowings contracted under the Credit Agreement could be repaid early in full or in part at the borrower's discretion, subject to minimum amounts and compliance with a notice period. The following credit facilities and loans have been granted to the Company:

Refinancing loan for €2.8 million

In September 2018, the Company was granted a loan in respect of the Credit Agreement for a maximum principal amount of €2.8 million to refinance its 2015 Neuflize OBC loan. The refinancing loan falls due on September 27, 2024 and bears interest at 3-month Euribor plus a margin. This financing is secured by a first-ranking pledge on the Company's business goodwill.

On September 27, 2018, the Company drew down the full amount of the loan and repaid the principal outstanding on the Neuflize OBC loan, granted at an initial amount of €5.0 million.

An interest rate swap was taken out on December 27, 2018 in order to fix the annual interest rate at 0.365%.

At December 31, 2021, the refinancing loan of €2.8 million had been repaid in full.

Nuclear Blast loan for €20.0 million and GoodToGo loan for €20.0 million

In September 2018, the Company was granted two loans in respect of the Credit Agreement, each for a maximum principal amount of €20.0 million. These loans fall due on September 27, 2024 and bear interest at 3-month Euribor plus a margin. The loans were used to fund the acquisition of the Nuclear Blast group and Groove Attack through the Germany subsidiary Believe Digital GmbH; an Intragroup Loan was set up in respect of each of the loans and aligned to the financing agreement. These loans were secured by the following:

- a first-ranking pledge on all of the shares of Believe Digital GmbH held by the Company;
- (for the Nuclear Blast loan only) a transfer of receivables relating to amounts due to the Company by Believe Digital GmbH in connection with the intragroup loan granted by the Company to Believe Digital GmbH for the acquisition of Nuclear Blast; and
- (for the GoodToGo loan only) a transfer of receivables relating to amounts due to the Company by Believe Digital GmbH in connection with the intragroup loan granted by the Company to Believe Digital GmbH for the acquisition of GoodToGo GmbH.

On October 23, 2018, the Company drew down the full amount of these loans for a total of €40.0 million.

An interest rate swap was taken out on December 27, 2018 in order to fix the annual interest rate at 0.365%.

At December 31, 2021, the two loans had been repaid in full.

In addition to these loans, the following two credit facilities were also set up:

2018 Revolving Credit Facility for €20.0 million

In September 2018, the Company benefited from a revolving credit facility under the Credit Agreement for a maximum principal amount of €20.0 million to replace the 2017 Revolving Credit Facility for the same amount. This facility falls due on December 9, 2024 and bears interest at 3-month Euribor plus a margin. It was secured by a first-ranking pledge on the Company's goodwill.

On September 27, 2018, the Company drew down €20.0 millions of this facility and repaid the 2017 Revolving Credit Facility.

On December 20, 2018, the Company repaid the full amount of its 2018 Revolving Credit Facility.

As of December 31, 2021, the credit line no longer exists.

Revolving Credit Facility for €70.0 million

On December 9, 2019, under rider no. 1 to the Credit Agreement, the Company was granted a Revolving Credit Facility for a maximum principal amount of €70.0 million. This facility falls due on December 9, 2024 and bears interest at 3-month Euribor plus a margin.

The availability of this facility as amended by rider no. 1 was subject to compliance with a financial covenant in terms of the leverage ratio. Accordingly, the ratio of consolidated net debt to consolidated EBITDA (defined as consolidated recurring operating income + consolidated depreciation and amortization expense + consolidated asset impairment expense and charges to provisions for contingencies and expenses) must be below 2.50 at all times. This financing was secured by a second-ranking pledge on the Company's goodwill.

At December 31, 2020, the facility had been drawn down in an amount of €64.4 million.

At December 31, 2021, the Group had repaid in full the Revolving Credit Facility.

BPI loans

BPI loan (€5.0 million, 2.82%, due 2022)

In December 2015, the Group was granted a loan from the BPI for €5 million and a term of seven years (the maturity schedule has an initial amortization period of eight quarters), with a fixed annual effective interest rate of 2.82%. This loan is subject to the following financial covenants:

- a guarantee under the French National Guarantee Fund (*Fonds National de Garantie*) for equity loans, representing 70% of the amount outstanding;
- a life insurance policy taken out by Mr Denis Ladegaillerie for €1.6 million;
- an amount of €250,000 has been retained by the Lender as cash collateral on the amount loaned and will be remunerated at the CNO TEC 5 (Constant Maturity Treasury) rate for the month prior to the payment.

