Half-year financial report
For the six months ended June 30, 2022

Deezer S.A. (formerly I2PO S.A.)

a French *Société anonyme à conseil d'administration* with share capital of €1,427,156.15
whose registered office is located at 24, rue de Calais, 75009 Paris
and registered with the Trade and Companies Register of Paris under number 898 969 852

Half-year financial report

I. Statement by the person responsible for the half-year financial report

I declare that to the best of my knowledge, the interim condensed financial statements of Deezer S.A. (formerly I2PO S.A.) and the interim condensed consolidated financial statements of Deezer S.A. (511 716 573 R.C.S Paris) each time for the six-month period ended June 30, 2022 have been prepared in accordance with the applicable accounting standards and provide a true and fair view of the assets and liabilities, financial position and profit and loss of Deezer S.A. (formerly I2PO S.A.), of Deezer and all companies included in its scope of consolidation and that this half-year financial report includes a fair review of the significant events, which have occurred during the first six months of the financial year and their impact on the financial statements, as well as the main transactions that have taken place with related parties, and provide a description of the principal risks and uncertainties for the remaining six months of the financial year.

Paris, September 21, 2022

Jeronimo Folgueira

Chief executive officer

II. Deezer (formerly I2PO) interim activity report

1. Half-year activity of Deezer (formerly I2PO)

1.1 Activity review

I2PO S.A. (renamed as Deezer S.A. simultaneously and as a result of the Merger – as such term is defined below) ("I2PO" or the "Company") had no operating business activity during the period from January 1, 2022 to June 30, 2022.

I2PO was incorporated for the purpose of acquiring one or more operating businesses or companies through a business combination. I2PO incurred expenses as a result of being a publicly listed company (for legal, financial reporting, accounting and auditing compliance), as well as expenses incurred in connection with researching and investigating target businesses and/or companies, the negotiation, drafting and execution of the business combination documentation, and the preparation of disclosure documents with respect to the business combination.

On April 18, 2022, I2PO and Deezer S.A. ("Deezer"), announced that they have entered into a definitive agreement for a business combination whereby Deezer would merge with and into I2PO (to be renamed Deezer following the combination), and become a publicly listed company on the professional segment (*compartiment professionnel*) of the regulated market of Euronext Paris (the "Merger").

On May 20, 2022, I2PO announced the end of the redemption period for the holders of I2PO's class B preferred shares in the context of its business combination with Deezer, and the receipt of redemption requests from dissenting shareholders representing a total of 25 133 181 class B preferred shares. According to its bylaws, the Company has set the redemption price at €10 per redeemed shares, *i.e.*, a total amount to be refunded to dissenting shareholders equal to €251 331 810.

On May 25, 2022, I2PO and Deezer announced the conclusion of a merger agreement setting forth the economic, financial and legal terms and conditions of the Merger, and in particular, (i) the value of the contributed net assets of Deezer for an amount of €1 050 000 000, (ii) the issuance by I2PO of 96 440 617 new ordinary shares on the completion of the Merger to the benefit of Deezer's existing shareholders as consideration for the contribution, and (iii) the recording of a merger premium in I2PO's balance sheet amounting to €1 049 035 593.83.

On May 31, 2022, I2PO and Deezer announced the approval by the *Autorité des marchés financiers* of the prospectus prepared by I2PO in the context of the Merger (the "Merger Prospectus").

On June 15, 2022, I2PO and Deezer announced the approval by the *Autorité des marchés financiers* of the prospectus (the "PIPE Prospectus") prepared by I2PO in connection with the admission to trading on the professional segment (*compartiment professionnel*) of the regulated market of Euronext Paris of up to 15 000 000 new ordinary shares to be issued in the context of a share capital increase without preferential subscription rights reserved to the benefit of certain identified persons or categories of persons (the "PIPE").

On June 30, 2022, I2PO shareholders' meeting approved, among other things, the Merger and the PIPE. The board of directors of the Company (the "Board of Directors"), held right after the shareholders' meeting, decided to implement the PIPE and, accordingly, to carry out a share capital increase of €119 million (issuance premium included) by way of issuance of 11 900 000 new ordinary shares reserved to certain identified investors.

The completion of the Merger and of the PIPE is described in the section 1.2 "Subsequent events".

During the six months ended June 30, 2022 and November 15, 2021, I2PO did not recognize any revenue.

The operating loss incurred amounted to €40,3 million for the six months ended June 30, 2022 and to €0,5 million for the six months ended November 15, 2021. The €39,8 million increase of the operating loss is mainly explained by €8,3 million of fees in relation to the Merger with Deezer and by a share-based compensation of €31,6 million.

The net financial result was a loss of €4,6 million as a result of a financial expense recognized on the measurement of the Company's BSARs for the six months ended June 30, 2022. The net financial result was almost nil for the six months ended November 15, 2021.

The net loss amounted to €45 million for the six months ended June 30, 2022 and increased by €44,5 million compared to the six months ended November 2021.

Cash and cash equivalents decreased by €0,3 million for the six months ended June 30, 2022 due to the net loss adjusted by non-cash items (net of €8,7 million) compensated by positive working capital variations (€8,4 million).

Cash and cash equivalents increased by €0,9 million for the six months ended November 15, 2021 due to the net loss of €0,5 million, positive working capital variation (€0,2 million), proceeds from issue of shares of €276,2 million reduced by €275 million transferred to an escrow account.

1.2 Subsequent events

On July 5, 2022, I2PO (renamed Deezer) announced (i) the completion of the PIPE and of the Merger (the "Closing"), and as a result (ii) the listing of Deezer on the professional segment (*compartiment professionnel*) of the regulated market of Euronext Paris.

Following the Closing, the primary business of the Company has changed to now encompass Deezer's activities. As the result of the Merger, the share capital and voting rights of the subsidiaries and shareholdings held by Deezer prior to the Merger have automatically been transferred to the Company.

Shortly following the Closing, the Company received circa €143 million of new money, as follows:

i. €23 668 190, corresponding to the cash raised in the context of the initial public offering of I2PO that was held until the Closing in an escrow account, net of redemption, and
ii. €119 000 000, corresponding to the PIPE proceed (issue premium included) as subscribed by Groupe Artémis, one of I2PO's founders, and most of Deezer's existing shareholders, including Access Industries, UMG, Warner Music, Orange, Kingdom Holding, Eurazeo and Xavier Niel, as well as a selected group of long-term French and international investors, including Bpifrance, and Média-Participations.

The Board of Directors decided on July 21, 2022 to grant an aggregate of 1,914,130 free shares to all employees and executive officers of the group, which grant is subject to time vesting over a 3 or 4-year period and, for 884,880 of them, to performance conditions (it being reminded that I2PO had announced in the IBC Notice its intention to grant 1,759,520 free shares to employees and officers of the group concomitantly with or immediately after the Merger).

On August 3, 2022, the *Directeur général* of the Company decided to proceed with the redemption of 25 133 181 class B preferred shares held by the dissenting shareholders of the Company and their subsequent cancellation.

On August 16, 2022, the Company announced the launch of music streaming app RTL+ Musik. Through the partnership between the Company and RTL Deutschland, paying subscribers of RTL+ in Germany will have access to 90 million tracks, more than 5 000 curated playlists, and a user-friendly interface with key music streaming features.

On September 7, 2022, the Company announced the conclusion of a partnership with French e-commerce leader Cdiscount. From September 7, 2022, Cdiscount offers 4 months Deezer Premium subscription with the purchase of a selection of electronics products (hardware, TV, sound, smartphone, connected devices) on its site. Before the end of the year, services provided by the Company will also be included in Cdiscount's loyalty program.

On September 21, 2022, the Board of Directors acknowledged that, following the exercise of 679 245 warrants held by Sony Music Entertainment Netherlands B.V., the share capital of the Company has increased by a total par value amount of €19 983,38, through the issuance of 1 998 338 new ordinary shares with a par value of €0,01 each.

1.3 Main risks and uncertainties

The Company believes that the risks and uncertainties identified for the six months ended June 30, 2022 are in line with the main risks and uncertainties to which the Company is exposed and that were identified and discussed in the section 2 "Risk factors" of the PIPE Prospectus, included the ones described in section 3 of the Merger Prospectus. Those risks and uncertainties should be read in conjunction with this half-year financial report.

1.4 Main transaction with related parties

Unless otherwise further described in this section below, the main related-party transactions are presented in detail in section 14.5 "Related party transactions" of the Merger Prospectus.

The shareholders' agreement presented in section 14.5.4 "Shareholders' Agreement among the Founders" of the Merger Prospectus (entered into among I2PO's founders on July 5, 2021 in the presence of the Company for the purposes of governing the relationships of the founders in their capacities as shareholders of the Company) terminated upon Closing.

The services agreement presented in section 14.5.5 "Services agreement with Groupe Artémis" of the Merger Prospectus (entered into by the Company with Financière Pinault SCA on July 5, 2021 for the provision of advice and assistance to the Company in carrying out the day-to-day in administrative, social, tax, accounting, legal and financial matters) terminated on June 30, 2022.

The agreement presented in section 14.5.6 "Fairness opinion from Lazard Frères" of the Merger Prospectus (entered into by the Company with Lazard Frères SAS on April 11, 2022 for the provision of an opinion as to the fairness of the stock consideration in the potential direct or indirect acquisition of Deezer) terminated on the delivery of the fairness opinion to the Company on April 11, 2022.

The engagement letter presented in section 14.5.7 "Engagement letter of Centerview Partners France SCS" of the Merger Prospectus (entered into by the Company with Centerview Partners France SCS on April 18, 2022 for the provision of financial advice to the Company with respect to the Merger) terminated on June 30, 2022.

The impacts of above transactions on the income statement for the six months ended June 30, 2022 are disclosed in Note 10.7 to the interim condensed financial statements.

2. Deezer (formerly I2PO) financial statements and statutory auditors' report for the six-month period ended June 30, 2022

2.1 Deezer (formerly I2PO) interim condensed financial statements

1. Income Statement

In € thousands	Note	Six months ended June 30, 2022	Six months ended Nov. 15, 2021
Purchases and external charges	10.2	(8 613)	(456)
Taxes other than on income		(25)	(6)
Wages and salaries		(70)	-
Other operating charges	10.3	(31 640)	-
Operating expenses		**(40 348)**	**(461)**
Operating loss		**(40 348)**	**(461)**
Financial expenses	10.4	(4 646)	-
Financial income from cash investments	10.4	14	9
Net financial income/(expense)		**(4 633)**	**9**
Loss before income tax		**(44 981)**	**(452)**
Net loss for the period		**(44 981)**	**(452)**
O/w attributable to owners of the Company		(44 981)	(452)
O/w attributable to minority interests			
Net loss per share – in euros			
Basic loss per share	10.6	(1,309)	(0,019)
Diluted loss per share	10.6	(1,309)	(0,019)

2. Statement of Comprehensive Income

In € thousands		Six months ended June 30, 2022	Six months ended Nov. 15, 2021
Loss for the period		(44 981)	(452)
Items that may be reclassified to profit or loss			
Items that will not be reclassified to profit or loss			
Total comprehensive expense for the period		**(44 981)**	**(452)**
Attributable to owners of the Company		(44 981)	(452)
Attributable to minority interests			

3. Statement of Financial Position

In € thousands	Note	June 30, 2022	Dec. 31, 2021
Non-current financial assets	9.2.1	-	275 000
Total non-current financial assets		-	**275 000**
Total non-current assets		-	**275 000**
Tax receivables	9.3.1	995	480
Current financial assets	9.3.2	275 000	-
Cash and cash equivalents	9.3.3	135	442
Other current assets	9.3.4	10 019	329
Total current assets		**286 149**	**1 252**
Total assets		**286 149**	**276 252**

In € thousands	Note	June 30, 2022	Dec. 31, 2021
Share capital	9.1.1	92	344
Share premium	9.1.2	24 842	275 923
Retained earnings/(deficit)	4	30 502	(24)
Net loss for the period		(44 981)	(1 115)
Total equity		**10 456**	**275 128**
Non-current financial liabilities	9.1.3	4 646	-
Total non-current liabilities		**4 646**	-
Trade payables	9.4.1	19 700	1 111
Accrued payroll taxes	9.4.1	13	11
Accrued other taxes	9.4.1	2	2
Current financial liabilities	9.4.2	251 332	-
Total current liabilities		**271 047**	**1 124**
Total equity and liabilities		**286 149**	**276 252**

4. Statement of Changes in Equity

In € thousands	Note	Share capital	Share premium	Retained earnings/ (deficit)	Net loss for the period	Total equity
Balance at December 31, 2021		**344**	**275 923**	**(24)**	**(1 115)**	**275 128**
Appropriation of prior year net loss				(1 115)	1 115	
Exercise of shareholders' exit rights related to the IBC	9.5	(251)	(251 080)			(251 332)
Share-based benefits	10.4			31 640		31 640
Net loss for the period					(44 981)	(44 981)
Balance at June 30, 2022		**92**	**24 842**	**30 502**	**(44 981)**	**10 456**

The decrease in equity during the period mainly includes a €251 332 thousand reduction due to the reclassification as current financial liabilities of the amount corresponding to the Company's class B preferred shares for which their holders requested redemption by exercising the redemption right attached to such shares within the 30-day redemption period that started when the business combination between the Company and Deezer (the "IBC") was announced (25 133 181 shares at €10 per share).

The statement of changes in equity for the six months ended November 15, 2021 is provided below for the purpose of comparison.

In € thousands	Note	Share capital	Share premium	Retained earnings /(deficit)	Net loss for the period	Total equity
Movements in share capital		39				39
Net loss for the period					(24)	(24)
Balance at May 15, 2021		**39**			**(24)**	**15**
Movements in share capital	9.1	305	275 923			276 227
Appropriation of prior year net loss	9.1			(24)	24	
Net loss for the period					(452)	(452)
Balance at November 15, 2021		**344**	**275 923**	**(24)**	**(452)**	**275 790**

The capital increases carried out during the period from May 16, 2021 through November 15, 2021, concomitantly to the first listing of the class B preferred shares of the Company on the professional segment of the regulated market of Euronext Paris, led to the recognition of a total issue premium of €281 310 thousands, against which transaction costs were charged in an aggregate amount of €5 387 thousands, giving a net issue premium of €275 923 thousands (see Note 9.1).

5. Statement of Cash Flows

In € thousand	Note	Six months ended June 30, 2022	Six months ended Nov. 15, 2021
Net loss for the period		**(44,981)**	**(452)**
Adjustments:			
- Share-based compensation	10.3	31 640	
- Financial expenses	10.4	4 646	
+/- Change in operating working capital		8 387	151
Net cash flows used in operating activities		**(308)**	**(302)**
Acquisitions of financial assets	9.2.1		**(275 000)**
Net cash flows used in investing activities			**(275 000)**
Proceeds from issues of shares	9.1		276 227
Net cash flows from financing activities			**276 227**
Net change in cash and cash equivalents		**(308)**	**926**
Cash and cash equivalents at beginning of period		442	39
Cash and cash equivalents at period-end		135	965

6. General Information

6.1. General presentation of the notes to the financial statements

The fiscal year began on January 1, 2022 and will end on December 31, 2022. These notes relate to the interim financial statements for the six-month period ended June 30, 2022. The duration of the fiscal year ended December 31, 2021 was 7 months and 16 days.

Unless otherwise specified, all amounts in the following notes are stated in thousands of euros.

6.2. Information about the Company

Deezer (formerly I2PO) (the "Company") is a joint-stock corporation (société anonyme) set up on May 4, 2021 and registered in France under number 898 969 852 R.C.S. Paris. It used to be a special purpose acquisition company created to carry out acquisitions in the entertainment and leisure sector. The Company's registered office was transferred to 24 rue de Calais, 75009 Paris, France concomitantly to the completion of the merger of Deezer S.A., with and into the Company on July 5, 2022.

6.3. Significant events of the period ended June 30, 2022

On April 18, 2022, the Company reached a definitive agreement for a business combination with Deezer S.A. (a French joint-stock corporation (société anonyme) registered in France under number 511 716 573 R.C.S Paris). The notice of this business combination (the "IBC Notice") was issued on April 19, 2022.

During the combined shareholders' meeting of the Company held on June 30, 2022, its shareholders approved the merger of Deezer with and into the Company, subject to certain conditions precedent, and resolved to amend the Company's share capital, corporate purpose and name.

The impacts following the completion of the IBC are described in Note 11.3 below, "Significant events after the reporting date".

6.4. Significant events of the period ended November 15, 2021

The Company had been set up for the purpose of carrying out the following transactions within 24 months of its B Shares (as defined below) being admitted to trading: acquisitions, asset transfers, mergers, purchases of equity interests or any other transactions with equivalent or similar effects involving the Company and one or more other companies or other legal entities, and relating to financial securities - particularly equity securities - or other assets in the entertainment and leisure sector.

To this end, the Company successfully raised €275 million on July 15, 2021 through an offer to qualified investors in France and abroad.