BPI loan (€1.0 million, 4.03%, due 2024)

In April 2017, the Group was granted a loan from the BPI for €1.0 million and a term of seven years (the maturity schedule has an initial amortization period of eight quarters), with a fixed annual effective interest rate of 4.03%. This loan is subject to the following financial covenants:

- a guarantee under the French National Guarantee Fund for Innovation Loans, representing 30% of the amount outstanding;
- a European Investment Fund (EIF) guarantee representing 50% of the amount outstanding;
- an amount of €50,000 has been retained by the Lender as cash collateral on the amount loaned and will be remunerated at the CNO TEC 5 (Constant Maturity Treasury) rate for the month prior to the payment.

BPI loan (€500 thousand, interest-free, due 2022)

In April 2017, the Group was granted an interest-free innovation loan by the BPI for €500 thousand and a term of 23 quarters, including an additional grade period.

BPI loan (€1.5 million, 1.86%, due 2025)

In December 2018, the Group was granted a loan from the BPI for €1.5 million and a term of seven years (the maturity schedule has an initial amortization period of eight quarters), with a fixed annual effective interest rate of 1.86%. This loan is subject to the following financial covenants:

- a guarantee under the French National Guarantee Fund for Equity Loans, representing 50% of the amount outstanding;
- an amount of €75,000 has been retained by the Lender as cash collateral on the amount loaned and will be remunerated at the CNO TEC 5 (Constant Maturity Treasury) rate for the month prior to the payment.

BPI loan (€2.0 million, 1.86%, due 2025)

In December 2018, the Group was granted a loan from the BPI for €2.0 million and a term of seven years (the maturity schedule has an initial amortization period of eight quarters), with a fixed annual effective interest rate of 1.86%. This loan is subject to the following financial covenants:

- a guarantee under the French National Guarantee Fund Loans Designed to Boost Industry Growth (*Prêts Croissance Industrie 2*), representing 80% of the amount outstanding;
- an amount of €100,000 has been retained by the Lender as cash collateral on the amount loaned and will be remunerated at the CNO TEC 5 (Constant Maturity Treasury) rate for the month prior to the payment.

Bank borrowings and debt and lease liabilities by contractual maturity

At December 31, 2022, undiscounted contractual cash flows relating to these instruments can be analyzed as follows:

		Contractual cash flows						
		Less than 1 year	More than 1 year and less than 5 years				More than 5 years	
(In € thousands)	Carrying amount	2023	2024	2025	2026	2027	2028 and beyond	Total
Bank borrowings and debt	-	-	-	-	-	-	-	-
BPI loans	3,738	2,005	925	710	201	-	-	**3,840**
Lease liabilities	28,982	10,900	9,011	9,049	387	99	287	**29,733**
TOTAL	**32,720**	**12,905**	**9,936**	**9,759**	**588**	**99**	**287**	**33,573**

Off-balance sheet commitments relating to Group debt

There were no off-balance sheet items relating to long-term Group debt except for those described in the section discussing loans.

Bank borrowings and debt by currency and interest rate

All banks borrowings and debt are in euros. They can be analyzed as follows by interest rate:

(In € thousands)	December 31, 2022	December 31, 2021
Fixed-rate bank borrowings and debt	3,738	5,256
Floating-rate bank borrowings and debt	-	-
• *Of which the floating interest rate is hedged*	-	-
• *Of which the floating interest rate is not hedged*	-	-
TOTAL BANK BORROWINGS AND DEBT	**3,738**	**5,256**

Reconciliation of changes in gross financial debt with net cash from (used in) financing activities

Changes in borrowings and debt can be analyzed as follows:

(In € thousands)	December 31, 2022	December 31, 2021
At January 1	**33,293**	**128,302**
Increase in borrowings	-	-
Decrease in borrowings	(1,519)	(94,772)
Repayment of lease liabilities	(6,836)	(5,338)
Interest received (paid)	2,006	(2,348)
Net cash from (used in) financing activities (debt)	**(6,349)**	**(102,458)**
Cost of financial debt	(1,199)	2,318
Changes in bank overdrafts	(11)	9
Increase in lease liabilities	6,212	5,117
Terminations and early terminations of lease liabilities	-	(369)
Changes in the scope of consolidation	-	-
Translation adjustments and others	527	375
AT DECEMBER 31	**32,474**	**33,293**

8.4. Net debt

Definition of net debt

The Group's net debt corresponds to gross debt less cash and cash equivalents. Cash and cash equivalents comprise marketable securities as well as cash at bank and on hand.

(In € thousands)	December 31, 2022	December 31, 2021
Non-current borrowing and debt	19,663	25,752
Current borrowing and debt	12,811	7,541
Gross financial debt	**32,474**	**33,293**
Cash and cash equivalents	(303,345)	(262,705)
Net debt	**(270,871)**	**(229,412)**
● *In euros*	*(195,274)*	*(148,205)*
● *In US dollars*	*(31,453)*	*(40,317)*
● *In other currencies*	*(44,144)*	*(40,890)*

8.5. Lease liabilities

Lease liabilities by type

(In € thousands)	**December 31, 2022**	December 31, 2021
Leases of buildings	23,142	23,768
Leases of IT equipment	5,556	4,881
Leases of vehicles	284	224
TOTAL LEASE LIABILITIES	**28,982**	**28,873**
• *O/w which current portion*	*10,497*	*5,471*
• *O/w which non-current portion*	*18,485*	*23,402*

Changes in lease liabilities

Changes in the carrying amount of lease liabilities can be analyzed as follows:

(In € thousands)	**December 31, 2022**	December 31, 2021
At January 1	**28,873**	**28,683**
Lease payments	(6,836)	(5,338)
Interest expense on lease liabilities	529	544
New leases	6,212	5,117
Termination and early termination of leases	-	(369)
Changes in the scope of consolidation	-	-
Translation adjustments and others	205	235
AT DECEMBER 31	**28,982**	**28,873**

8.6. Net financial income (expense)

Net financial income (expense) can be analyzed as follows:

(In € thousands)	**2022**	2021
Interest expense	(607)	(1,001)
Interest expense on lease liabilities	(529)	(544)
Amortization of bond issue costs and others (1)	(256)	(957)
Financial income from cash investments (2)	2,592	184
Cost of debt	**1,199**	**(2,318)**
Other financial income (expenses) (3)	7,185	(4,201)
TOTAL NET FINANCIAL INCOME (EXPENSE)	**8,384**	**(6,519)**

(1) In 2021, the "Amortization of bond issue costs and others" line notably included the accelerated amortization of debt issuance costs following the repayment in full of the Credit Agreement with the proceeds of its capital increase (see Note 8.4 – Net debt).

(2) The "Financial income from cash investments" item includes interest on term accounts and the terms of currency swaps.

(3) The "Other financial income (expense)" item in 2021 mainly corresponds to foreign exchange gains and losses and, in 2022, to the effects of hyperinflation following the classification of Turkey in the list of hyperinflationary economies on April 30, 2022 (see Significant events of the fiscal year).

NOTE 9 INCOME TAX

9.1. Income tax

Accounting policies

Income tax represents the aggregate amount of current and deferred taxes included in the calculation of net income (loss) for the period. Income tax is recognized in the income statement unless it relates to a business combination or to items recognized directly in equity or in other comprehensive income.

Current tax is the amount of income tax payable (recoverable) in respect of taxable income (tax loss) for a given fiscal period, and must be recognized as a liability to the extent that it has not yet been paid. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess shall be recognized as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date in each country in which the Group does business.

As the Group considers the CVAE tax on value added in France to meet the definition of income tax as set out in IAS 12 – Income Taxes, CVAE tax is presented on the "Income tax" line in the consolidated income statement.

Breakdown of income tax recognized in net income

(In € thousands)	2022	2021
Current Tax	(8,928)	(2,084)
Deferred taxes	(2,161)	(413)
TOTAL TAX RECOGNIZED IN NET INCOME	**(11,089)**	**(2,497)**

Reconciliation between the effective tax rate and the applicable tax rate – Analysis of income tax

(In € thousands)	2022	2021
Income (loss) before tax	**(13,881)**	**(26,139)**
Statutory income tax rate	25.83%	28.41%
Theoretical income tax benefit (expense)	**3,585**	**7,426**
Effect of differences in income tax rates	1,102	334
Permanent differences	(1,680)	559
Effect of changes in tax rates	146	(40)
Unrecognized deferred tax assets	(12,0487	(10,610)
Other taxes not levied on a specific tax base	(2,349)	(516)
Adjustment for prior periods	155	349
Others	-	-
TOTAL TAX RECOGNIZED IN NET INCOME	**(11,089)**	**(2,497)**
Effective tax rate	-79.89%	-9.55%

9.2. Deferred taxes

Accounting policies

Deferred taxes result from temporary differences between the carrying amounts of assets and liabilities and their tax basis. Deferred tax assets and liabilities are assessed at the tax rates expected to apply in the year in which the asset will be realized or the liability settled and that have been enacted or substantively enacted at the reporting date. In the event of a change in tax rates, deferred taxes are adjusted to the new applicable rate and the adjustment is charged to the income statement unless it relates to an item recognized in equity or in other comprehensive income, for example actuarial gains and losses.