At the end of the offer period, the Company had transferred an amount corresponding to the entire gross proceeds of the issue of the B Shares into a term deposit account secured by an escrow agreement entered into with a notary. The funds placed in the term deposit account would only be able to be released on the instructions of the notary, acting as escrow agent, if the Company completed the IBC or if the Company was liquidated.

The final amount of the offer was €275 million, corresponding to 27,5 million class B preferred shares with a redemption right attached to each of them (the "B Shares" or the "B Preferred Shares") with attached redeemable warrants giving right to subscribe ordinary shares of the Company (a "B BSAR" and, together with each B Share a "B ABSAR"), purchased at a subscription price of €10,00 each. Three BSARs entitle their holder to subscribe one new ordinary share at an exercise price of €11,50.

The BSARs became exercisable as from the completion date of the IBC.

The settlement-delivery date for the B ABSARs was July 20, 2021. At that date, the B BSARs were detached from the B Shares, and the B Shares and the B BSARs began trading in the professional segment of the regulated market of Euronext Paris.

The founders of the Company, who already held 3 900 000 ordinary shares, purchased the following:

- On July 5, 2021: 1 749 999 new ordinary shares of the Company at a price of €0.01 per share.
- At the same time as the offer:
    - 565 869 new ordinary shares of the Company at a price of €0.01 per share.
    - 659 130 ordinary shares with attached redeemable warrants giving right to subscribe ordinary shares of the Company (a "A BSAR" and, together with each ordinary share, an "A ABSAR") as part of a rights issue, for an aggregate of €6 591 300.

At the same time as the above, when the settlement-delivery took place on July 20, 2021, the A BSARs were detached from the ordinary shares making up the A ABSARs, and all of the ordinary shares held by the Company's founder shareholders (i.e. 6 874 998 shares) were converted into 2 291 664 class A1 preferred shares, 2 291 667 class A2 preferred shares and 2 291 667 class A3 preferred shares (all of such preferred shares, the «A Shares»).

These A Shares, together with the BSARs held by the founders, were not admitted to trading on the regulated market Euronext Paris.

At the completion date of the IBC on July 5, 2022, (i) the B Shares whose holders have not requested their redemption, and (ii) a third of the A Shares held by the founders (corresponding to all of the 2 291 664 class A1 preferred shares), were automatically converted into ordinary shares. Those ordinary shares were admitted to trading on the professional segment of the regulated market of Euronext Paris. The remaining A Shares held by the founders (corresponding to the class A2 and A3 preferred shares) would be converted into ordinary shares and admitted to trading if and only if the Company's share price reached a certain level (€12 for some and €14 for others). It is specified that, pursuant to its 57th resolution, the combined shareholders' meeting of the Company held on June 30, 2022 decided to limit such conversion right to specific period of times.

As from the date on which the securities were admitted to trading on the regulated market of Euronext Paris, the Company had 24 months to carry out a first IBC, the main characteristics of which were described in the prospectus approved by the French securities regulator (Autorité des marchés financiers, or AMF) for the purposes of listing the B Shares and the B BSARs.

7. Accounting Principles and Policies (IFRS)

7.1. Basis of preparation of interim condensed financial information

These interim condensed consolidated financial statements at June 30, 2022 have been prepared in accordance with IAS 34, Interim Financial Reporting, and IAS 1, Presentation of Financial Statements.

As permitted under IAS 34, the interim condensed consolidated financial statements do not include all of the information required for a complete set of annual financial statements prepared in accordance with IFRS. They should therefore be read in conjunction with the financial statements prepared in accordance with IFRS for the fiscal period ended December 31, 2021.

7.2. Summary of significant accounting policies

The interim consolidated financial information has been prepared in accordance with the same accounting policies as those applied to prepare the annual IFRS financial statements for the fiscal period ended December 31, 2021.

7.3. New standards, amendments to existing standards, and interpretations

The application of standards, amendments to existing standards and interpretations published by the IASB whose application has been mandatory since January 1, 2022 had no significant impact on the Company's interim condensed consolidated financial statements as of June 30, 2022. They primarily concern:

- Amendments to IFRS 3 related to the conceptual framework;
- Amendments to IAS 37 related to onerous contracts;
- Amendments to IAS 16 related to proceed before intended use;
- IFRIC decision of March 2021 on configuration or customization costs in a cloud computing arrangement (IAS 38).

7.4. Presentation of the financial statements

As permitted under IAS 1, Presentation of Financial Statements, the Company's income statement is presented by nature.

Operating profit corresponds to profit for the period, before:
- Net financial income/(expense); and
- Current and deferred taxes.

7.5. Accounting judgments and estimates

The preparation of interim condensed financial statements in accordance with IFRS requires management to exercise judgment and make estimates that impact the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from the estimates used. Estimates and assumptions are revised regularly and any changes to estimates are recognized in the period in which the revision is made and in all subsequent periods.

In addition to the judgments and estimates described in the notes to the Company's financial statements, the key judgments and estimates used in these interim financial statements are presented below.

7.5.1. Key judgments

- Accounting classification of the B Shares

The Company had considered that the B Shares met the definition of an equity instrument in IAS 32 for the following reasons:

- The Company had the possibility of not delivering cash to the holders of the B Shares because it could make a unilateral decision not to propose a IBC, or a proposed IBC might not be approved by the Board of Directors. In both of these cases, no vote to redeem the B Shares could take place.
- A blocking decision could not be made by a single class of shareholders. This was because extending the Company's term required a two-thirds majority vote of each class of preferred shares (A1, A2, A3 and B).

For these two reasons, the B Shares had been classified as equity instruments.

The IBC Notice related to the agreement between Deezer and the Company was issued on April 19, 2022. The holders of B Shares had a period of 30 days as from the issue of the IBC Notice to notify the Company if they wished the Company to redeem all of their shares. The period for exercising this exit right therefore began on April 20, 2022 and ended on May 19, 2022. The redemption rate at the end of the exit period was 91,39% (corresponding to 25 133 181 B Shares). As those 25 133 181 B Shares in the process of redemption no longer meet the criteria for recognition as equity instruments under IAS 32 they were reclassified as "Current financial liabilities" at June 30, 2022.

The other B Shares whose holders had not requested their redemption at the end of the redemption period remain classified as equity instruments in accordance with IAS 32. This is because, as from the end of the redemption period, the Company no longer has any obligation to deliver cash to the remaining holders of B Shares.

- Accounting classification of the A Shares

The Company has issued shares to its founders that (i) are not convertible into a variable number of equity instruments, and (ii) include no obligation for the Company to deliver cash, even if the shareholders vote to extend the Company's term in the event that no IBC takes place within the applicable 24-month deadline. These shares – i.e. the A Shares – are therefore classified as equity instruments in accordance with IAS 32.16.

In application of IAS 32.35, all of the transaction costs related to the issue of the A Shares have been deducted from equity.

- Accounting for transaction costs

In accordance with IAS 32.35, all transaction costs related to the issue of the A and B Shares were previously deducted from equity.

Costs directly related to the PIPE and the share capital increase will be deducted from the share premium. These incremental costs have been cancelled through Prepaid expenses as of June 30, 2022 and until the completion of the Merger early July 2022.

Costs related to the IBC and not directly related to the PIPE and the share capital increase have been expensed.

7.5.2. Key estimates

- Equity warrants (BSARs)

Concomitantly to the initial public offering (the "IPO"), the Company issued A BSARs and B BSARs, with the B BSARs listed in the professional segment of the regulated market of Euronext Paris. These BSARs entitle their holders to subscribe new ordinary shares of the Company as from the completion date of the IBC, i.e. July 5, 2022, and they expire five years after the completion of the IBC.

As the BSARs can be converted into a variable number of new ordinary shares, they are accounted for as derivatives at fair value through profit or loss.

The Company considered that these instruments had a nil value at the date of the IPO and for as long as no announcement had been made of a planned IBC. As the IBC Notice relating to the agreement between Deezer and the Company was issued on April 19, 2022, the BSARs were measured at fair value through profit or loss in accordance with IFRS 9 at June 30, 2022.

As the price of a BSAR was €0,165 each at June 30, 2022, a €4,65 million impact was recognized in financial expenses with a corresponding adjustment to non-current financial liabilities.

- Deferred tax assets

No deferred tax assets have been recognized for the Company's tax losses because it is still uncertain when these tax losses will be able to be used.

- Share-based compensation

On the settlement-delivery date of the IPO, i.e. July 20, 2021, all of the class A ordinary shares held by the Company's founder shareholders were converted into preferred shares (i.e. 2 291 664 class A1 preferred shares, 2 291 667 class A2 preferred shares and 2 291 667 class A3 preferred shares). These shares were originally purchased by the founders at a preferential price of €0,01 per share (except for the A ABSARs acquired at €10 each) which, in comparison with the investors' purchase price of €10 per share, represents a share-based benefit.

This share-based benefit was recognized as a specific expense in accordance with IFRS 2 in the Company's financial statements at June 30, 2022 in view of the fact that (i) the IBC was approved by the combined shareholders' meeting of the Company held on June 30, 2022, and (ii) the terms and conditions of the IBC were known at that date.

At December 31, 2021, management had considered that the terms and conditions of the share-based compensation were not known because neither (i) the target or exchange terms for the IBC, nor (ii) the accretive effect of the transaction for the founder shareholders were known at that date. Management had therefore deemed that the conditions for recognizing an expense in accordance with IFRS 2 were not met at December 31, 2021.

At June 30, 2022, however, the IBC had been approved and the terms and conditions were known. Consequently, the IFRS 2 expense was recognized in the financial statements at June 30, 2022 based on the expected fair value of the share-based compensation at the completion date of the IBC.

8. Segment Information

The Company has not defined any operating segments and therefore does not disclose any segment information.

The Company has one geographic segment – France – where it currently conducts all of its business.

This presentation will be changed in the future, notably as a result of the completion of the IBC on July 5, 2022.

9. Notes to the Statement of Financial Position at June 30, 2022

9.1. Information about the Company's share capital and share premium

9.1.1. Share capital

In these interim condensed financial statements at June 30, 2022 the Company's share capital is made up of 9 241 817 shares with a par value of €0.01 each, breaking down as:

- 2 291 664 class A1 preferred shares of the Company and 2 366 819 B Shares, all of them converted into 4 658 483 ordinary shares of the Company on the completion date of the IBC on July 5, 2022.
- 2 291 667 A2 preferred shares not converted into ordinary shares.
- 2 291 667 A3 preferred shares not converted into ordinary shares.

When the IBC was approved by the Board of Directors in accordance with the terms and conditions of Article 13.4.2 of the articles of association of the Company (the "Article of Association"), the Company launched the process to redeem the B Shares held by any shareholders requesting redemption of their shares, pursuant to the terms and conditions provided for in Article 11.4 of the Articles of Association.

At the end of the exit period, the holders of 25 133 181 B Shares had asked for their shares to be redeemed. The remaining B Shares for which a redemption request was not submitted – i.e. 2 366 819 shares – were automatically converted into ordinary shares.

As per Note 7.5.1 – Key judgments, the nominal value of B Shares which gave rise to a redemption request were reclassified as "Current financial liabilities" amounting to €251 thousands at June 30, 2022. The share premium of €251 081 thousands related to these B Shares was also reclassified to "Current financial liabilities".

The A1 preferred shares were automatically converted into ordinary shares on the completion of the IBC

The A2 and A3 preferred shares do not currently meet the conditions for conversion into ordinary shares.

9.1.2. Share premium

Share premium amounted to €24 842 thousands at June 30, 2022. In view of (i) the requests for the redemption of B Shares provided for in Article 13.4.2 in the Articles of Association, and (ii) the Company's decision to reclassify the B Shares whose redemption was requested following the announcement of the IBC (see Note 7.5.1 – Key judgments), the share premium on the B Shares whose redemption has been requested have been reclassified to current financial liabilities, representing an amount of €251 080 thousands.

Total share premiums therefore decreased by €251 081 thousands during the period, from €275 923 thousands to €24 842 thousands.

9.1.3. Non-current financial liabilities

Non-current financial liabilities correspond to the value of the A BSARs and B BSARs classified as derivative liabilities at fair value through profit or loss, i.e. measured based on their latest quoted price before the reporting date of these interim financial statements.

The Company considered that these instruments had a nil value at the date of the IPO and for as long as no announcement had been made of a planned IBC (see Note 7.5.2). As the IBC Notice relating to the agreement between Deezer and the Company was issued on April 19, 2022, the BSARs were measured at fair value through profit or loss in accordance with IFRS 9 at June 30, 2022. The latest quoted price before the reporting date used for the measurement was €0,165 per BSAR.

Based on the 28 159 130 BSARs outstanding at June 30, 2022, the corresponding financial liability recognized amounted to €4 646 thousands. A financial expense in the same amount was recorded as a contra entry to this derivative liability. The BSARs have been recognized as non-current liabilities because they are exercisable as from the completion date of the IBC until the fifth anniversary of that date.

9.2. Non-current assets

9.2.1. Non-current financial assets

The €275 million in proceeds received by the Company on its IPO were placed in an escrow account to be released on the completion of the IBC.

Following the approval of the IBC by the combined shareholders' meeting of the Company held on June 30, 2022, the funds in the escrow account were released beginning of August in order to redeem the shares of dissenting shareholders, as provided for in the Articles of Association. The escrow account was therefore reclassified to current financial assets in these interim condensed financial statements (see Note 9.3.2).

9.3. Current assets

9.3.1. Tax receivables

This item includes €326 thousands in recoverable VAT and €669 thousands in deductible VAT.

9.3.2. Current financial assets

See Note 9.2.1, "Non-current financial assets" for an explanation of the reasons why the escrow account, which was recorded under non-current financial assets at December 31, 2021, was reclassified to current financial assets at June 30, 2022.

The escrow account pays interest at 0,01% until the funds are released and the amounts concerned are paid quarterly into the Company's current account. A €5 thousand receivable for accrued interest has been recognized, which has been classified as "Cash and cash equivalents" as the interest is paid into one of the Company's bank accounts.

9.3.3. Cash and cash equivalents

Cash and cash equivalents totaled €135 thousands at June 30, 2022, including €130 thousands from current bank accounts and €5 thousands from accrued interest on the escrow account, as explained in Note 9.3.2 above.

9.3.4. Other current assets

At June 30, 2022, Other current assets comprised €10 019 thousands in prepaid expenses, corresponding to transaction costs directly attributable to the PIPE and the share capital increase following the merger. These items will be reclassified to equity as from July 5, 2022, i.e., the completion date of the merger between Deezer and the Company, in accordance with IAS 32.

9.3.5. Analysis of receivables by maturity

The following table shows an analysis of the Company's receivables by maturity:

In € thousands	June 30, 2022	≤ 1 year	> 1 year	Dec. 31, 2021
Non-current financial assets				275 000
Non-current assets				**275 000**
VAT receivable	995	995		480
Current financial assets	275 000	275 000		
Prepaid expenses	10 019	10 019		329
Current assets	**286 014**	**286 014**		**809**
Total receivables	**286 014**	**286 014**		**275 809**

9.4. Current liabilities

9.4.1. Analysis of current liabilities by maturity

The following table shows an analysis of the Company's payables by maturity:

In € thousands	June 30, 2022	≤ 1 year	> 1 year	Dec. 31, 2021
Trade payables	19 700	19 700		1 111
Accrued payroll costs	6	6		6
Accrued payroll taxes	7	7		5
Accrued sales taxes	1	1		1
Accrued other taxes	1	1		1
Current financial liabilities	251 332	251 332		
Total	**271 047**	**271 047**		**1 124**

9.4.2. Current financial liabilities

Current financial liabilities totaled €251 332 thousands at June 30, 2022 and corresponded to the amount to be redeemed to the shareholders who exercised their exit right during the exit period running from April 20, 2022 through May 19, 2022 (representing 25 133 181 shares at €10 per share). This amount has been included in current financial liabilities in view of the fact that the shares deemed to be redeemable will be redeemed in the short term.

10. Notes to the Income Statement for the Six Months ended June 30, 2022

10.1. Revenue

The Company did not generate any revenue during the six-month period ended June 30, 2022.

10.2. Purchases and external charges

Purchases and external charges recorded in first-half 2022 amounted to €8 613 thousands and mainly comprised (i) €8 042 thousands in fees related to the IBC that were not directly attributable to the PIPE and the share capital increase, (ii) €268 thousands in insurance premiums, and (iii) €149 thousands in communication and accounting fees.

10.3. Other operating charges

Other operating charges correspond to the €31 640 thousand charge recognized in accordance with IFRS 2, Share-based Payment, relating to the share-based benefit resulting from the preferential price paid by the Company's founder shareholders to acquire shares on the settlement-delivery date of the IPO on July 20, 2021.

Shares	Number of shares	Value per share in €	Average acquisition price in €	Benefit per share in €	Share-based benefit in € thousands
A1	2 291 664	8,50	0,97	7,53	17 261
A2	2 291 667	4,33	0,97	3,36	7 705
A3	2 291 667	3,88	0,97	2,91	6 674
Total	**6 874 998**				**31 640**

The average acquisition price is based on the acquisition price of all A Shares.

Ordinary shares resulting from the conversion of class A1 preferred shares are valued at the share price at the benefit grant date. As the benefit is deemed granted at the date of the shareholders' meeting which approved the Merger, the share price of shares listed as of June 30, 2022 has been used (€8,50).

Class A2 and A3 preferred shares deemed issued are valued using the Monte Carlo model, assuming a maturity of 5 years, a risk free rate of 1,25% derived from French bonds with a 5 years maturity, no dividend consistently with Deezer's historical policy and a volatility of 50% consistent with Deezer's peers. Based on this model, class A2 and A3 preferred shares are valued at €4,33 and €3,88 respectively.

The rationale for the recognition of a share-based compensation charge during the six months ended June 30, 2022 is detailed in Note 7.5.2.

10.4. Financial income and expenses

The Company recorded a €4 633 thousand net financial expense for the six months ended June 30, 2022, comprising:

- A €4 646 thousand financial expense recognized on the measurement of the Company's BSARs as described in Note 9.1.3 above.
- €14 thousands in interest received on the €275 million in IPO proceeds placed in an escrow account, which pays interest at 0.01%.

10.5. Income tax expense

The Company recorded a tax loss for the six months ended June 30, 2022.

However, no deferred tax asset was recognized for this loss because at June 30, 2022 it was uncertain whether it will be able to be utilized in the short- or mid-term.

Tax losses for which no deferred tax assets have been recognized amounted to €10 848 thousands at June 30, 2022.

10.6. Earnings per share

The Company presents both basic and diluted earnings per share in its income statement.

Basic earnings per share is calculated by dividing net result for the period by the weighted average number of ordinary shares outstanding during the period. The weighted average number of ordinary shares outstanding in the six months ended June 30, 2022 was 34 374 998.

Diluted earnings per share is calculated by adjusting net result for the period and the weighted average number of shares outstanding for the impact of all potentially dilutive financial instruments.

At June 30, 2022 the various equity warrants issued by the Company and outstanding during the period (27 500 000 B BSARs and 659 130 A BSARs) were not taken into account when calculating diluted earnings per share based on a ratio of 3 BSARs for one new share (with a price of €11.50 per new share) as they would be anti-dilutive.

10.7. Related-party transactions

- Fairness opinion from Lazard Frères

In the context of the IBC, the Company entered on April 11, 2022 into an agreement with Lazard Frères SAS. The conclusion of such agreement was authorized by a decision of the Board of Directors dated April 11, 2022 in accordance with the provisions of Article L. 225-38 of the French commercial code.

Under this agreement, Lazard Frères SAS has been appointed as financial advisor to the Board of Directors for the purpose of rendering an opinion as to the fairness to I2PO, from a financial standpoint, of the stock consideration to be paid by it in the potential direct or indirect acquisition of Deezer, whatever the form or structure of such transaction. The remuneration of such services amounted to €900 thousands.

- Engagement letter of Centerview Partners France SCS

In the context of the Merger, the Company entered on April 18, 2022 into an agreement with Centerview Partners France SCS. The conclusion of such agreement was authorized by a decision of the Board of Directors of the Company date April 18, 2022 in accordance with the provisions of Article L. 225-38 of the French commercial code.

Under this agreement, Centerview Partners France SCS has been appointed as financial advisor to the Company with respect to the Merger.

The remuneration of Centerview Partners France SCS for the performance of such services amounted to €3,5 million.

- Shareholders' agreement

A shareholders' agreement was entered into on July 5, 2021 between SaCh27 SAS, Combat Holding SAS, Artémis 80 SAS and Iris Knobloch for a term expiring on the completion date of the IBC.

The main aims of this shareholders' agreement were to:

- Set out the terms and conditions applicable for selling the shares in the Company held by SaCh27 SAS, Combat Holding SAS and Artémis 80 SAS.
- Define certain commitments given by Iris Knobloch in her capacity as Chairwoman and Chief Executive Officer of the Company.
- Set out the undertakings given to the Company by SaCh27 SAS, Combat Holding SAS and Artémis 80 SAS concerning the management of conflicts of interest, notably including a right of first review for the Company in relation to any business combination opportunities.

▪ Agreements with Financière Pinault

A registered office agreement was entered into between the Company and Financière Pinault on April 29, 2021 and ended on June 30, 2022. The related expense recognized for the six months ended June 30, 2022 amounted to €1 thousand.

An advisory and assistance agreement was signed between the Company and Financière Pinault on July 6, 2021, renewed on January 1, 2022, and ended on June 30, 2022. The related fee recognized for the six months ended June 30, 2022 was €21 thousands.

▪ Underwriting agreement

The Company and Groupe Artémis, Iris Knobloch and Matthieu Pigasse (acting through and on behalf of Artémis 80, SaCh27 and Combat Holding respectively) entered into on July 16, 2021 an underwriting agreement with Deutsche Bank AG, J.P. Morgan AG and Société Générale in connection with the IPO.

Pursuant to this agreement, the 3 banks have agreed to defer certain of their underwriting commissions and that these commissions are paid after the date of completion of the Merger.

11. Other Financial Items

11.1. Off balance-sheet commitments

11.1.1. Commitments given

None

11.1.2. Commitments received

Once the IBC has been completed, the founders will be required to hold their shares during one year following the IBC, unless the Company's share performance meets the conditions for releasing the lock-up obligation after a period of 9 months following the IBC.

Following the completion of the IBC and in addition to the above, Groupe Artémis will be bound by:

- a lock-up undertaking of 9 months with respect to its outstanding (i) Market Shares, (ii) securities giving right to ordinary shares (including the Market Warrants Groupe Artémis holds) and (iii) the ordinary shares resulting from the conversion of its Market Shares and the ordinary shares to be received upon exercise of its Market Warrants;
- a lock-up undertaking of 6 months with respect to the ordinary shares to be subscribed in the context of the PIPE;

11.2. Collateralized debt

None

11.3. Significant events after the reporting date

On July 5, 2022, the Company merged, by way of absorption, with Deezer, whose registered office is located 24, rue de Calais, 75009 Paris, France, registered with the *Registre du Commerce et des Sociétés* under number 511 716 573 RCS Paris.

As a result of such merger, Deezer was dissolved and all its assets and liabilities were automatically transferred to the Company by operation of law and the Company encompassing the activities and business of Deezer. Concomitantly to the merger, the Company was renamed "Deezer S.A." and its registered office was transferred to 24, rue de Calais, 75009 Paris, France.

Simultaneously to the merger, the Company raised €119 million through a PIPE reserved through to existing and new investors and also received €23,7 million corresponding to the cash held in its escrow account, net of redemption.

On August 3, 2022, the Company redeemed the B Shares, whose holders have requested their redemption, for an amount of €251 332 thousands.

On August 16, 2022, RTL Deutschland announced the launch of music streaming app RTL+ Musik. Through its partnership with Deezer, paying subscribers of RTL+ in Germany will have access to 90 million tracks, more than 5 000 curated playlists, and a user-friendly interface with key music streaming features.

On September 7, 2022, the Company announced the conclusion of a partnership with French e-commerce leader Cdiscount. From September 7, 2022, Cdiscount offers 4 months Deezer Premium subscription with the purchase of a selection of electronics products (hardware, TV, sound, smartphone, connected devices) on its site. Before the end of the year, Deezer will also be included in Cdiscount's loyalty program.

On September 21, 2022, the Board of Directors acknowledged that, following the exercise of 679 245 warrants held by Sony Music Entertainment Netherlands B.V., the share capital of the Company has increased by a total par value amount of €19 983,38, through the issuance of 1 998 338 new ordinary shares with a par value of €0,01 each.

2.2 Statutory auditors' report on the interim condensed financial statements of Deezer (formerly I2PO)

Grant Thornton
29, rue du Pont
92200 Neuilly-Sur-Seine

Mazars
61, rue Henri Regnault
92400 Courbevoie

Ernst & Young Audit
Tour First TSA 14444
92037 Paris-La Défense
Courbevoie

For the period from January 1 to June 30, 2022

To the Shareholders,

In compliance with the assignment entrusted to us by your Articles of association and your General Meeting and in accordance with the requirements of article L. 451-1-2 III of the French Monetary and Financial Code ("Code monétaire et financier"), we hereby report to you on:

- the review of the accompanying condensed interim financial statements of DEEZER (formerly I2PO), for the period from January 1 to June 30, 2022;
- the verification of the information presented in the half-yearly management report.

These condensed interim financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

1. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France.
A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements are not prepared, in all material respects, in accordance with IAS 34-standard of the IFRS as adopted by the European Union applicable to interim financial information.

2. Specific verification

We have also verified the information presented in the half-yearly management report on the condensed interim financial statements subject to our review.
We have no matters to report as to its fair presentation and consistency with the condensed interim financial statements.

Neuilly-sur-Seine and Courbevoie, September 21, 2022

The statutory auditors

Grant Thornton	Mazars	Ernst & Young Audit
Laurent Bouby	Erwan Candau	Frédéric Martineau

II. Deezer interim activity

1 Operating and financial review of Deezer

1.1 Key performance indicators

Deezer uses subscribers, Direct – B2C Average Revenue per User ("ARPU"), Revenue by segment (Total, Direct – B2C and Indirect – B2B), Revenue by geography (Total, France and RoW), Adjusted Gross Profit and Adjusted EBITDA as its main performance indicators. These performance indicators are monitored regularly by Deezer's management to analyze and assess its businesses and their trends, measure performance, prepare earnings forecasts and make strategic decisions.

1.1.1 Subscribers

Deezer has historically tracked its subscriber count based on billing accounts. Such methodology gives the number of subscriber accounts that are billed directly by Deezer or indirectly as reported by its partners. Deezer's reporting on subscriber count has been adjusted in this half-year financial report to align with market practice. The number of subscribers (including the number of indirect subscribers) described herein now count every family account user and trial offer user as a subscriber based on Deezer's own databases. Consequently, indirect subscriber count described herein might differ from the reporting of Deezer's partners.

Deezer's subscriber base is broken down into two categories:

- Direct – B2C: Users that subscribed directly through Deezer's website or mobile application, who pay the subscription price directly to Deezer or through a third-party app store or carrier billing partner. Direct subscribers include all users that have completed registration and have activated a payment method, therefore including free trial users during their trial period. Direct subscribers include all registered accounts in a family plan. A family plan consists of one primary subscriber and up to five additional sub-accounts, allowing up to six subscribers per family plan. Direct subscribers also include subscribers in a grace period of up to 31 days after failing to pay their subscription fee.
- Indirect – B2B: Users that have access to Deezer's service through a distribution partner. Indirect subscribers include users in standalone and bundle offers. Standalone subscribers are recorded based on the number of provisioned accounts, namely the accounts on which a revenue is paid by the distribution partner. Bundle subscribers are recorded on a deal-by-deal basis depending on the contracts' arrangements, which can be based on either provisioned accounts, linked accounts or monthly active users. Indirect subscribers include free trial users during their trial period. Indirect subscribers also include all registered accounts in a family plan. A family plan consists of one primary subscriber and up to five additional sub-accounts, allowing up to six subscribers per family plan.

The table below provides the split of subscribers on June 30, 2022 and 2021:

	As of June 30,	
	2022	2021
	(in millions)	
Direct – B2C	5.6	5.8
Indirect – B2B	3.8	3.9
Total subscribers	9.4	9.7

1.1.2 Direct – B2C Average Revenue per User

Direct – B2C ARPU is a monthly measure defined as direct revenue recognized in the reporting period divided by the average of end of month direct subscribers from December 31 of the previous year to June 30 of the relevant period.

The table below provides the average measure of Direct – B2C ARPU on a monthly basis for the six months ended June 30, 2022 and 2021:

	Six-months period ended June 30,	
	2022	**2021**
	(in €)	
Direct – B2C ARPU	4.6	4.1

1.1.3 Revenue split

a) Revenue split by segment

Deezer has identified three operating segments based on internal reporting (or "management accounts") used by Deezer's Board of Directors to make decisions about resources to be allocated to the segments and assess their performances:

- Direct – B2C: subscriptions to Deezer's service are taken out directly by users.
- Indirect – B2B: subscriptions to Deezer's service are taken out through a distribution partner or areincluded in the service or product sold by a distribution partner (as a bundle).
- Other: this segment includes Advertising and Ancillary revenue.

The table below sets forth the split of total revenue by segment for the six-months ended June 30, 2022 and 2021:

	Six-month period ended June 30,	
	2022	**2021**
	(in € thousands)	
Direct – B2C	155 028	138 139
Indirect – B2B	57 552	53 335
Other	6 837	4 318
Revenue	***219 416***	***195 791***

b) Revenue Split by Geography

Revenue by geography breakdowns as follows:

	Six-month period ended June 30,	
	2022	**2021**
	(in € thousands)	
France	132 378	119 175
Rest of World	87 038	76 616
Revenue	***219 416***	***195 791***

1.1.4 Adjusted Gross Profit

Deezer management uses Adjusted Gross Profit which corresponds to Gross Profit (Revenue less Cost of revenue) adjusted to exclude non-recurring expenses, mostly related to license agreements, which includes unused minimum guarantees, and onerous contracts depreciation. Deezer excludes these expenses from its Adjusted Gross Profit because it enables management to more accurately evaluate the Gross Profit period after period and to identify trends that could otherwise be masked by these non- recurring items.

Adjusted Gross Profit is not a standardized accounting measure with a single definition generally acceptedby IFRS. It must not be regarded as a substitute for Gross Profit, which is an IFRS-defined measure. Otherissuers may calculate Adjusted Gross Profit differently from the definition used by Deezer.

The table below illustrates the reconciliation between Gross Profit and Adjusted Gross Profit:

	Six-month period ended June 30,	
	2022	**2021**
	(in € thousands)	
Gross Profit	***29 085***	***19 181***
Onerous contract depreciation	-	7 573
License agreements non-recurring expenses	16 273	14 828
Adjusted Gross Profit	***45 359***	***41 583***

1.1.5 Adjusted EBITDA

In addition to Adjusted Gross Profit, Deezer management uses Adjusted EBITDA which corresponds to the Operating income / (loss) adjusted by the non-recurring expenses excluded and presented above in the Section *1.1.4 "Adjusted Gross Profit"* to define the Adjusted Gross Profit and, by certain non-cash items such as depreciation and amortization, share-based expenses and other non-recurring expenses. Deezer management excludes such non-cash items since it believes that they do not reflect Deezer's current operating performance.

Adjusted EBITDA is not a standardized accounting measure with a single definition generally accepted by IFRS. It must not be regarded as a substitute for operating result, net result or cash flows from operating activities, which are IFRS-defined measures, or as a measure of liquidity. Other issuers may calculate Adjusted EBITDA differently from the definition used by Deezer.

The table below illustrates the reconciliation between Operating loss and Adjusted EBITDA:

	Six-month period ended June 30,	
	2022	**2021**
	(in € thousands)	
Operating loss	***(52 635)***	***(61 069)***
Gross profit adjustments	16 273	22 401
Depreciation and amortization	4 299	5 206
Share-based expenses	4 907	4 289
Other non-recurring expenses	2 541	-
Adjusted EBITDA	***(24 615)***	***(29 173)***

1.2 Analysis of the results for the six-month period ended June 30, 2022 and 2021

1.2.1 Revenue

Revenue increased by €23.6 million, or 12%, from €195.8 million for the six months ended June 30, 2021, to €219.4 million for the six months ended June 30, 2022.

	Six-month period ended June 30,	
	2022	**2021**
	(in € thousands)	
Direct – B2C	155 028	138 139
Indirect – B2B	57 552	53 335
Other	6 837	4 318
Revenue	***219 416***	***195 791***

Direct – B2C segment grew from €138.1 million for the six months ended June 30, 2021 to €155.0 million for the six months ended June 30, 2022, representing an increase of €16.9 million or 12.2% (or 10.8% at constant FX rate). This reflects an increase of the Direct – B2C ARPU from €4.1 to €4.6 due to price increases in most regions, offset by a decrease in the average number of B2C subscribers of 0.9%.

Revenue from Indirect – B2B segment amounted to €57.6 million for the six months ended June 30, 2022, a 7.9% increase compared to the six months ended June 30, 2021 which ended with €53.3 million. This increase is mainly due to a good performance of recent B2B deals and a favorable effect of FX rate (4.4% growth at constant rate).

The increase of €2.5 million in Other revenue, from €4.3 million for the six months ended June 30, 2021 to €6.8 million for the six months ended June 30, 2022 is mostly explained by a one-off revenue from a hardware company partnership.