Deferred taxes are reviewed at each reporting date to reflect any changes in tax laws and the prospects for recovery of deductible temporary differences. Deferred tax assets are recognized only if it is considered probable that there will be deferred tax liabilities with the same maturity or sufficient future taxable income against which the temporary differences can be utilized in the foreseeable future.

Deferred tax assets and liabilities are not discounted.

Changes in deferred tax balances by category of temporary difference

(In € thousands)	January 1, 2022	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, 2022
Employee benefits	94	(138)	-	(42)	-	147	62
Lease liabilities[1]	5,504	889	-	-	127	(144)	6,376
Intangible assets and property, plant and equipment	-	(418)	-	-	-	4,002	3,584
Other working capital	378	512	-	-	-	1,420	2,311
Tax loss carryforwards	3,779	(3,287)	-	-	-	(212)	280
Offsetting of deferred tax assets/deferred tax liabilities	(5,692)	(1,256)	-	-	-	-	(6,948)
TOTAL DEFERRED TAX ASSETS	**4,064**	**(3,697)**	**-**	**(42)**	**127**	**5,214**	**5,664**
Intangible assets[2]	16,663	(2,463)	-	-	1,108	4,855	20,163
Property, plant and equipment[1]	5,491	(1,214)	-	-	119	(109)	4,286
Employee benefits	-	(79)	-	56	-	141	117
Other working capital	(13)	3,107	-	-	7	1,452	4,553
Others	53	330	-	-	-	16	398
Offsetting of deferred tax assets/deferred tax liabilities	(5,692)	(1,256)	-	-	-	-	(6,948)
TOTAL DEFERRED TAX LIABILITIES	**16,502**	**(1,576)**	**-**	**56**	**1,234**	**6,355**	**22,570**
TOTAL DEFERRED TAX LIABILITIES, NET	**(12,438)**	**(2,121)**	**-**	**(98)**	**(1,108)**	**(1,141)**	**(16,906)**

(In € thousands)	January 1, 2021	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, 2021
Employee benefits	372	(249)	-	(33)	1	2	94
Lease liabilities[1]	7,569	(1,164)	-	-	-	(901)	5,504
Other working capital	(97)	(683)	-	-	14	1,145	378
Tax loss carryforwards	3,407	337	-	-	-	35	3,779
Offsetting of deferred tax assets/deferred tax liabilities	(6,899)	1,207	-	-	-	-	(5,692)
TOTAL DEFERRED TAX ASSETS	**4,353**	**(551)**	**-**	**(33)**	**15**	**280**	**4,064**
Intangible assets[2]	14,981	(15)	-	-	1,987	(290)	16,663
Property, plant and equipment[1]	6,742	(1,343)	-	-	(2)	94	5,491
Other working capital	22	(55)	-	-	-	20	(13)
Others	(16)	67	-	-	-	2	53
Offsetting of deferred tax assets/deferred tax liabilities	(6,899)	1,207	-	-	-	-	(5,692)
TOTAL DEFERRED TAX LIABILITIES	**14,830**	**(138)**	**-**	**-**	**1,985**	**(175)**	**16,502**
TOTAL DEFERRED TAX LIABILITIES, NET	**(10,477)**	**(413)**	**-**	**(33)**	**(1,970)**	**455**	**(12,438)**

(1) Relating mainly to the IFRS 16 adjustment to the "Lease liabilities" item and to the corresponding right-of-use assets within "Property, plant and equipment".
(2) The "Intangible assets" item relates mainly to intangible assets identified and recognized as part of business combinations.

Unrecognized tax assets

(In € thousands)	December 31, 2022	December 31, 2021
Relating to temporary differences	5,866	2,637
Relating to tax loss carryforwards	27,122	16,495
TOTAL UNRECOGNIZED DEFERRED TAX ASSETS	**32,988**	**19,132**

At December 31, 2022, the unrecognized deferred tax assets, due to the lack of visibility on the future taxable profits of the entities concerned, are mainly related to the tax loss carryforwards of Believe SA, Believe Digital GmbH, Believe Music America LLC, Believe Digital OOO and Believe Digital SRL. In 2022, Believe SA recorded a tax loss of €9.1 million. These tax losses may be carried forward indefinitely, with the exception of those relating to Indian entities, *i.e.* €1.5 million, which expire between 2028 and 2030.