1.2.2 Cost of revenue

Cost of revenue, which comprises mainly expenses related to licensing rights, increased by €13.7 million, or 7.8%, from €176.6 million for the six months ended June 30, 2021 to €190.3 million for the six months ended June 30, 2022. This increase reflects the higher level of activity partially offset by the absence of onerous contract depreciation in the first semester of 2022.

Deezer management uses Adjusted Cost of revenue which corresponds to Cost of revenue adjusted to exclude non-recurring expenses, mostly related to license agreements, which includes unused minimum guarantees, and onerous contracts depreciation as described above in the Section *1.1.4* "*Adjusted Gross Profit*". On an adjusted basis, Cost of revenue increased by €19.8 million from €154.2 million for the six months ended June 30, 2021 to €174.1 million for the six months ended June 30, 2022.

1.2.3 Adjusted Gross Profit and Gross Profit

	Six-month period ended June 30,	
	2022	**2021**
	(in € thousands)	
Direct – B2C	37 056	34 740
Indirect – B2B	11 830	11 126
Other	(3 526)	(4 284)
Adjusted Gross Profit	***45 359***	***41 583***
Differences	(16 273)	(22 401)
Gross Profit	***29 085***	***19 181***

Adjusted Gross Profit increased by €3.8 million, or 9.1%, from €41.6 million for the six months ended June 30, 2021 to €45.4 million for the six months ended June 30, 2022. This increase reflects the higher level of activity and the end of Freemium in some countries, which is in line with our strategy to focus on selected key markets. This is offset by higher publishing rates and slightly higher Content expenses as part of our efforts to launch New Verticals. This led to a decrease in Deezer's Adjusted Gross Profit margin from 21.2% in 2021 to 20.7% in 2022.

Gross Profit increased by €9.9 million, or 51.6%, from €19.2 million for the six months ended June 30, 2021 to €29.1 million for the six months ended June 30, 2022 mainly due to onerous contract depreciation in first half of 2021 (not incurred in 2022).

1.2.4 Product and development expenses

Product and development expenses increased by €2.5 million, or 19.6%, from €12.7 million for the six months ended June 30, 2021 to €15.2 million for the six months ended June 30, 2022. Employee costs increased by €0.8 million as a result of higher average compensation. External expenses increased by €1.8 million as a result of higher expenses related to the development of new verticals. The amortization charge decreased by €0.1 million.

1.2.5 Sales and marketing expenses

Sales and marketing expenses decreased by €9.5 million, or 21.0%, from €45.1 million for the six months ended June 30, 2021 to €35.6 million for the six months ended June 30, 2022. Marketing costs decreased by €8.8 million and reached €25.7 million for the six months ended June 30, 2022 as a result of our strategy to focus on selected key markets. External expenses increased by €0.8 million. Employee costs decreased by €0.9 million mainly due to a decreasing headcount. The amortization charge was lower by €0.6 million.

1.2.6 General and administrative expenses

General and administrative expenses increased by €8.4 million, or 37.5%, from €22.5 million for the six months ended June 30, 2021 to €30.9 million for the six months ended June 30, 2022. Employee costs increased by €1.5 million compared to 2021, as result a higher average compensation. External expenses increased by €7.1 million partly explained by non-recurring fundraising-related expenses, higher IT/Finance fees as well as higher travel and expenses following Covid year. The amortization charge decreased by €0.2 million.

1.2.7 Adjusted EBITDA

Adjusted EBITDA increased by €4.6 million, from €(29.2) million for the six months ended June 30, 2021 to €(24.6) million for the six months ended June 30, 2022. This reflects the increase in Adjusted Gross Profit, as well as the decrease in Sales and Marketing expenses compensated by higher Product and Development and G&A costs.

1.2.8 Operating loss

Operating loss amounted to €(52.6) million for the first six months of 2022 compared to an operating loss amounting to €(61.1) million for the six months ended June 30, 2021, representing an increase of €8.5 million. This increase is mostly due to onerous contract depreciation not incurred in 2022.

1.2.9 Finance income and costs

Finance income amounted to €4,4 million for the first six months of 2022, compared to €4.6 million in 2021. Finance costs decreased by €1.9 million from €3.8 million for the six months ended June 30,2021 to €1.9 million for the six months ended June 30,2022. This decrease is primarily due to unrealized exchange losses which decreased by €2.9 million offset by late payment interest of €0.9 million incurred in 2022.

1.2.10 Net loss

Net loss amounted to €51.9 million for the six months ended on June 30, 2022 compared to a Net loss amounting to €60.7 million for the six months ended June 30, 2021, a decrease of €8.8 million as a result of the lower operating loss.

1.3 Cash flow analysis for the six-month period ended June 30, 2022 and 2021

The following table shows a summary of the cash flows for the periods indicated:

	Six months ended June 30,	
	2022	**2021**
	(in € thousands)	
Net cash flows from/(used in) operating activities	7 290	(22 574)
Net cash flows used in investing activities	(2 006)	(6 031)
Net cash flows (used in)/from financing activities	(1 482)	21 103

1.3.1 Cash flow related to operating activities

Net cash flows from operating activities amounted to €7.3 million for the six months ended June 30, 2022, compared to net cash flows used in operating activities of €22.6 million for the six months ended June 30, 2021, representing an increase of €29.9 million. This increase was mainly due to a positive impact in working capital requirements for €23.9 million.

1.3.2 Cash flow related to investing activities

Net cash flows used in investing activities decreased by €4.0 million, from €6.0 million for the six months ended June 30, 2021, to €2.0 for the six months ended June 30, 2022.

Investing activities for the six months ended June 30, 2022, were mainly impacted by the subscription to the share capital increase of Dreamstage Inc for €1.1 million (net of opening cash of € 0.8 million) and by the purchases of property and equipment and intangible assets for €0.9 million.

Investing activities for the six months ended June 30, 2021, were mainly impacted by the subscription to the share capital increases of Dreamstage Inc. for €5.0 million and by the purchases of property and equipment and intangible assets for €0.8 million and purchases of non-current financial assets for €0.5 million. This was offset by proceeds from the disposal of non-current financial assets for €0.2 million.

1.3.3 Cash flow related to financing activities

Net cash flows used in financing activities amounted to €1.5 million for the six months ended June 30, 2022, compared to net cash flows from financing activities amounted to €21.1 million for the six months ended June 30, 2021, representing a decrease of €22.6 million. This decrease was mainly due to the subscription of three state-guaranteed loans for €25 million in January 2021.

1.3.4 Free cash flow

Free cash flow corresponds to net cash flows from operating activities after acquisitions and disposals of tangible and intangible assets. This indicator, which reflects the Deezer Group's capacity to generate cash from its operating activities, represents the internal reporting used by Deezer's Board of Directors and management to define its investment strategy and financing policy.

Free cash flow is an alternative performance indicator within the meaning of AMF position no. 2015-12. Free cash flow is not a standardized accounting measure with a single definition generally accepted by IFRS. It must not be regarded as a substitute for operating income, net income or cash flows from operating activities, which are IFRS-defined measures, or even as a measure of liquidity. Other issuers may calculate free cash flow differently from the definition used by the Deezer Group.

	Six months ended June 30,	
	2022	**2021**
	(in € thousands)	
Net cash flows from/(used in) operating activities	***7 290***	***(22 574)***
Purchases of property and equipment and intangible assets	(906)	(762)
Purchases of non-current financial assets	(29)	(500)
Proceeds from the disposal of intangible and tangible assets	14	12
Proceeds from the disposal of non-current financial assets	12	192
Impact of changes in the scope of consolidation	(1 097)	(4 973)
Repayment of lease liabilities	(2 214)	(3 634)
Net interest paid (including finance leases)	(1 217)	(292)
Effect of foreign exchange rate changes on Cash and cash equivalents	1 176	220
Free cash-flow	***3 029***	***(32 311)***

The increase in free cash flow for the six months ended June 30, 2022 is driven primarily by the positive change in net cash flows from operating activities (€29.9 million) and lower investments in equity affiliates (€3.9 million).

1.4 Anticipated sources of funding

Cash and cash equivalents amounted to €40.1 million as of June 30, 2022.

The Company has planned the following sources of financing to meet the obligations and operating cash requirements of its future activity:

- On July 5, 2022, Deezer merged with and into I2PO S.A.
- Simultaneously with the completion of the merger, the Company raised € 119 million through a private placement reserved to existing and new investors. At the beginning of August 2022, the Company received €23,7 million corresponding to the cash held in an escrow account net of redemption.

2 Deezer consolidated financial statements as of and for the six months ended June 30, 2022

2.1 Deezer interim condensed consolidated financial statements

2.1.1 Unaudited interim condensed consolidated income statements

(in thousands of euros)		**Six months ended June 30,**	
	Note	**2 022**	**2 021**
Revenue	**5**	**219 416**	**195 791**
Cost of revenue		(190 331)	(176 609)
Gross Profit		**29 085**	**19 182**
Product and development		(15 225)	(12 729)
Sales and marketing		(35 603)	(45 057)
General and administrative		(30 892)	(22 465)
Operating loss		**(52 635)**	**(61 069)**
Finance income	**6**	4 342	4 632
Finance costs	**6**	(1 896)	(3 755)
Financial result - Net		2 446	877
Loss before income tax		**(50 189)**	**(60 192)**
Income tax expense	**7**	(171)	0
Share of loss of equity affiliates	**12**	(1 584)	(481)
Net loss for the period		**(51 944)**	**(60 673)**
Of which attribuable to owners of the parent		**(51 904)**	**(60 673)**
Non-controlling interests		**40**	**0**
Net loss per share attribuable to owners of the parent			
Basic	**8**	(1,79)	(2,14)
Diluted	**8**	(1,79)	(2,14)
Weighted-average ordinary shares			
Basic	**8**	29 050 127	28 349 100
Diluted	**8**	29 050 127	28 349 100

The accompanying notes form an integral part of these financial statements

2.1.2 Unaudited interim condensed consolidated statements of comprehensive loss

(in thousands of euros)	Note	Six months ended June 30, 2 022	2 021
Net loss for the period		**(51 944)**	**(60 673)**
Other comprehensive income/(loss) :			
Items that may be subsequently reclassified to consolidated statement of operations (net of tax):			
Currency translation adjustments		(4 990)	(1 883)
Items not to be subsequently reclassified to consolidated statement of operations (net of tax):			
Actuarial gains and losses on defined benefit plans		406	0
Other comprehensive income/(loss) (net of tax)		**(4 584)**	**(1 883)**
Total comprehensive loss for the period		**(56 528)**	**(62 556)**
Of which attributable to owners of the parent		*(56 488)*	*(62 556)*

The accompanying notes form an integral part of these financial statements

2.1.3 Unaudited interim condensed consolidated statements of financial position

(in thousands of euros)	Note	June 30, 2022	December 31, 2021
Assets			
Non-current assets			
Goodwill	**9**	10 106	7 487
Intangible assets	**9**	588	1 427
Property and equipment	**10**	5 549	5 838
Right-of-use assets	**11**	22 526	24 663
Investments in equity affiliates	**12**	2 180	5 500
Non-current financial assets	**13**	5 347	5 321
Other non-current assets	**14**	2 021	2 284
Total non-current assets		**48 317**	**52 520**
Current assets			
Trade and other receivables	**15**	38 937	33 986
Other current assets	**16**	21 781	12 877
Cash and cash equivalents	**22**	40 075	35 097
Total current assets		**100 793**	**81 960**
Total assets		**149 110**	**134 480**
Equity and liabilities			
Equity			
Share capital	**17**	291	290
Share premium	**17**	369 124	369 125
Consolidated reserves		(575 496)	(463 490)
Net loss		(51 904)	(123 258)
Equity attribuable to owners of the parent		**(257 985)**	**(217 333)**
Non-controlling interest reserves		(48)	-
Minority result		-	-
Non-controlling interest reserves		**(48)**	**-**
TOTAL EQUITY		**(258 033)**	**(217 333)**
Non-current liabilities			
Provisions for risks	**19**	-	-
Provision for employee benefits		754	1 043
Lease liabilities	**11**	20 704	21 454
Financial liabilities	**22**	23 417	25 000
Total non-current liabilities		**44 875**	**47 497**
Current liabilities			
Provisions for risks	**19**	12 738	11 585
Lease liabilities	**11**	3 598	5 001
Financial liabilities	**22**	2 044	112
Trade payables and related accrued expenses	**20**	284 881	235 552
Tax and employee-related liabilities	**21**	37 937	32 870
Deferred income		18 725	16 960
Other liabilities		2 345	2 236
Total current liabilities		**362 268**	**304 316**
Total liabilities		**407 143**	**351 813**
Total equity and liabilities		**149 110**	**134 480**

The accompanying notes form an integral part of these financial statements

2.1.4 Unaudited interim condensed consolidated statements of changes in shareholders' equity

(in thousands of euros, except share numbers)	Note	Number of shares	Share capital	Share premium	Consolidated reserves	Net loss	Non-controlling interests	Total Equity
Balance at January 1, 2021		**28 299 459**	**283**	**364 007**	**(400 133)**	**(95 361)**	**-**	**(131 204)**
Net loss						(60 673)		(60 673)
Other comprehensive income					(1 883)			(1 883)
Appropriation of prior year net loss					(95 361)	95 361		-
Issuance of ordinary shares granted to employees	**17,18**	171 529	2	(2)				-
Issuance of warrants	**17,18**			29				29
Issuance of ordinary shares upon exercise of warrants								-
Share-based payments					15 695			15 695
Balance at June 30, 2021		**28 470 988**	**285**	**364 034**	**(481 682)**	**(60 673)**		**(178 036)**
Balance at January 1, 2022		**28 994 245**	**290**	**369 125**	**(463 490)**	**(123 258)**	**-**	**(217 333)**
Net loss						(51 904)	(40)	(51 944)
Other comprehensive income					(4 990)		(2)	(4 992)
Appropriation of prior year net loss					(123 258)	123 258		-
Issuance of ordinary shares granted to employees	**17,18**	141 303	1	(1)				(0)
Issuance of warrants	**17,18**							-
Issuance of ordinary shares upon exercise of warrants								-
Share-based payments					15 264			15 264
Actuarial gains and losses on defined benefit plans					406			406
Changes in the scope of consolidation					587			587
Other				1	(16)		(5)	(20)
Balance at June 30, 2022		**29 135 548**	**291**	**369 124**	**(575 497)**	**(51 904)**	**(48)**	**(258 033)**

The accompanying notes form an integral part of these financial statements

2.1.5 Unaudited interim condensed consolidated statements of cash flows

(in thousands of euros)	Note	Six months ended June 30, 2022	Six months ended June 30, 2021
Operating activities			
Net loss		(51 944)	(60 673)
Adjustements for:			
- Depreciation and amortization (excluding those related to current assets)	**9, 10, 11**	4 299	5 206
- Provisions	**19**	1 257	3 168
- Share-based compensation expense	**18**	15 264	15 695
- Gains and losses on disposals	**11**	1 223	1 508
- Share of Loss of Equity Affiliates (net of dividends distributed)	**12**	347	481
- Net debt costs (including interest on lease liabilities)	**11, 22**	1 144	344
- Income tax paid		171	-
Changes in working capital:			
- (Increase) / decrease in trade receivables and other assets		(11 555)	(2 269)
- Increase / (decrease) in trade and other liabilities		47 205	13 983
Income tax paid		(128)	(17)
Net cash flows from operating activities		**7 290**	**(22 574)**
Investing activities:			
Purchases of property and equipment and intangible assets	**9, 10**	(906)	(762)
Purchases of non-current financial assets		(29)	(500)
Proceeds from the disposal of intangible and tangible assets		14	12
Proceeds from the disposal of non-current financial assets		12	192
Impact of changes in the scope of consolidation	**12**	(1 097)	(4 973)
Net cash flows used in investing activities		**(2 006)**	**(6 031)**
Financing activities:			
Increase in share capital and share premium (net of costs)	**17**	1 756	29
Proceeds from issuance of long-term debt		422	25 000
Repayment of lease liabilities	**11**	(2 214)	(3 634)
Principal payments on long-term debt		(229)	-
Net interest paid (including finance leases)	**6**	(1 217)	(292)
Net cash flows (used in)/from financing activities		**(1 482)**	**21 103**
Effect of foreign exchange rate changes on cash and cash equivalents		1 176	220
Change in net cash position		**4 978**	**(7 282)**
Cash and cash equivalents at the beginning of the period	**22**	35 097	52 440
Cash and cash equivalents at the end of the period	**22**	40 075	45 158
Change in net cash position		**4 978**	**(7 282)**

The accompanying notes form an integral part of these financial statements

2.1.6 Notes to the interim condensed consolidated financial statements

1. Company information

(a) Company information

Deezer was a private limited company incorporated and domiciled in France, with a registered office located 24, rue de Calais 75009 Paris. On July 5, 2022, Deezer merged with and into I2PO S.A. As part of such merger, Deezer was dissolved and all its assets and liabilities were automatically transferred to I2PO S.A. by operation of law and I2PO S.A. encompassing the activities and business of Deezer and was renamed "Deezer S.A." (see Note 25 below).

The group comprises Deezer and its subsidiaries (the "Group"). Deezer S.A. is the holding company of the Group that operates a streaming music service through the Deezer.com website and a mobile application and operates in more than 190 countries.

Deezer Group makes more than 90 million music tracks available to its customers.

The main activities of the Group's companies are:

- An online music listening service, provided free of charge to users (financed by advertising) or by way of subscriptions;
- Advertising sales (sale of advertising space online).

(b) Significant events

On April 18, 2022, I2PO, a special purpose acquisition company publicly traded company on the professional segment of the regulated market of Euronext Paris, and Deezer entered into a definitive agreement for a business combination that resulted in the Merger of Deezer with and into I2PO, which was renamed Deezer upon completion of the Merger.

On May 24, 2022, Deezer entered into a second investment agreement with Dreamstage, Inc. Under this investment contract, Deezer subscribed to a share capital increase of US$2 million granting Deezer a total ownership of 77,2%, in terms of share capital and vote rights.

The Group's operations in Russia and in Ukraine are impacted by the consequences of the war in Ukraine. As these operations are limited, there was no significant impact on the half-year consolidated financial statements.

2. Basis of preparation

The condensed interim consolidated financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting", a standard within the IFRS (International Financial Reporting Standards), as endorsed by the European Union. They do not include all the information required for complete annual financial statements and should be read in conjunction with the Group financial statements for the fiscal year ended December 31, 2021.

They were approved by the Board of Directors of the combined entity on September 21, 2022.

The interim financial statements were prepared in accordance with IFRS and in compliance with IAS 34 – Interim Financial Reporting, which provides for the presentation of selected explanatory notes. The accompanying notes do not contain all the disclosures required for annual financial statements and should therefore be read in conjunction with Deezer's consolidated financial statements prepared in accordance with IFRS for the year ended December 31, 2021.

The unaudited interim condensed consolidated financial statements are presented in thousands of euros. The Group is in a net current liability position as at June 30, 2022. On July 5, 2022, Deezer was merged with and into I2PO. Simultaneously with the completion of the Merger, the combined entity raised €119 million through a private placement reserved to existing and new investors and shortly thereafter received €23,7 million corresponding to the cash held by I2PO in its escrow account net of redemption. On September 21, 2022, the Board of Directors have reviewed the financial position of the Group, together with its forecast cash flows and financing facilities available and have a reasonable expectation that the Group has adequate resources to continue in operational existence for a minimum of 12 months following the preparation of these unaudited interim condensed consolidated financial statements. For this reason, the Group continues to adopt the going concern as a basis in preparing the financial statements.

(i) New and amended standards and interpretations adopted by the Group

The application of standards, amendments to existing standards and interpretations published by the IASB whose application has been mandatory since January 1, 2022 had no significant impact on the Deezer unaudited interim condensed consolidated financial statements as of June 30, 2022. They primarily concern:

- Amendments to IFRS 3 related to the conceptual framework;
- Amendments to IAS 37 related to onerous contracts;
- Amendments to IAS 16 related to proceed before intended use;
- IFRIC decision of March 2021 on configuration or customization costs in a cloud computing arrangement (IAS 38).

(ii) New standards and interpretations issued not yet effective

No standards, amendments to existing standards or interpretations has been published but were not yet applicable as of June 30, 2022, that may have significant impact on the Company's unaudited interim condensed consolidated financial statements.

3. Critical accounting estimates and judgments

(a) Use of estimates and judgment

The preparation of consolidated financial statements requires management to make judgments and estimates and apply assumptions that can affect the carrying amounts of assets, liabilities, income and expenses, as well as the information presented in the accompanying notes. Actual reported values may differ from the accounting estimates made.

Except as noted below, in preparing these interim condensed consolidated financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation and uncertainty were the same as those applied to the consolidated financial statements for the year ended December 31, 2021.

(b) Specific disclosure requirements for unaudited interim condensed consolidated financial statements

(i) Seasonality of operations

Deezer's operations are not subject to material seasonal fluctuations.

(ii) Income tax

Income tax is recognized in the consolidated financial statements for each interim period. The amount corresponds to a best estimate calculated by applying the expected weighted average tax rate for the entire year.

Income tax expense is recognized based on management's estimate of the weighted average effective annual income tax rate expected for the full financial year. For both six-month periods ended June 30, 2022 and 2021, the effective tax rate estimated by management was nil.

4. Business combinations

On May 24, 2022, Deezer entered into a second investment agreement with Dreamstage, Inc. Under this investment contract, the Company subscribed to a share capital increase of US$2 million granting the Company a total ownership of 77,2%, in terms of share capital and vote rights.

Dreamstage Inc. was consolidated under the equity method in the Company's consolidated financial statements until May 24, 2022. It has been consolidated under the full consolidation method since that date.

5. Segment information

Segment financial information is presented in accordance with IFRS 8 - Operating Segments and is based solely on the internal reporting used by Deezer'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 performances. These segments reflect the basis on which management analyses the business.

The Group has identified three operating segments:

- Direct: Subscriptions to the Deezer service are taken out directly by users.
- Indirect: Subscriptions to the Deezer service are taken out through a distribution partner or are included in the service or product sold by a distribution partner (as a bundle).
- Other: This segment includes Advertising and Ancillary revenue.

Six months ended June 30,		**Revenue**	**Cost of revenue**	**Gross Profit**
			(in € thousands)	
2022	Direct	155 028	(117 972)	37 056
	Indirect	57 552	(45 722)	11 830
	Other	6 837	(10 363)	(3 526)
	Total adjusted	**219 416**	**(174 057)**	**45 359**
	Differences	-	(16 273)	(16 273)
	Total consolidated	**219 416**	**(190 331)**	**29 085**
2021	Direct	138 139	(103 399)	34 740
	Indirect	53 335	(42 209)	11 126
	Other	4 318	(8 601)	(4 284)
	Total adjusted	**195 791**	**(154 209)**	**41 583**
	Differences	-	(22 401)	(22 401)
	Total consolidated	**195 791**	**(176 609)**	**19 182**

Main adjustments in Cost of revenue comprise (i) non-recurring expenses related to licence agreements, such as costs relating to equity warrants (in 2022 and 2021), (ii) licence agreements unused minimum guarantees (in 2022 and 2021) and (iii) onerous contract related depreciation (in 2021). These adjustments are not included in the adjusted Gross Profit.

Revenue by geographical area breakdowns as follows:

	Six months ended June 30,	
	2022	**2021**
	(in € thousands)	
France	132 378	119 175
Rest of the world	87 038	76 616
	219 416	**195 791**

6. Finance costs – net

	Six months ended June 30,	
	2022	**2021**
	(in € thousands)	
Finance income		
Interest from short-term security deposits	214	31
Foreign exchange gain	4 128	4 601
Other	-	-
Total	**4 342**	**4 632**
Finance costs		
Interest on financial liabilities	(127)	(52)
Interest on lease liabilities	(305)	(292)
Foreign exchange loss	(532)	(3 410)
Other	(925)	(1)
Total	**(1 896)**	**(3 755)**
Financial result - Net	**2 446**	**877**

	Six months ended June 30,	
	2022	**2021**
	(in € thousands)	
Net interest paid (including finance leases)	(1 217)	(292)

Gains and losses relating to bank accounts in currencies other than euro, to intercompany loans and current accounts between Deezer and its subsidiaries are included in the foreign exchange gain and loss.

In 2021, the foreign exchange gain of €4 601 thousands and the foreign exchange loss of €3 410 thousands are mainly explained by the revaluation of intercompany debts expressed in euros of Deezer Music Brasil LTDA whose functional currency is Brazilian Real (net foreign exchange gain of €1 093 thousands).

In 2022, the foreign exchange gain of €4 128 thousand is mainly explained by the revaluation of intercompany debts expressed in euros of Deezer Music Brasil LTDA whose functional currency is Brazilian Real (€3 261 thousands).

7. Income tax expense

	Six months ended June 30,	
	2022	**2021**
	(in € thousands)	
Current tax expense	(171)	-
Income tax expense	**(171)**	**-**

The income tax expense is only related to subsidiaries of Deezer.

The Group's most significant tax jurisdictions are France and Brazil.

Due to the size of the group and its international footprint, the Group companies are regularly subject to tax audit by local tax authorities of countries where they are registered for tax purposes. An estimation of the risk related to tax disputes occurring is regularly reviewed by the Group tax department, the subsidiary at stake together with top management with the assistance of tax counsels for those which are the most complex or significant. Provisions are booked where appropriate. Given that the disclosure of the amounts of tax exposure covered by a provision potentially booked in consideration of a given tax dispute in progress may likely cause the Group serious harm, Deezer does not provide any detail on these provisions.

An examination was carried out by the French tax authorities on Deezer's accounts for fiscal tax years 2015-2019. The tax audit was closed in September 2021. The French tax authorities issued their tax reassessment notice in November 2021 which outcome resulted solely in a potential reduction of tax losses available to carry forward for fiscal years 2018 and 2019. Deezer filed its response to the French tax authorities in January 2022. The French tax authorities issued their reply in March 2022 where they accepted Deezer partial challenge of one tax reassessment leading to a reduction of the amount of tax losses challenged. Deezer accepted the revised consequences of such tax audit which is now closed.

Deezer is currently subject to a tax examination by Norwegian tax authorities.

8. Loss per share

Basic loss per share is computed using the weighted-average number of outstanding ordinary shares during the period. Diluted loss per share is computed using the treasury stock method to the extent that the effect is dilutive by using the weighted-average number of outstanding ordinary shares and potential ordinary shares during the period. The Group's potential ordinary shares consist of incremental shares issuable upon the assumed exercise of stock options and warrants, and the incremental shares issuable upon the assumed vesting of free shares, excluding all anti-dilutive ordinary shares outstanding during the period. The Group used the if-converted method to calculate the dilutive impact of the warrants and adjusted the numerator for changes in profit or loss.

Potential dilutive securities that were not included in the diluted per share calculations because they would be anti-dilutive were as follows:

	Six months ended June 30,	
	2022	**2021**
	(in € thousands, except share and per share data)	
Basic loss per share		
Net loss attributable to owners of the parent	(51 904)	(60 673)
Shares used in computation :		
Weighted-average ordinary shares outstanding	29 050 127	28 349 100
Basic net loss per share attributable to owners of the parent	**(1,79)**	**(2,14)**
Diluted loss per share		
Net loss attributable to owners of the parent	(51 904)	(60 673)
Shares used in computation :		
Weighted-average ordinary shares outstanding	29 050 127	28 349 100
Diluted weighted average ordinary shares	**29 050 127**	**28 349 100**
Diluted net loss per share attributable to owners of the parent	**(1,79)**	**(2,14)**

	Six months ended June 30,	
	2022	**2021**
Free shares	1 095 027	1 256 083
Warrants	1 996 996	735 072
Stock-options	702 572	1 386 120
	3 794 595	**3 377 275**

9. Goodwill and intangible assets

The book value and amortisation of goodwill and intangible assets are shown in the table below:

((in € thousands)	Licenses	Exclusive rights and access rights	Customer Database	Other	Intangible assets in progress	Total	Goodwill	Total
Costs								
At January 1, 2022	**7 574**	**1 441**	**7 140**	**13 724**	**220**	**30 099**	**7 487**	**37 586**
Additions	-	-	-	-	-	-	2 619	2 619
Reclassification	221	-	-	-	(221)	-	-	-
Exchange differences	3	-	-	-	1	3	-	3
At June 30, 2022	**7 797**	**1 441**	**7 140**	**13 724**	**-**	**30 102**	**10 106**	**40 209**
Accumulated amortization								
At January 1, 2022	**(7 501)**	**(936)**	**(7 140)**	**(13 095)**	**-**	**(28 672)**	**-**	**(28 672)**
Amortization charge	(65)	(144)	-	(629)	-	(837)	-	(837)
Exchange differences	(3)	-	-	-	-	(3)	-	(3)
At June 30, 2022	**(7 569)**	**(1 080)**	**(7 140)**	**(13 724)**	**-**	**(29 512)**	**-**	**(29 512)**
Costs, net accumulated amortization								
At January 1, 2022	**73**	**505**	**-**	**629**	**220**	**1 427**	**7 487**	**8 914**
At June 30, 2022	**229**	**361**	**-**	**-**	**-**	**590**	**10 106**	**10 696**

A €2,6 million goodwill was recorded to reflect the additional investment in Dreamstage Inc (see Note 4).

10. Property and equipment

The book value and depreciation of property and equipment are shown in the table below:

((in € thousands)	Technical equipment	Office and IT equipment	Other	Tangible assets in progress	Total
Cost					
At January 1, 2022	**12 038**	**4 177**	**4 257**	**51**	**20 523**
Scope variation	14	-	21	-	**35**
Additions	515	247	131	42	**936**
Disposals - Write offs	**-**	**(111)**	**(312)**	**-**	**(423)**
Reclassification	-	-	50	(50)	**-**
Exchange differences	3	22	19	-	**44**
At June 30, 2022	**12 570**	**4 336**	**4 166**	**43**	**21 115**
Accumulated amortization					
At January 1, 2022	**(9 433)**	**(3 360)**	**(1 892)**	**-**	**(14 685)**
Depreciation charge	(731)	(280)	(260)	-	**(1 271)**
Disposals - Write-offs	-	111	312	-	**423**
Exchange differences	(2)	(15)	(17)	-	**(34)**
At June 30, 2022	**(10 166)**	**(3 544)**	**(1 856)**	**-**	**(15 566)**
Costs, net accumulated amortization					
At January 1, 2022	**2 605**	**817**	**2 365**	**51**	**5 838**
At June 30, 2022	**2 404**	**791**	**2 310**	**43**	**5 549**

The table below details the cash flow impact of the purchases of property and equipment and intangible assets:

	Six months ended June 30,	
	2022	**2021**
(in € thousands)		
Intangible asset additions	-	(60)
Tangible asset additions	(936)	(702)
Purchases of property and equipment and intangible assets - Cash flow impact	**(906)**	**(762)**

11. Right-of-used assets and lease liabilities

The Group leases certain properties under non-cancellable lease agreements that relate to office space and server bays. The expected lease terms are between one and nine years.

The Group currently does not act in the capacity of a lessor.

The book value and depreciation of right-of-use assets are detailed in the roll-forward below:

	(in € thousands)
Cost	
At January 1, 2022	**32 521**
New or amended leases	62
Leases expired or early terminated	-
Exchange differences	(2)
At June 30, 2022	**32 581**
Accumulated depreciation	**-**
At January 1, 2022	**(7 856)**
Depreciation charge	(2 199)
Leases expired or early terminated	-
Exchange differences	-
At June 30, 2022	**(10 055)**
Cost, net accumulated depreciation	
At January 1, 2022	**24 663**
At June 30, 2022	**22 526**

The below roll-forward shows the variations of lease liabilities:

Lease liabilities	**(in € thousands)**
At January 1, 2022	**26 454**
New or amended leases	62
Repayment of leases (1)	(2 520)
Leases early terminated (1)	-
Interest (1)	306
Exchange differences	-
At June 30, 2022	**24 302**
Current lease liabilities	3 598
Non-current lease liabilities	20 704

(1) Included within the consolidated statement of cash flows

Below is the maturity analysis of lease liabilities:

Maturity analysis	**(in € thousands)**
Less than one year	3 598
One to five years	18 062
More than five years	2 641
Total lease liabilities	**24 302**
Current lease liabilities	3 598
Non-current lease liabilities	20 704
Total lease liabilities	**24 302**

12. Investments in equity affiliates

As described in Note 4 - Business combinations, Dreamstage Inc. was consolidated using the equity method until May 24, 2022 and has been consolidated using the full consolidation method since that date.

Investments in equity affiliates are detailed in the roll-forward below:

	(€ thousands)
Carrying amount of investments as of January 1, 2022	**5 500**
Dreamstage - Share of loss of equity affiliates *	(288)
Driift - Share of loss of equity affiliates *	(59)
Dreamstage - Loss on fair value of shares previously held *	(1 237)
Dreamstage - Change in the scope of consolidation	(1 754)
Exchange differences	19
Carrying amount of investments as of June 30, 2022	**2 180**

*These variations impact the consolidated income statement by €1 584 thousands.

13. Non-current financial assets

Deposits mainly relate to office space leases and to a contract with a payment service provider. Bank guarantees relate to office space leases.

	June 30, 2022	**December 31, 2021**
	(in € thousands)	
Deposits	3 928	3 902
Guarantees	1 419	1 419
	5 347	**5 321**

14. Other non-current assets

Other non-current assets correspond to advance payments made mainly to Rotana Studios FZ-LLC in respect of the exclusive license agreement and relating to several financial years.