At December 31, 2021, the unrecognized deferred tax assets, due to the lack of visibility on the future taxable profits of the entities concerned, were mainly related to the tax loss carryforwards of Believe SA, Believe Digital GmbH, Nuclear Blast America Inc., Believe Music America LLC, and Soulfood Music Distribution GmbH. Believe SA recorded a €32.0 million tax loss in 2021. These tax losses may be carried forward indefinitely, with the exception of those relating to Indian entities for €1.0 million, which expire in 2025.

Tax loss carryforwards recognized

Tax loss carryforwards recognized can be analyzed as follows:

(In € thousands)	December 31, 2022	December 31, 2021
France	-	-
Germany	-	3,347
Canada	-	-
United States	201	5,070
Luxembourg	-	388
Others	90	23
TOTAL TAX LOSS CARRYFORWARDS RECOGNIZED	**290**	**8,828**

The estimated recovery date for deferred tax assets on tax loss carryforwards is 2023-2025.

9.3. Uncertain income tax treatments

Accounting policies

In accordance with the IFRIC 23 interpretation – Uncertainty over Income Tax Treatments, tax assets or liabilities should be recognized if there is uncertainty over their income tax treatment. The Group recognizes a tax liability whenever it considers the relevant tax authorities are unlikely to accept a given tax treatment and does not take into account the probability that this would not be detected by the tax authorities. Conversely, a tax receivable is recognized if the Group considers the relevant tax authorities are likely to refund tax paid. Assets and liabilities for which tax treatments are uncertain are estimated on a case-by-case basis depending on the most likely amount.

The Group did not identify any material uncertain tax treatments at either December 31, 2022 or December 31, 2021.

NOTE 10 EQUITY AND EARNINGS PER SHARE

10.1. Changes in share capital

On May 25, 2021, the Company carried out a two-for-one share split, reducing the par value of the Believe share from €0.01 to €0.005 per share. Concomitantly, it doubled the total number of shares comprising the Company's share capital, from 40,234,421 to 80,468,842 shares, in order for the share capital to remain unchanged further to the share split.

Believe was listed on the regulated market of Euronext in Paris on June 10, 2021 to finance its growth strategy. The total number of Believe shares issued as part of the IPO is 15,384,616 new shares, for an offer size of approximately €300 million.

At December 31, 2022, the share capital of Believe SA is made up of 96,764,109 shares. All shares have a par value of €0.005 and are fully paid up.

Changes in share capital and share premiums

Description	Share capital *(in €)*	Share premiums *(in €)*	Number of shares at €0.005
At January 1, 2021	**402,344**	**169,799,138**	**80,468,842**
Capital increase following the IPO	76,923	294,510,342	15,384,616
Exercise of BSAs/BSPCEs	1,004	665,569	200,744
AT DECEMBER 31, 2021[1]	**480,271**	**464,975,049**	**96,054,202**
Exercise of BSAs/BSPCEs	1,862	1,454,005	372,450
Employee shareholding plan: b.shares 2022	1,687	2,286,122	337,457
AT DECEMBER 31, 2022	**483,821**	**468,715,176**	**96,764,109**

(1) At December 31, 2021, the number of shares included 97,100 additional shares issued in November and December 2021 following the exercise of BSAs and BSPCEs. The Board of Directors recorded the corresponding capital increase on May 3, 2022. The share capital of the Company and the share premium have both been adjusted to reflect said exercises.

10.2. Dividends

No dividends were paid in respect of the 2022 or 2021 fiscal years.

10.3. Non-controlling interests

Non-controlling interests can be analyzed as follows:

Company	Country	December 31, 2022 Equity – portion of non-controlling interests *(In € thousands)*	December 31, 2022 Percentage of non-controlling interests *(In %)*	December 31, 2021 Equity – portion of non-controlling interests *(In € thousands)*	December 31, 2021 Percentage of non-controlling interests *(In %)*
Madizin Music GmbH	Germany	(40)	49%	-	-
6&7 SAS	France	682	49%	-	-
Jo and Co SAS	France	981	49%	300	49%
Morning Glory Music SAS	France	(134)	47%	-	-
TuneCore Japan KK	Japan	593	45%	470	45%
Dogan Müzik Yapim ve Ticaret A.S.	Turkey	6,002	40%	1,733	40%
Netd Müzik Video Dijital Platform ve Ticaret A.S.	Turkey	875	40%	429	40%
Others – not material	-	(8)	-	8	-
TOTAL NON-CONTROLLING INTERESTS		**8,951**		**2,941**	

10.4. Earnings per share

Accounting policies

Basic earnings per share are calculated by dividing net income attributable to owners by the weighted average number of ordinary shares in issue, excluding treasury shares, during the period.