	June 30, 2022	**December 31, 2021**
	(in € thousands)	
Advance payments on royalties	21 179	21 443
Provision for impairment of above assets	(19 159)	(19 159)
	2 021	**2 284**

15. Trade and other receivables

	June 30, 2022	December 31, 2021
	(in € thousands)	
Trade receivables	25 818	22 697
less : allowance for expected credit losses	(871)	(697)
Trade receivables net	24 947	22 000
Other	13 990	11 986
	38 937	**33 986**

The ageing of the Group's net trade receivables is as follows:

	June 30, 2022	December 31, 2021
	(in € thousands)	
Current	15 723	13 548
Overdue 1 - 30 days	4 265	2 528
Overdue 31 - 60 days	1 468	300
Overdue 61 - 90 days	7	1 181
Overdue more than 90 days	3 484	4 443
	24 947	**22 000**

Trade receivables are non-interest bearing and generally have payment terms of 30 to 60 days.
Due to their comparatively short maturities, the carrying value of trade and other receivables approximate their fair value.

The movements in the Group's allowance for expected credit losses are as follows:

	June 30, 2022	December 31, 2021
	(in € thousands)	
At January 1, 2022	**697**	**551**
Provision for expected credit losses	168	149
Receivables writen off	-	(7)
Exchange differences	6	4
At June 30, 2022	**872**	**697**

16. Other current assets

	June 30, 2022	December 31, 2021
	(in € thousands)	
Advance payments on royalties	750	1 126
Trade payables - Advance payments	67	64
Trade payables - Credit notes to be received	2 563	281
Employees and social contributions	76	60
State and local authorities	11 862	8 937
Sundry debtors	952	849
Prepaid expenses	6 399	2 444
Other current assets – Gross	**22 670**	**13 761**
Provision for impairment	(889)	(884)
Other current assets – Net	**21 781**	**12 877**

Other current assets from state and local authorities are mainly composed of deductible VAT on purchases made in France and abroad, and tax credit relating to research and development expenses.

Below is the detail of the current receivables state and local authorities:

	June 30, 2022	December 31, 2021
	(in € thousands)	
Deductible VAT on purchases made in France and abroad	7 908	5 225
Tax receivables relating to research and development	1 990	1 524
Tax credit for competitiveness and employment	228	479
Whitholding tax receivable	1 720	1 472
Other	15	237
State and local authorities	**11 862**	**8 937**

As of June 30, 2022, prepaid expenses include €3,8 million of transaction costs directly attributable to the PIPE decided by I2PO on June 30, 2022 but completed on July 5, 2022. Deezer elected to defer these costs on the balance sheet until the issuance of new shares. These items will be reclassified to equity as from the completion date of the Merger in accordance with IAS 32.

The provision for impairment of other current assets is detailed below:

	June 30, 2022	December 31, 2021
	(in € thousands)	
Net aged receivable	516	516
Deductible VAT on purchases made abroad and whose collection is uncertain	373	368
Provision for impairment of other current assets	**889**	**884**

17. Share capital and share premium

As at June 30, 2022 and December 31, 2021, Deezer's share capital was divided into 29 135 548 preferred shares and 28 994 245 preferred shares respectively, each with a par value of €0.01.

Deezer issued preferred shares allocated as follows:

	June 30, 2022	December 31, 2021
	(in number of shares)	
Class A preferred shares	-	14 855 210
Class A12 preferred shares	2 886 312	-
Class A16 preferred shares – 1st tranche	3 422 314	-
Class A16 preferred shares – 2nd tranche	3 422 314	-
Class A18 preferred shares	5 124 270	-
Class B preferred shares	14 280 338	14 139 035
	29 135 548	**28 994 245**

The combined shareholders' general meeting of Deezer held on May 13, 2022 decided to create 4 new classes of preferred shares (namely "class A12 preferred shares", "class $A16_{Tranche\ 1}$ preferred shares", "class $A16_{Tranche\ 2}$ preferred shares" and "class A18 preferred shares"), to convert the 14 855 210 existing class A preferred shares into 2 886 312 class A12 preferred shares, 3 422 314 class $A16_{Tranche\ 1}$ preferred shares, 3 422 314 class $A16_{Tranche\ 2}$ preferred shares and 5 124 270 class A18 preferred shares and to consequently, cancel the class A preferred shares.

On March 23, 2022, the Board of Directors granted 21 072 free class B preferred shares to certain employees of the Group.

During the six months ended June 30, 2022, Deezer issued the following new class B preferred shares as a result of the acquisition of free shares granted to certain employees of the Group, namely:

- On February 6, 2022: 2 320 new class B preferred shares;
- On February 24, 2022: 54 220 new class B preferred shares;
- On April 10, 2022: 17 445 new class B preferred shares;
- On June 8, 2022: 50 000 new class B preferred shares; and
- On June 11, 2022: 17 318 new class B preferred shares.

No dividends were proposed or paid during the six months ended June 30, 2022 and during the year ended 2021.

All outstanding preferred shares have equal rights to vote at general meetings.

18. Shared-based payments

Free share plans

Deezer granted free shares to certain employees and officers of the Group in 2017, in 2019, in 2021 and in 2022. The granted shares are legally owned by the beneficiaries at the end of the relevant acquisition period and subject to a continuous presence requirement during this period.

Deezer has implemented three categories of free shares plans.
One category of plans provides for (i) a 3-year acquisition period (i.e., 50% of initial grant as of the first anniversary of the attribution date and 25% of initial grant as of the second and third anniversaries of the attribution date) or (ii) a 4-year acquisition period (whether with a vesting schedule of 25% of initial grant as of each anniversary of the attribution date or with a vesting schedule of 12,5% of initial grant as of each 6-month anniversary of the attribution date).
Another category provides a vesting at the earliest of the twentieth anniversary of the grant date and the closing of a liquidity event, being provided that 12,5% of initial grant accrues upon each 6-month anniversary of the attribution date until the fourth anniversary of the attribution date (to the extent that the employment agreement or corporate office of the beneficiary is not terminated as at each relevant date).
A third category provides for a 1-year acquisition period (to the extent that the employment agreement is not terminated as at the relevant date).

The fair value of free shares granted is determined based on the fair value of the company's shares of its latest known valuation date, usually its latest fundraising. It is recognized as a compensation cost spread over the vesting period.

	2017 free share plans	**2019 free share plans**	**2021 free share plans**	**2022 free share plan**
Grant dates	09/02/2017 06/06/2017	06/02/2019 10/04/2019 11/12/2019	24/02/2021 08/06/2021 21/07/2021	23/03/2022
Number of shares granted	384 392	885 324	558 642	21 072
Outstanding at January 1, 2022	**89 542**	**637 034**	**490 782**	**-**
Granted	-	-	-	21 072
Definitively acquired	-	(37 083)	(104 220)	-
Lapsed	-	-	(2 100)	-
Outstanding at June 30, 2022	**89 542**	**599 951**	**384 462**	**21 072**

Key assumptions used in the fair value				
Value per share (in €)	14,61	31,31	39,75	39,75
Illiquidity discount rate	0%	40%	25%	25%
Employee turnover rate	0%	0%	7%	0%

The values per share of €14.61 and €31.31 correspond to the Group valuations carried out for the purpose of the €100 million raised in 2016 and the €160.4 million raised in 2018 respectively.

The value per share of €39.75 corresponds to the value per share available at granting dates in 2021 and in 2022.

Illiquidity discount rates of 40% and 25% have been applied on the free share plans initiated in 2019 and 2021, respectively, as these plans give rise to class B preferred shares, which do not give the same rights as the class A preferred shares in case of liquidity event.

An employee turnover rate of 7% per annum has been applied on the free share plans initiated in 2021.

Warrants

Deezer issued equity warrants to the benefit of commercial and strategic partners, right holders and directors.

Warrants J, K, L, M and 2021 have given rise to expenses recognized in the consolidated income statement for the six months ended June 30, 2022 and 2021:

- based on the Black Scholes model for warrants 2021;
- based on an estimation of warrants which could be exercised and the value per share estimated at the grant date for warrants J, K, L and M.

Activity in the warrants outstanding and related information is as follows:

Plans	**Warrants 2014**	**Warrants H**	**Warrants 2017**	**Warrants J**	**Warrants 2021**	**Warrants K**	**Warrants L**	**Warrants M**
Shareholders' meeting date	22/05/2014	30/06/2017	23/12/2016	30/06/2020	30/06/2020	30/06/2020	30/06/2021	30/06/2021
Board members' meeting date	-	-	09/02/2017	-	24/02/2021	24/02/2021	16/09/2021	16/09/2021
Expiry date	31/12/2024	30/06/2027	01/12/2026	26/11/2022	30/12/2030	01/05/2027	31/10/2024	31/10/2028
Number of warrants granted	66 700	712 404	6 845	453 206	6 000	488 050	420 125	679 245
Outstanding at January 1, 2022	**66 700**	**17 319**	**6 845**	**312 712**	**6 000**	**488 050**	**420 125**	**679 245**
Granted	-	-	-	-	-	-	-	-
Exercised	-	-	-	-	-	-	-	-
Lapsed	-	-	-	-	-	-	-	-
Outstanding at June 30, 2022	**66 700**	**17 319**	**6 845**	**312 712**	**6 000**	**488 050**	**420 125**	**679 245**
Subscription price (in euros)	2,59	0,01	0,01	39,75	3,98	0,01	0,01	0,01
Fair value at grant date (in euros)	1,42	5,22	4,92 to 5,42	39,75	9,25 to 10,36	39,75	39,75	39,75
Exercise price (in euros)	24,25	14,61	14,61	0,01	39,75	0,01	0,01	0,01
Maximum share capital increase (in euros) (as at grant date)	667	7 124	68	4 532	60	4 881	4 201	6 792
Vesting condition				Performance condition between 26/05/2020 and 26/05/2022		Performance condition between 01/01/2021 and 31/12/2023	Performance condition between 01/02/2021 and 31/01/2024	Performance condition between 01/11/2020 and 31/10/2023

*Information contained herein takes into account the stock split decided by the combined general meeting of Deezer S.A. held on October 9, 2015.

Plans	**Warrants 2014**	**Warrants H**	**Warrants 2017**	**Warrants J**	**Warrants 2021**	**Warrants K**	**Warrants L**	**Warrants M**
Volatility	50,60%	35,60%	35,9% to 41,0%	N/A*	35,7% to 37,0%	N/A*	N/A*	N/A*
Risk-free rate	0,71%	0,26%	0,05% to 0,46%	N/A*	-0,67%	N/A	N/A	N/A
Expected maturity (years)	4,00	6,59	5,31 to 6,81	2,00	5,99	6,18	3,13	7,13
Turnover rate	10,00%	0,00%	0,00%	N/A*	0,00%	N/A	N/A	N/A
Dividend yield	0,00%	0,00%	0,00%	N/A*	0,00%	N/A	N/A	N/A
Illiquidity discount rate	0,00%	0,00%	0,00%	N/A*	0,00%	N/A	N/A	N/A

*N/A = Not applicable

Stock-options

Deezer proceeded with grant of stock-options to executive and certain employees in 2014, 2015, 2017 and 2021.

Stock-options granted in 2021 have given rise to expenses recognized in the consolidated income statement for the six months ended June 30, 2022 and 2021 based on the Black-Scholes model.

Activity in the stock-options outstanding and related information is as follows:

Plans	**Stock-options 14***	**Stock-options 15***	**Stock-options 15-2***	**Stock-options 17**	**Stock-options 18**
Award dates	22/05/2014 24/10/2014 12/03/2015	23/04/2015	16/07/2015	25/07/2017	24/02/2021
Expiry date	31/12/2024	31/12/2024	31/12/2024	31/12/2026	31/12/2027
Number of stock-options granted	424 299	533 948	72 500	58 250	27 000
Outstanding at January 1, 2022	**55 462**	**533 948**	**58 000**	**31 662**	**27 000**
Granted	-	-	-	-	-
Exercised	-	-	-	-	-
Lapsed	-	-	-	-	(3 500)
Outstanding at June 30, 2022	**55 462**	**533 948**	**58 000**	**31 662**	**23 500**
Exercise price (in euros)	24,25	24,25	24,25	14,61	31,31
Maximum share capital increase (in euros) (as at grant date)	4 243	5 339	725	583	270

* Information contained herein takes into account the stock split decided by the combined general meeting of Deezer S.A. held on October 9, 2015.

Plans	**Stock-options 14**	**Stock-options 15**	**Stock-options 15-2**	**Stock-options 17**	**Stock-options 18**
Volatility	50,60%	45,00%	45,00%	35.60% to 42.50%	36,8% to 39,4%
Risk-free rate	0,71%	0,32%	0,32%	-0.04% to 0.26%	-0.69% to 0.62%
Expected maturity (years)	4,00	4,00	4,00	5.06 to 6.56	4,18
Turnover rate	10,00%	22,00%	22,00%	0,00%	0,00%
Dividend yield	0,00%	0,00%	0,00%	0,00%	0,00%
Illiquidity discount rate	0,00%	0,00%	0,00%	0,00%	25,00%

The expense recognized in the consolidated income statement for share-based payments is as follows:

	Six months ended June 30,	
	2022	**2021**
	(in € thousands)	
Product and Development	107	265
Sales and Marketing	37	75
General And Administrative	3 496	2 947
Sub-Total / Free shares	**3 641**	**3 287**
Cost of Revenue	10 017	11 136
Product and Development	-	-
Sales and Marketing	1 566	1 135
General And Administrative	10	23
Sub-Total / Warrants	**11 593**	**12 294**
Product and Development	-	-
Sales and Marketing	30	114
General And Administrative	-	-
Sub-Total / Stock-options	**30**	**114**
Total	**15 264**	**15 695**

19. Provisions for risks

	Legal contingencies	Indirect tax	Other	Total
		(in € thousands)		
Carrying amount at January 1, 2022	**1 509**	**4 233**	**5 843**	**11 585**
Charged/(credited) to the consolidated statement of operations:				
Additional provisions	158	1 195	-	1 352
Reversal of unutilized amounts	(154)	(52)	-	(206)
Exchange differences			7	7
Utilized	-	-	-	-
Carrying amount at June 30, 2022	**1 512**	**5 376**	**5 850**	**12 738**
As at June 30, 2022				
Current portion	1 512	5 376	5 850	12 738

(i) Legal contingencies

Some legal actions, proceedings, and claims are pending or may be instituted or asserted against the Group. The results of such legal proceedings are difficult to predict and the extent of the Group's financial exposure is difficult to estimate. The Group records a provision for contingent losses when it is both probable that a liability has been incurred, and the amount of the loss can be reasonably estimated.

Regarding the claim filed by HUZIP (Hrvatska Udruga Za Zastitu Izvodackih Prava), Croatian performers' rights collecting society, against the Deezer, two hearings were held in February and June 2022 and do not affect the provision booked as at June 30, 2022.

(ii) Indirect tax

The Group has indirect tax provisions which relate primarily to foreign tax penalties, to Sales tax applicable in the United States of America and to withholding tax. The Group recognizes provisions for claims or indirect taxes when it determines that an unfavorable outcome is probable and the amount of loss can be reasonably estimated.

(iii) Other

No additional commercial risk was identified during the six months ended June 30, 2022.

20. Trade payables and related accrued expenses

	June 30, 2022	December 31, 2021
	(in € thousands)	
Trade payables	37 409	16 617
Trade accrued expenses	247 472	218 935
	284 881	**235 552**

Trade payables generally have a 30 to 60 days term and are recognized and carried at their invoiced value, inclusive of any value added tax that may be applicable.

Trade payables breakdown as follows:

	June 30, 2022	December 31, 2021
	(in € thousands)	
Marketing, General & Administrative and Other	1 171	6 852
Royalties	36 238	9 765
	37 409	**16 617**

Trade accrued expenses are detailed below:

	June 30, 2022	December 31, 2021
	(in € thousands)	
Marketing, General & Administrative and Other	21 289	20 651
Royalties	226 183	198 284
	247 472	**218 935**

Royalties accrued expenses have increased by €27,9 million mainly resulting from the higher level of activity during half-year 2022.

21. Tax and employee-related liabilities

	June 30, 2022	December 31, 2021
	(in € thousands)	
Employee-related liabilities	5 009	5 168
Social contribution liabilities	8 102	6 228
State, revenue taxes payable	20 694	16 980
Other similar taxes and levies payable	3 576	3 981
Current income tax payable	556	514
	37 937	**32 870**

22. Financial risk management and financial instruments

Financial risk management

Through its business activities, the Deezer is exposed to various types of financial risk: financial risk, credit risk and liquidity risk.

The financial risk and the credit risk are the same as those described in the consolidated financial statements prepared in accordance with IFRS for the year ended December 31, 2021, with the exception of the liquidity risk described below.

Liquidity risk management

Liquidity risk is the Group's risk of not being able to meet the short-term payment obligations due to insufficient funds. The Group has internal control processes and contingency plans for managing liquidity risk. The liquidity management considers the maturities of financial assets and financial liabilities and estimates of cash flows from operations.

Since its inception, the Group has funded its growth through equity capital raises and has not borrowed from banks until January 2021.

Furthermore, the Group has a positive net cash position at June 30, 2022 and December 31, 2021:

	June 30, 2022	**December 31, 2021**
	2022	**2021**
	(in € thousands)	
Interest bearing bank accounts	4 142	4 427
Cash at bank and at hand	35 933	30 671
Cash and cash equivalents	**40 075**	**35 097**

Non-current financial liabilities at June 30, 2022 comprise the three state-guaranteed loans and related accrued interest.

	June 30, 2022	**December 31, 2021**
	(in € thousands)	
State-guaranteed loans	23 417	25 000
Financial liabilities - non current	**23 417**	**25 000**
State-guaranteed loans	2 005	-
Accrued interests on state-guaranteed loans	39	112
Financial liabilities - current	**2 044**	**112**

	June 30, 2022	**December 31, 2021**
Maturity analysis	**(in € thousands)**	
Less than one year	2 044	23 951
One to five years	23 417	23 839
More than five years	-	1 161
Total financial liabilities	**25 462**	**25 112**
Current financial liabilities	2 044	23 951
Non-current financial liabilities	23 417	1 161
Total financial liabilities	**25 462**	**25 112**

23. Provisions for employee benefits

The provision for retirement benefits applicable for employees in France has been estimated on the basis of the projected unit credit method and with the following assumptions:

	June 30, 2022	December 31, 2021
Collective agreement applied	SYNTEC	SYNTEC
Salary increase rate	7,00% for 2022 and 3% for following years	7,00% for 2022 and 3% for following years
Annual discount rate	3,15%	1,26%
Social contribution rate	50,00%	50,00%
Retirement age	65 years	65 years
Mortality table	INSEE 2015/2017	INSEE 2015/2017
Average turnover rate	0% to 31,2%	0% to 31,2%

As at June 30, 2022 and December 31, 2021, a decreasing turnover rate depending on employees' age has been used: from 31.2% for a 20-year old employee to 0% for a 61-year old employee. The provision in the consolidated balance sheet equals the actuarial liability, from the moment there are no plan assets or unrecognized actuarial gains and losses.

The provision changed as follows:

	Provision for employee retirement benefits
	(in € thousands)
Carrying amount at December 31, 2021	**1 043**
Actuarial differences	-
Increase	111
Discounting impact	(400)
Carrying amount at June 30, 2022	**754**

24. Commitments and contingencies

Obligations under leases

Obligations resulting from leases in the scope of IFRS 16 are disclosed in Note 11.
Future payments in relation to leases out of the scope of IFRS 16 have not changed significantly from December 31, 2021.

Commitments

The Group is subject to the following minimum guarantees relating to the content on its service, the majority of which relate to minimum royalty payments associated with its license agreements for the use of licensed content, as at June 30, 2022 and December 31, 2021:

	June 30, 2022	December 31, 2021
	(in € thousands)	
No later than one year	195 276	191 193
Later than one year but not more than 5 years	91 474	188 898
	286 750	**380 091**

As per the settlement agreement signed in September 2021 and its amendment signed in February 2022 and in relation to the exclusive licence agreement with Rotana Audio Visual LLC, Rotana Audio Visual LLC is due to pay a net amount of US$ 350 thousands on September 30, 2022.

In addition to the minimum guarantees listed above, the Group is subject to various non-cancelable purchase obligations and service agreements with minimum spend commitments, as at June 30, 2022 and December 31, 2021:

	June 30, 2022	December 31, 2021
	(in € thousands)	
No later than one year	1 366	754
Later than one year but not more than 5 years	869	1 666
	2 235	**2 420**

Contingencies

Various legal actions, proceedings, and claims are pending or may be instituted or asserted against the Group. These may include but are not limited to matters arising out of alleged infringement of intellectual property; alleged violations of consumer regulations; employment-related matters; and disputes arising out of supplier and other contractual relationships. As a general matter, the music and other content made available on the Group's service are licensed to the Group by various third parties. Many of these licenses allow rights holders to audit the Group's royalty payments, and any such audit could result in disputes over whether the Group has paid the proper royalties. If such a dispute were to occur, the Group could be required to pay additional royalties, and the amounts involved could be material. The Group expenses legal fees as incurred.

The Group records a provision for contingent losses when it is both probable that a liability has been incurred and the amount of the loss can be reasonably estimated. An unfavorable outcome to any legal matter, if material, could have an adverse effect on the Group's operations or its financial position, liquidity, or results of operations.

25. Events after the reporting period

On July 5, 2022, Deezer merged with and into I2PO, whose registered office was located 12, rue François 1er, 75008 Paris, France, registered with the Registre du Commerce et des Sociétés under number 898 969 852 RCS Paris and whose shares are listed on the professional segment of the regulated market of Euronext in Paris.

As part of the Merger, Deezer was dissolved and all its assets and liabilities were automatically transferred to I2PO by operation of law and I2PO encompassing the activities and business of Deezer and was renamed "Deezer S.A.".

Concomitantly, the registered office of I2PO was transferred to 24, rue de Calais, 75009 Paris, France.

In parallel, I2PO raised €119 million through a PIPE reserved to existing and new investors and received €23,7 million corresponding to the cash held by I2PO in its escrow account net of redemption.

On August 3, 2022, Deezer (formerly I2PO) redeemed the class B preferred shares held by its Dissenting Market Shareholders for an amount of €251 332 thousands.

On August 16, 2022, RTL Deutschland announced the launch of music streaming app RTL+ Musik. Through its partnership with Deezer, paying subscribers of RTL+ in Germany will have access to 90 million tracks, more than 5 000 curated playlists, and a user-friendly interface with key music streaming features.

On September 7, 2022, Deezer (formerly I2PO) announced the conclusion of a partnership with French e-commerce leader Cdiscount. From September 7, 2022, Cdiscount offers 4 months Deezer Premium subscription with the purchase of a selection of electronics products (hardware, TV, sound, smartphone, connected devices) on its site. Before the end of the year, Deezer's services will also be included in Cdiscount's loyalty program.

On September 21, 2022, the Board of Directors acknowledged that, following the exercise of 679 245 warrants held by Sony Music Entertainment Netherlands B.V., the share capital of the Company has increased by a total par value amount of €19 983,38, through the issuance of 1 998 338 new ordinary shares with a par value of €0,01 each.

2.2 Statutory auditors' report on the interim condensed consolidated financial statements of Deezer

To the Chief Executive Officer,

In our capacity as statutory auditor of Deezer which merged with and into I2PO S.A. on July 5, 2022, and in accordance with your request in connection with the incorporation of Deezer's interim financial information in I2PO's half-yearly management report, we have performed a review of the condensed interim consolidated financial statements of Deezer for the period from January 1 to June 30, 2022.

The preparation of these condensed interim consolidated financial statements is the responsibility of your Board of Directors. Our role is to express a conclusion on these condensed interim consolidated financial statements based on our review.

We conducted our review in accordance with professional standards applicable in France and the professional guidance issued by the French Institute of statutory auditors (Compagnie Nationale des Commissaires aux Comptes) relating to this engagement. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that these condensed interim consolidated financial statements are not prepared in all material respects in accordance with IAS 34 – IFRSs as adopted by the European Union applicable to interim financial information.

This report is governed by French law. The courts of France shall have exclusive jurisdiction over any claim or dispute resulting from our engagement letter or the present report, or any related matters. Each party irrevocably waives its right to oppose any action brought before French courts, to claim that the action is being brought before an illegitimate court or that the courts have no jurisdiction.

Paris-La Défense, September 21, 2022

The Statutory Auditor

Ernst & Young Audit

Frédéric Martineau

IV. Unaudited pro forma financial information

Introduction

On May 24, 2022, I2PO S.A. ("I2PO") and Deezer S.A. ("Deezer") entered into a merger agreement (the "Merger Agreement"). Pursuant to the Merger Agreement, Deezer merged with and into I2PO (the "Merger"). As a result, I2PO acquired all assets and liabilities of Deezer through the Merger and the latest was dissolved. Additionally, I2PO and Deezer entered into subscription agreements with Group Artemis, one founder of I2PO, certain shareholders of Deezer and new investors (the "PIPE Investors") for the purposes of a placement reserved to a specific category of investors (the "PIPE"). In return for their investment, the PIPE Investors received new ordinary shares of I2PO. The Merger and the PIPE were completed was consummated on July 5, 2022 following the approval of the Merger by of the shareholders of I2PO and Deezer.

The Merger Agreement has a significant impact on the net assets, financial position and results of operations of I2PO and Deezer and substantially affects their results of operations going forward.

Therefore, the unaudited pro forma financial information prepared on a voluntary basis by I2PO consists of:

- an unaudited pro forma statement of financial position as of June 30, 2022, and,
- an unaudited pro forma income statement for the six months ended June 30, 2022,

each as accompanied by the related pro forma notes thereto (together, the "Unaudited Pro Forma Financial Information"). The Unaudited Pro Forma Financial Information should be read in conjunction with the half-year financial report of I2PO, of which it forms part.

The purpose of the Unaudited Pro Forma Financial Information is to illustrate the material effects that the Merger and the PIPE would have had on I2PO and Deezer:

- as if the Merger and the PIPE had occurred on June 30, 2022 for the purpose of the unaudited pro forma statement of financial position at that date,
- as if the Merger and the PIPE had occurred on January 1, 2022 for the purpose of the unaudited pro forma income statement for the six months ended June 30, 2022.

For accounting purposes, the management of I2PO and Deezer first assessed the different factors described in IFRS 3 Business Combinations (in particular paragraphs 6-7 and B13-B18) to determine the accounting treatment of the Merger. While the acquirer is usually the entity that transfers shares, other pertinent facts and circumstances has to be considered, including the following: (i) Deezer former shareholders having a larger portion of voting rights in the entity after completion of the Merger and PIPE, (ii) Deezer representatives having a larger presence in the governance and senior management of the entity after completion of the Merger and PIPE and (iii) Deezer being the operational entity generating revenue. Based on these assessments, the management of I2PO and Deezer concluded that Deezer is the acquirer of I2PO for accounting purposes although, from a legal perspective, I2PO is the surviving entity of the Merger.

Furthermore, since I2PO does not meet the definition of a business in accordance with IFRS 3, the Merger is treated as the reverse acquisition of I2PO assets and liabilities. Accordingly, the Merger is treated as the equivalent of Deezer issuing shares at the closing of the Merger in exchange for the assets and liabilities of I2PO at that date, accompanied by a recapitalization. Any excess of the fair value of Deezer's shares deemed to be issued over the fair value of I2PO's identifiable net assets acquired represents compensation for the service of a stock exchange listing for its shares and is expensed as incurred at the date of the Merger. Additional information is provided in Note 4.5: Effect of the Merger.

The Unaudited Pro Forma Financial Information has been presented for illustrative purposes only and is not necessarily indicative of the financial position and results of operations that would have been achieved had the Merger and the PIPE occurred on the dates indicated. Furthermore, the Unaudited Pro Forma Financial Information may not be useful in predicting the future financial condition and results of operations of the Company after the Merger and the PIPE. The actual financial position and results of operations may differ significantly from the pro forma amounts reflected herein due to a variety of factors. The pro forma adjustments represent management's estimates based on information available as of the date of the Unaudited Pro Forma Financial Information and is subject to change as additional information becomes available and analyses are performed.

In 2021, Deezer entered into 3 state-guaranteed loans ("PGE") totaling €25 million with BNP Paribas, HSBC Continental Europe, and BPI France for an initial period of one year and then opted for an extension of these loans for an additional period of five years. Each of these contracts contain a change of control provision that could be triggered by the Merger. These clauses were waived before the Merger. No other change of control clauses provision has been identified that could have an impact on the Unaudited Pro Forma Financial Information.
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1. Unaudited pro forma statement of financial position as of June 30, 2022

In EUR thousands	Deezer consolidated financial statements Jun-22	I2PO financial statements Jun-22	Note 4.1 Instruments issued by Deezer	Note 4.2-5.2 Merger adjustments	Pro Forma Jun-22
Assets					
Goodwill	10 106	-	-	-	10 106
Intangible assets	588	-	-	-	588
Property and equipment	5 549	-	-	-	5 549
Right-of-use assets	22 526	-	-	-	22 526
Investments in equity affiliates	2 180	-	-	-	2 180
Non-current financial assets	5 347	-	-	-	5 347
Other non-current assets	2 021	-	-	-	2 021
Deferred taxes	-	-	-	-	-
Total non current assets	**48 317**	**-**	**-**	**-**	**48 317**
Trade and other receivables	38 937	-	-	-	38 937
Other current assets	21 781	286 014	-	(288 828)	18 967
Cash and cash equivalents	40 075	135	-	119 806	160 016
Total curent assets	**100 793**	**286 149**	**-**	**(169 022)**	**217 920**
Total assets	**149 110**	**286 149**	**-**	**(169 022)**	**266 237**
Equity and liabilities					
Share capital	291	92	-	793	1 177
Share premium	369 124	24 842	-	90 621	484 587
Consolidated reserves	(575 496)	30 502	6 664	23 721	(514 609)
of which IFRS 2 reserves	-	*31 640*	*6 664*	*23 304*	*61 607*
Net Result	(51 904)	(44 981)	(6 664)	(9 963)	(113 511)
Equity attribuable to owners of the parent	(257 985)	10 456	-	105 172	(142 357)
Equity without control	(48)	-	-	-	(48)
Total Equity	**(258 033)**	**10 456**	**-**	**-**	**(142 405)**
Provisions for risks	-	-	-	-	-
Provision for employee benefits	754	-	-	-	754
Lease liabilities	20 704	-	-	-	20 704
Financial liabilities	23 417	4 646	-	-	28 063
Total non-current liabilities	**44 875**	**4 646**	**-**	**-**	**49 521**
Provisions for risks	12 738	-	-	-	12 738
Lease liabilities < 1Y	3 598	-	-	-	3 598
Financial liabilities - Market shares redeemed	2 044	251 332	-	(251 332)	2 044
Trade payables and related accrued expenses	284 881	19 700	-	(22 863)	281 718
Tax and employee-related liabilities	37 937	15	-	-	37 952
Deferred income	18 725	-	-	-	18 725
Other current liabilities	2 345	-	-	-	2 345
Total current liabilities	**362 268**	**271 047**	**-**	**(274 194)**	**359 121**
Total liabilities & equity	**149 110**	**286 149**	**-**	**(169 022)**	**266 237**

2. Unaudited pro forma income statement for the six months ended June 30, 2022

In EUR thousands	Deezer consolidated financial statements	I2PO financial statements	Note 5.1 Elimination of I2PO transaction related expense	Note 5.2 Instruments issued by Deezer	Note 5.3 Cost of listing service	Pro Forma
	Jun-22	Jun-22				Jun-22
Revenue	219 416	-	-	-	-	219 416
Cost of Revenue	(190 331)	-	-	-	-	(190 331)
Gross Profit	29 085	-	-	-	-	29 085
Product and Development	(15 225)	-	-	(171)	-	(15 396)
Sales and Marketing	(35 603)	-	-	(165)	-	(35 768)
General and Administrative	(30 892)	(40 348)	39 673	(6 327)	(54 944)	(92 837)
Operating expenses	(81 720)	(40 348)	39 673	(6 664)	(54 944)	(144 002)
Operating loss	**(52 635)**	**(40 348)**	**39 673**	**(6 664)**	**(54 944)**	**(114 917)**
Other operating income and expenses	-	-	-	-	-	-
Finance income	4 342	14	-	-	-	4 356
Finance costs	(1 896)	(4 646)	4 646	-	-	(1 896)
Finance costs - net	2 446	(4 633)	4 646	-	-	2 459
Loss before income tax	**(50 189)**	**(44 981)**	**44 319**	**(6 664)**	**(54 944)**	**(112 458)**
Income tax expense	(171)	-	-	-	-	(171)
Share of loss of equity affiliates	(1 584)	-	-	-	-	(1 584)
Net loss for the period	**(51 944)**	**(44 981)**	**44 319**	**(6 664)**	**(54 944)**	**(114 213)**

3. Notes to the unaudited pro forma financial information

Note 1: Historical Financial Information included in the Unaudited Pro Forma Financial Information

The Unaudited Pro Forma Financial Information is based upon the respective historical consolidated financial statements of Deezer and I2PO. It should be read in conjunction with the following financial statements:

- I2PO's IFRS interim condensed financial statements as of and for the six-month period ended June 30, 2022, which are included in section II.2.1 of this half year financial report. These financial statements have been subject to a review by Mazars, Grant Thornton and Ernst & Young Audit.

- Deezer's interim condensed consolidated financial statements as of and for the six months ended June 30, 2022, which are included in section III.2.1 of the half year financial report. These consolidated financial statements have been subject to a review by Ernst & Young Audit.