Diluted earnings per share are calculated by adjusting the weighted average number of ordinary shares in issue, excluding treasury shares, to reflect the conversion of dilutive potential ordinary shares.

Earnings (losses) attributable to holders of ordinary shares

	2022	2021
Net income (loss) attributable to holders of ordinary shares *(in € thousands)*	**(29,762)**	**(30,045)**
Basic earnings (loss) per share *(in €)*	(0.31)	(0.34)
Diluted earnings (loss) per share *(in €)* [1]	(0.31)	(0.34)

(1) In 2022 and 2021, diluted earnings (loss) per share were equal to basic earnings (loss) per share, as the earnings attributable to holders of ordinary shares represented a loss.

Weighted average number of ordinary shares

	December 31, 2022	December 31, 2021
Weighted average number of ordinary shares in issue	**96,092,137**	**88,989,798**
Impact of dilutive instruments on the number of ordinary shares:		
Potential number of dilutive shares relating to BSAs and BSPCEs	-	-
Potential number of dilutive shares relating to Performance Shares	-	-
Weighted average number of ordinary shares in issue (diluted)	**96,092,137**	**88,989,798**

NOTE 11 CASH FLOW

Accounting policies

The Group's statement of cash flows is prepared in accordance with IAS 7 – Statement of Cash Flows. It identifies cash flows from (used in) operating activities separately from cash flows from (used in) investing activities and cash flows from (used in) financing activities:

- Cash flows from (used in) operating activities are presented using the indirect method, whereby net income (loss) is adjusted for the effects of changes in inventories and operating receivables and payables (working capital) during the period, as well as for the elimination of non-cash items, mainly depreciation, amortization, provisions and deferred taxes.
- Cash flows 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 associated interest are presented under the "Repayment of lease liabilities" item.

Cash flows relating to foreign currency transactions are recorded in the company's functional currency by applying the exchange rate between the functional currency and the foreign currency at the date of the cash flows. Cash flows arising from income taxes are presented separately and classified as cash flows from (used in) operating activities, unless they can be specifically identified with financing and investing activities.

The Group also discloses the items comprising its cash and cash equivalents, including bank overdrafts, and presents a reconciliation between these amounts reported in its statement of cash flows and the equivalent amounts presented in the statement of financial position.

11.1. Components of cash and cash equivalents

Cash and cash equivalents include cash and short-term investments (maturities of no more than three months), which are highly liquid and readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value. This item also includes the amounts that may be claimed by artists in respect of royalties (see Note 4.8 – *Trade payables and contract liabilities*). Cash and cash equivalents presented in the statement of financial position and in the statement of cash flows are broken down as follows:

(In € thousands)	**December 31, 2022**	December 31, 2021
Cash at bank and on hand	302,890	262,705
Accrued interest	455	-
Cash and cash equivalents	**303,345**	**262,705**
Bank overdrafts	-	(11)
Cash and cash equivalents net of bank overdrafts as reported in the statement of cash flows	**303,345**	**262,694**

As of December 31, 2022, cash and cash equivalents included non-available cash amounting to €951 thousand. This corresponds to the cash and cash equivalent balances held by subsidiaries located in countries where foreign exchange controls or legal constraints do not allow these amounts of cash to be made available for use by the Group or by one of its subsidiaries.

11.2. Net cash from (used in) operating activities

Net cash from (used in) operating activities relates to net income items adjusted for the effects of non-cash items, plus changes in working capital requirements and taxes paid. The change in working capital requirement is broken down as follows:

(In € thousands)	2022	2021
Change in advances paid to artists and labels	(15,122)	(57,752)
Change in trade payables and contract liabilities	88,627	63,172
Other changes in working capital requirement	(20,078)	(20,954)
Changes in working capital requirement	**53,427**	**(15,534)**

11.3. Net cash from (used in) investing activities

Acquisitions and disposals of property, plant and equipment and intangible assets

Net cash outflows relating to acquisitions of property, plant and equipment and intangible assets can be analyzed as follows:

(In € thousands)	Notes	2022	2021
Capitalized development costs	*6.2*	(19,826)	(23,087)
Acquisitions of intangible assets owned outright	*6.2*	(6,030)	(2,407)
Acquisitions of property, plant and equipment owned outright	*6.3*	(580)	(1,162)
Changes in suppliers of non-current assets		986	(43)
TOTAL ACQUISITIONS OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS		**(25,450)**	**(26,699)**

Acquisitions of subsidiaries, net of cash acquired

In 2022, the outflow of €8.7 million relates to acquisitions made, net of cash acquired, and can be analyzed as follows:

(In € millions)	Purchase price	Cash acquired	Acquisitions, net of cash acquired
6&7 [(1)]	0.6	(0.5)	0.1
SPI Music – Tranche 1 [(2)]	1.4	-	1.4
Rapsodie	0.2	-	0.2
Morning Glory Music	3.9	-	3.9
Structure PY	3.1	-	3.1
TOTAL	**9.2**	**(0.5)**	**8.7**

(1) Corresponds to the acquisition of an additional 2% stake in the share capital of 6&7 (see Note 2.2 – Scope of consolidation and Note 2.3 – Business combinations)

(2) Corresponds to the additional payment of Tranche 1 related to the acquisition of an initial 76% stake in the share capital of SPI Think Music for a total amount of €15.8 million, of which €14.3 million paid as of December 31, 2021 (see Note 2.2 – Scope of consolidation and Note 2.3 – Business combinations).

In 2021, the outflow of €49.9 million related to acquisitions made, net of cash acquired, and could be analyzed as follows:

(In € millions)	Purchase price	Cash acquired	Acquisitions, net of cash acquired
Play 2	12.0	-	12.0
SPI Music – Tranche 1	14.3	(2.8)	11.5
Viva	23.0	-	23.0
Jo&Co	4.5	(1.0)	3.4
TOTAL	**53.8**	**(3.9)**	**49.9**

Decrease (increase) in loans

In 2022, the outflow corresponds to current account advances with Play 2 for a total amount of €3.2 million net of repayments.

In 2021, the inflow mainly related to the repayment of the current account with Lili Louise Musique for €1.3 million granted in 2019.

Decrease (increase) in non-current financial assets

In 2022, the change mainly corresponds to escrow accounts related to Believe's live activity.

In 2021, the inflow mainly related to the repayment of the term account linked to the acquisition of Soulfood in 2017 for €1.5 million.

11.4. Net cash used in financing activities

Increase in borrowings

The Group did not use the revolving credit facility in 2022 or 2021 (see Note 8.3 – *Gross financial debt).*

Decrease in borrowings

In 2022, the Group also repaid the BPI loans for the period in the amount of €1.5 million.

In 2021, at the time of its IPO and with effect from the settlement-delivery date of the Company's shares offered in connection with their admission to trading on the regulated market of Euronext Paris, the Group repaid the Credit Agreement in full, using the proceeds of its capital increase for an amount of €92.9 million (see Note 8.3 – *Gross financial debt*). The Group also repaid the BPI loans for the period in the amount of €1.8 million.

Capital increase by shareholders

In 2022, the Group increased its share capital for a total amount of €3.7 million, including share premiums, through:

- the issue of shares to the Group's employees by exercising BSAs and BSPCEs for €1.4 million (see Note 10.1 – *Changes in share capital)* and,
- a capital increase reserved for employees of €2.3 million as part of the b.shares employee shareholding plan (see Note 5.4 – *Share-based payments*), net of transaction costs.

In 2021, the capital increase of €295.3 million, including share premiums, could be analyzed as follows:

- Believe was listed on the Euronext regulated market in Paris on June 10, 2021 in order to finance its growth strategy for an offering size of approximately €300 million, less costs related to the listing of the shares on the French regulated market; *i.e.* a total net amount of €294.6 million,
- the Group also carried out a capital increase in the amount of €0.7 million by issuing shares to the Group's employees through the exercise of BSAs and BSPCEs (see Note 10.1 – *Changes in share capital).*

11.5. Free cash flow

Accounting policies

Free cash flow corresponds to net cash flows from (used in) operating activities, after taking into account acquisitions and disposals of intangible assets and property, plant and equipment, and restated for (i) acquisition costs, (ii) acquisition costs on a group of assets that does not meet the definition of a business combination, and (iii) advances related to Distribution contracts intended specifically for the acquisition of assets (acquisition of companies, catalogs, etc.).

This indicator, which reflects the Group's capacity to generate cash from its operating activities, is taken into consideration by Executive Management to define its investment strategy and financing policy.