The unaudited pro forma statement of financial position as of June 30, 2022 combines the historical consolidated statements of financial position of Deezer and statement of financial position of I2PO for such reporting date on a pro forma basis as if the Merger and related transactions had been consummated on June 30, 2022. The unaudited pro forma income statement for the year ended June 30, 2022 combines the historical consolidated income statements of Deezer and income statement of I2PO for the six months ended June 30, 2022 on a pro forma basis as if the Merger and related transactions had been consummated on January 1, 2022.

The historical interim condensed consolidated financial statements of Deezer and the interim condensed financial statements of I2PO have been prepared in accordance with IAS 34, the standard of the IFRS as adopted by the European Union ("IFRS") applicable to interim financial statements and with the euro as presentation and reporting currency.
As Deezer has been identified as the accounting acquirer, the Unaudited Pro Forma Financial Information has been prepared consistently in all material aspects on the basis of IFRS and the accounting policies of

Deezer, as described in the notes to the audited consolidated financial statements as of and for the years ended December 31, 2021, December 31, 2020, and December 31, 2019, which were included in Schedule 9.2 of the Merger Prospectus (AMF approval number 22-184).

Adjustments to historical financial information to align presentation

As part of the preparation of the Unaudited Pro Forma Financial Information, certain line items were renamed to align I2PO's historical financial information in accordance with the presentation and financial statement line items of Deezer's historical financial information, as presented in the following tables.

Unaudited pro forma statement of financial position

Deezer	I2PO
Consolidated reserves	Retained earnings/(Deficit)

Unaudited pro forma income statement

Deezer	I2PO
General and administrative	Other operating expenses
General and administrative	Taxes other than on income
General and administrative	Payroll costs
General and administrative	Other operating charges

Note 2: Basis of Pro Forma Presentation

The Unaudited Pro Forma Financial Information has been prepared voluntarily by I2PO and Deezer. They have been prepared following the principles described in the Annex 20 of the Commission Delegated Regulation (EU) 2019/980 of 14 March 2019 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council as regards the format, content, scrutiny and approval of the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, the related ESMA guidelines on disclosure requirements under the Prospectus Regulation (ESMA32-382-113 of March 4, 2021) and the position-recommendation n°2021-02 issued by the AMF on pro forma financial information of January 2022.

The pro forma adjustments presented in the Unaudited Pro Forma Financial Information have been identified and presented to provide relevant information necessary for an accurate understanding of the Company and Deezer after giving effect to the Merger and to the PIPE.

The pro forma adjustments reflecting the consummation of the Merger and the PIPE are based on certain currently available information and certain assumptions and methodologies that are considered reasonable under the circumstances. The pro forma adjustments, which are described in the accompanying pro forma notes, may be revised as additional information becomes available and is evaluated. Therefore, it is likely that the actual adjustments will differ from the pro forma adjustments and it is possible that the difference may be material. The assumptions and methodologies are considered to provide a reasonable basis for presenting all of the significant effects of the Merger and the PIPE based on information available at this time and that the pro forma adjustments give appropriate effect to those assumptions and are properly applied in the Unaudited Pro Forma Financial Information.

Note 3: Pro Forma Assumptions

3.1 Shares deemed issued by Deezer

The Merger is treated as the equivalent of Deezer issuing shares in exchange for the assets and liabilities of I2PO. Such shares deemed to be issued include class A1 preferred shares ("class A1 shares"), class A2 preferred shares ("class A2 shares") and class A3 preferred shares ("class A3 shares") as well as market class B preferred shares ("market shares") forming the historical share capital of I2PO. Class A1 shares and market shares are expected to bewere converted into ordinary shares at the closing of the Merger. Therefore, for the purpose of the Unaudited Pro Forma Financial Information, they are valued at the fair value of ordinary shares which is estimated based on a market price of €10 per share.

Class A2 shares and class A3 shares will would be converted into ordinary shares after the Merger when the market price goes above €12 and €14, respectively during certain period of times. Such condition represents a non-vesting condition to be reflected in the valuation of the shares. Therefore, class A2 shares and class A3 shares deemed issued are valued using the Monte Carlo model, assuming a maturity of 5 years, a risk free rate of 1,25% derived from French bonds with a 5 years maturity, no dividend consistently with Deezer's historical policy and a volatility of 50% consistent with Deezer's peers. Based on this model, they are valued at €4.33 and €3.88 for the purpose of the Unaudited Pro Forma Financial Information.

3.2 Market Share redemption

Concurrent with the Merger, certain shareholders owning Market Shares (the "Market Shareholders") decided to redeem all (and not less but all) of their Market Shares upon completion of the Merger at a per share value of €10, payable in cash. Notice of redemption by Market Shareholders was received no later than May 19, 2022.

At the end of the redemption period, I2PO has received redemption requests from 91.39% of the Market Shareholders (the "Dissenting Market Shareholders"), representing a total of 25,133,181 Market Shares and a reduction of restricted cash of €251 million. For purposes of the Unaudited Pro Forma Financial Information, the accounting acquirer analysis above has been prepared considering such redemption of Market Shares.

3.3 PIPE

I2PO and Deezer entered into subscription agreements with PIPE investors for the placement, whereby the latest undertook to subscribe, under certain conditions, of new ordinary shares of I2PO offered at a subscription price of €10 each. As a certain volume of placement is a condition precedent for the Merger, the PIPE is considered to occur immediately before the Merger. For purposes of the Unaudited Pro Forma Financial Information, the volume of placement was determined at €119 million.

3.4 Share issuance

The following table summarizes the number of ordinary shares outstanding after redemption and the PIPE used to prepare the Unaudited Pro Forma Financial Information considering the assumptions described above.

Shareholders	Ownership in shares	Equity %	Voting % ***
Deezer Investors	96 440 617	85%	85%
I2PO public shareholders*	2 366 819	2%	2%
I2PO founders**	2 291 664	2%	2%
PIPE Investors	11 900 000	11%	11%
Total ordinary shares	**112 999 100**	**100%**	**100%**

** The figures include 1,500,000 Market Shares of Groupe Artemis, converted into ordinary shares at the completion of the Merger and subject to a non-redemption agreement.*
*** The figures include 2,291,664 Class A1 Shares, converted into ordinary shares at the completion of the Merger. Class A2 Shares and Class A3 Shares will convert into ordinary shares after the Merger if the relevant conditions are met.*
**** Each Class A1 Share and Market Share hold voting rights of one vote per share. Therefore, voting right percentages have been calculated exclusive of the Class A2 Shares and Class A3 Shares, of 2,291,667 and 2,291,667 respectively.*

Note 4: Pro Forma Adjustments to the Unaudited Pro Forma Financial Information

The following table details the adjustments on the statement of financial position:

In EUR thousands	Deezer	I2PO	Deezer instruments	*Note*	Merger Adjustments									Pro Forma
					PIPE	*Note*	Redemption	*Note*	Merger	*Note*	Transaction costs	*Note*	Total	
Escrow Account	-	-	-		-		-		-		-		-	-
Cash & Cash Equivalent	40 075	135	-		119 000		-		23 668	4.4.D	(22 863)	4.5	119 806	160 016
Other assets	109 035	286 014	-		-		(251 332)	4.3	(23 668)	4.4.D	(13 828)	4.5	(288 828)	106 221
Total assets	**149 110**	**286 149**	**-**		**119 000**		**(251 332)**		**-**		**(36 690)**		**(169 022)**	**266 237**
Share capital	291	92	-		119	4.2			674		-		793	1 177
									674	4.4.A				
									92	4.4.B				
									(92)	4.4.C				
Share premium	369 124	24 842	-		118 881	4.2			(14 433)		(13 828)	4.5	90 621	484 587
	-								10 409	4.4.B			-	-
	-								(24 842)	4.4.C			-	-
Consolidated reserves	(575 496)	30 502	6 664	4.1	-		-		23 721		-		23 721	(514 609)
									(674)	4.4.A			-	-
									54 898	4.4.B			-	-
									(30 502)	4.4.C			-	-
	-	-	-		-		-		-	-			-	-
of which IFRS 2 reserves	-	31 640	6 664	4.1	-		-		23 304		-		23 304	61 607
									54 944	4.4.B				
									(31 640)	4.4.C				
Net Result	(51 904)	(44 981)	(6 664)	4.1	-		-		(9 963)		-		(9 963)	(113 511)
									(54 944)	4.4.B			-	-
									44 981	4.4.C			-	-
Equity	**(258 033)**	**10 456**	**-**		**119 000**		**-**		**-**		**(13 828)**		**105 172**	**(142 405)**
Other financial liabilities	-	-	-		-		-		-		-		-	-
Other liabilities	407 143	275 693	-		-		(251 332)	4.3	-		(22 863)	4.5	(274 194)	408 642
Total liabilities	**407 143**	**275 693**	**-**		**-**		**(251 332)**		**-**		**(22 863)**		**(274 194)**	**408 642**
Total equity and liabilities	**149 110**	**286 149**	**-**		**119 000**		**(251 332)**		**-**		**(36 690)**		**(169 022)**	**266 237**

4.1 Instruments issued by Deezer

Deezer granted different share-based advantages to board members, employees and certain commercial partners, under the form of stock options, warrants and free shares. Under the contractual terms of certain of these incentive plans, the Merger qualifies as a liquidity event that causes an acceleration of the vesting of the instruments granted. According to IFRS 2 Share-based payment, that liquidity event results in an acceleration of the expense for all instruments for which no further service is expected to be received.

The adjustment corresponds to the acceleration of the IFRS 2 expense for the corresponding plans representing a total amount of €6.7 million before tax accounted for as an increase of the consolidated reserves against a reduction of the line Net Result in Equity.

4.2 PIPE

For the purpose of the Unaudited Pro Forma Financial Information, it is assumed that I2PO will issue 11,900,000 ordinary shares to PIPE Investors for an aggregate of €119 million in proceeds based on a market value of €10 per share.

The pro forma adjustment reflects the increase in cash and cash equivalents of €119 million with corresponding increases to subscribed capital and capital reserve of €0.1 million and €118.9 million, respectively, considering the nominal value of ordinary shares of I2PO of €0.01 per share.

4.3 Redemption

All redemption notices were received by May 19, 2022. The 25,133,181 Market Shares with a nominal value of €0.01 per share that were redeemed were reclassified as a current liability in the IFRS statement of financial position of I2PO as of June 30, 2022. The pro forma adjustment represents the settlement of this liability against restricted cash.

4.4 Effect of the Merger

A. Alignment of opening equity

The pro forma adjustment recognized in respect of share capital is determined by adding the fair value of I2PO (legal parent) to the issued equity of Deezer (legal subsidiary) immediately before the acquisition.

B. Capital reorganization

After the Merger and the redemption, the founders and former shareholders of I2PO who did not redeem their shares converted all the 2,291,664 class A1 shares and 2,366,819 market shares they hold into ordinary shares of I2PO and received an aggregate number of 4,658,483 ordinary shares of I2PO. The 4,583,334 remaining class A2 shares and class A3 shares are were not converted at the closing of the Merger.

The ordinary shares deemed issued are valued at €46.6 million based on a price per share of €10, corresponding to the price per share considered in the Merger Agreement. Class A2 shares and class A3 shares deemed issued are valued at €18.8 million using the Monte Carlo model.

In exchange for the deemed issue of these shares, from an IFRS standpoint, Deezer is receiving the net assets of I2PO and a publicly listed entity. The net assets of I2PO are valued at €10.5 million. This amount corresponds to restricted cash for €23.7 million (net of the cash to be repaid for redeemed shares), to current assets net of current liabilities resulting in a liability of €8.7 million, to cash and cash equivalent for €0.1 million and to the warrant liability of €4.7 million.

IFRS 2 applies to transactions where an entity grants equity instruments in return of goods and service, or where it cannot identify specifically some or all of the goods or service received in return. The fair value of the shares deemed issued is in excess of the fair value of the net assets of I2PO received.

Based on IFRS 2, the difference corresponds to the deemed cost of the listing service provided by I2PO to Deezer and is recognised as a reduction of the Net Result in Equity.

	Number of instruments	Value	Total €000
Ordinary shares	4 658 483	10	46 585
Class A2 Shares	2 291 667	4,33	9 923
Class A3 Shares	2 291 667	3,88	8 892
Total shares deemed issued		*(a)*	***65 400***
Net assets of I2PO		*(b)*	***10 456***
Cost of listing service		*(b)-(a)*	***(54 944)***

The ordinary and preferred shares issued result in an increase of share capital, share premium and consolidated reserves (including IFRS 2 reserve) for €0.1 million, €10.4 million and for €54.9 million respectively.

C. Elimination of reserves of I2PO

The pro forma adjustment reflects the elimination of historical reserves of I2PO (after taking into account the redemption) since the Merger is treated as a reverse acquisition by Deezer of the net assets of the legal acquirer I2PO.

D. Reclassification of restricted cash

The Merger qualifies as an initial business combination. That causes the release of the restricted cash resulting from the IPO (net of cash to be paid to the Dissenting Market Shareholders). The pro forma adjustment corresponds to the reclassification of the cash on escrow account to the Cash and Cash Equivalent line item as follows:

	Total €000
Amount of cash on escrow account of I2PO as of June 30, 2022	275 000
Redemption (considering a 91.39% redemption rate)	(251 332)
PIPE	119 000
Available cash net of redemption & PIPE, before Transaction costs	***142 668***
Transaction costs	(22 863)
Available cash net of redemption & PIPE, after Transaction costs	***119 806***

4.5 Transaction costs

Certain costs that were incurred before June 30, 2022 in relation to the Merger and the PIPE by I2PO and Deezer are incremental and directly attributable to the issuance of new shares. These costs were accrued when the services were rendered with a corresponding amounts in prepaid expenses in the respective historical statement of financial positions of I2PO and Deezer. They include €3.8 million relating to Deezer and €10 million relating to I2PO and relate mainly to bank fees, legal counsel and other professionals' fees. None of these costs were paid as of June 30, 2022.

Other costs incurred for the IBC, for an amount of €8.0 million for I2PO – including deferred commissions for the IPO of I2PO –, of which none were paid as of June 30, 2022, and €2.5 million for Deezer, of which €1.0 million were not paid as of June 30, 2002, were not attributable to the issuance of new shares. These costs were already included in the historical consolidated income statement of Deezer for the six-month period ended June 30, 2022 and in the income statement of I2PO for the six-month period ended June 30, 2022. These costs are not expected to have a continuing impact after the Merger.

The adjustment results in a decrease to cash and cash equivalents of €22.9 million with a corresponding decrease of trade payables and accrued expense, based on the assumption that all transactions costs were paid by June 30, 2022. The transaction costs assessed as equity issuance costs (namely, professional fees directly attributable to the shares deemed issued to I2PO and PIPE) have been recognized in equity net of any related income tax benefit, with a corresponding decrease of prepaid expense.

4.6 Tax effects

As Deezer and some of its subsidiaries have not generated taxable profits for fiscal years 2021, 2020, 2019 and past financial years and as no deferred tax asset is recognized in its historical consolidated financial statements, no deferred tax assets have been recognized in the unaudited pro forma statement of financial position for temporary tax base differences generated by pro forma adjustments.

Note 5: Pro forma adjustments to unaudited pro forma income statement

5.1 Elimination of I2PO IBC-related expenses

The adjustment corresponds to the reversal of the expenses related to the remeasurement of the warrants for €4.6 million, the IFRS 2 expense for €31.6 million relating to the founder units and other costs relating to the Merger and the PIPE for €8.0 million recognised in the income statement of I2PO for the six-month period ended June 30, 2022. Since the pro forma income statement is prepared as if the Merger occurred on January 1, 2022, the expenses related to the remeasurements of the warrants and the IFRS 2 expense were recognized in the preceding period and do not impact the income statement of Deezer following the Merger. Refer to 5.3 for the treatment of transaction costs.

5.2 Instruments issued by Deezer

The adjustment corresponds to the acceleration of the IFRS 2 expense related to certain plans issued by Deezer in connection with the Merger. The total expense amounts to €6.7 million. It was recognized in Operating Expenses with €0.2 million in the line Product and Development, €0.2 million in the line Sales and Marketing and €6.3 million in the line General and Administrative considering the underlying nature of the plans and following the presentation in the historical financial statements of Deezer.

5.3 Effect of the Merger

The adjustment corresponds to the difference between the fair value of the shares deemed issued and the fair value of the net assets of I2PO received (note 4.5.B), corresponding as the cost of the listing service. This expense was recognized in the line General and Administrative for €54.9 million. This listing service expense includes the transaction costs recognised by I2PO in its income statement for the six-month period ended June 30, 2022 since these are reflected in the amount of Net assets of I2PO used to determine the listing service expense (note 4.5.B).

5.4 Tax effects

As Deezer and some of its subsidiaries have no taxable profits for fiscal years 2021, 2020, 2019 and past financial years and as future taxable profits are not deemed sufficient to allow all or part of the tax losses to be utilized, no tax effects on the pro forma adjustments have been recognized in the unaudited pro forma income statement for temporary tax base differences generated by pro forma adjustments.