Free cash flow and net cash from (used in) operating activities can be reconciled as follows with the consolidated statement of cash flows:

(In € thousands)	2022	2021
Net cash from (used in) operating activities	**73,655**	**(7,670)**
Acquisitions of property, plant and equipment, and intangible assets	(25,450)	(26,699)
Disposals of property, plant and equipment and intangible assets	-	-
Restatement of acquisition related costs	1,600	621
Restatement of acquisition costs on a group of assets	2,190	1,000
Restatement of advances related to Distribution contracts intended specifically for the acquisition of assets (acquisition of companies, catalogs, etc.)	-	2,000
FREE CASH FLOW	**51,995**	**(30,748)**

NOTE 12 OTHER INFORMATION

12.1. Fees paid to the Statutory Auditors

The table below shows fees paid to the Statutory Auditors:

	2022					2021				
(In € thousands)	KPMG SA	Network	Total KPMG	ACA NEXIA	Total	KPMG SA	Network	Total KPMG	ACA NEXIA	Total
Statutory audit and review of the parent company and consolidated financial statements	**389**	**487**	**876**	**181**	**1,057**	664	579	**1,223**	254	**1,477**
Services other than the certification of financial statements(1)	43	75	**118**	16	**134**	556	-	**576**	150	**726**
TOTAL	**432**	**562**	**994**	**197**	**1,191**	**1,220**	**579**	**1,799**	**404**	**2,203**

(1) In 2021, the Statutory Auditors' fees included the regulatory work carried out in connection with the Believe S.A. IPO

12.2. Related parties

Accounting policies

Under IAS 24 – Related Party Disclosures, a related party is a person or entity that is related to the entity preparing its financial statements. This may be:

- a person or a company that controls the Group;
- an associate of the Group;
- a joint venture;
- an important member of the Group's management team (or a member of his/her family).

A related party transaction is a transfer of resources, services or obligations between the Group and the related party.

Parent company and head of the Group

The Group is consolidated within the consolidated financial statements of Believe SA, whose head office is located at 24, rue Toulouse Lautrec, 75017 Paris, France.

Transactions with key management personnel

With the exception of the compensation described in Note 5.5 – *Executive compensation*, there were no transactions between the Company and its key management personnel.

Transactions with owners

There had been no transactions with owners within the meaning of IAS 24 as at either December 31, 2022 or December 31, 2021.

Other related party transactions

Transactions between Believe and these associates or joint ventures are detailed in Note 2.4 – *Equity-accounted companies.* With the exception of these transactions, there are no other transactions with the Group's related parties.

12.3. Off-balance sheet commitments

Off-balance sheet commitments linked to the scope of consolidation

The list of commitments received is detailed as follows:

- pledge on shares of 6&7 SAS granted to Believe in the context of the acquisition in 2019 until January 1, 2023;
- miscellaneous general and specific guarantees in connection with corporate acquisitions (see table below):

ACQUISITION	EXPIRY	TYPE OF GUARANTEE
DMC	12/31/2023*	General guarantees (including tax guarantees) and specific guarantees (relating to contracts, intellectual property rights and information technologies)
Play 2	12/31/2023 (except where specific expiry dates are provided for, notably in relation to tax and social guarantees, which expires on March 31, 2025)	General guarantees (including tax guarantees)
Viva	06/30/2023*	General guarantees (including tax guarantees) and specific guarantees (relating to intellectual property rights)
SPI Music	12/31/2023 (except where specific expiry dates are provided for, notably in relation to intellectual property rights guarantees, which expires on December 31, 2028)	General guarantees (including tax guarantees) and specific guarantees (relating to intellectual property rights)
Jo&Co	12/21/2024 *	General (including tax guarantees) and specific guarantees (relating to contracts, goods and services, insurance, intellectual property rights)
Morning Glory Music	11/16/2025	General guarantees
Structure PY	12/19/2025 *	General guarantees (including tax and social guarantees)

(1) Except where specific expiry dates are provided for.

Off-balance sheet commitments linked to Company financing

Commitments relating to bank debt are detailed in Note 8.3 – *Gross financial debt*.

Related-party agreement – agreement for the sharing of capital gains on the disposal of shares between the Company and Mr Denis Ladegaillerie

In line with the Group's values, Denis Ladegaillerie, Chairman and Chief Executive Officer and founder of Believe, wished to implement a mechanism for sharing the capital gains on the sale of his Believe shares with employees in addition to employee share ownership. This mechanism, provided for by the Pacte Law of May 22, 2019 on the growth and transformation of companies, offers Believe, under the leadership of Denis Ladegaillerie, the opportunity to strengthen the long-term commitment of its employees and recognize everyone's contribution to the Company's success. It thus offers the possibility to share part of the value created collectively. The sharing of capital gains takes the form of a contract between Denis Ladegaillerie and Believe SA and is the subject of a related-party agreement published on December 7, 2022. This agreement allows Denis Ladegaillerie, in the event of a future sale of his Believe shares, over a long-term time frame of at least three years, to share up to 10% of the capital gains realized with employees who have been with the company for over 2 years.

Off-balance sheet commitments linked to the Company's operating activities

Off-balance sheet commitments linked to the Company's operating activities.

12.4. Subsequent events

There were no subsequent events.