

# First-Half 2022 Results



 **deezer**

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New vision



**“Unlocking the full potential  
of music with technology”**



# New strategy



Focus on  
**large markets**

Unique **B2B  
partnership-led  
strategy** fostering  
efficient B2C  
expansion

**Strong  
differentiation**  
around music  
experiences and  
innovation

**Operational  
excellence** to  
drive lifetime value





# Agenda

- 01** H1 2022 key highlights
- 02** H1 2022 financial review
- 03** 2022 outlook

01

# H1 2022 key highlights



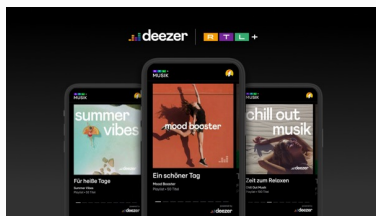
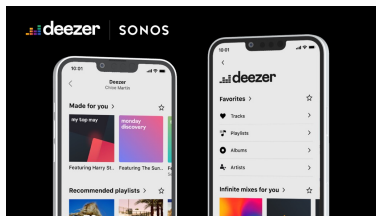


# Key takeaways



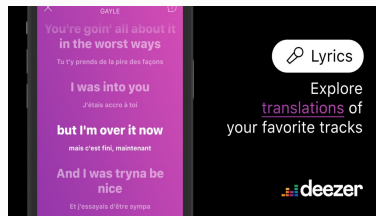
# Key business highlights

## Partnerships



- Launch of Sonos Voice Control and new Deezer app interface
- Launch of RTL+ in Germany

## Product



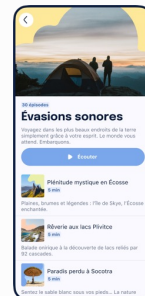
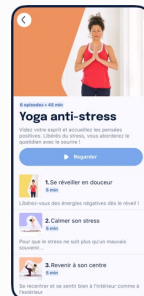
- Launch of in-app translation of lyrics, an industry-first feature
- In-app livestream of Jul concert to 170K+ unique viewers

## Differentiation



- Launch of a new 360° marketing campaign ('The power of music')

## New Verticals



- Development of 'Zen by Deezer', a new wellbeing app focused on sleep and meditation

## Management team strengthened

Stéphane Rougeot as Deputy CEO and CFO, and Gitte Bendzulla as COO

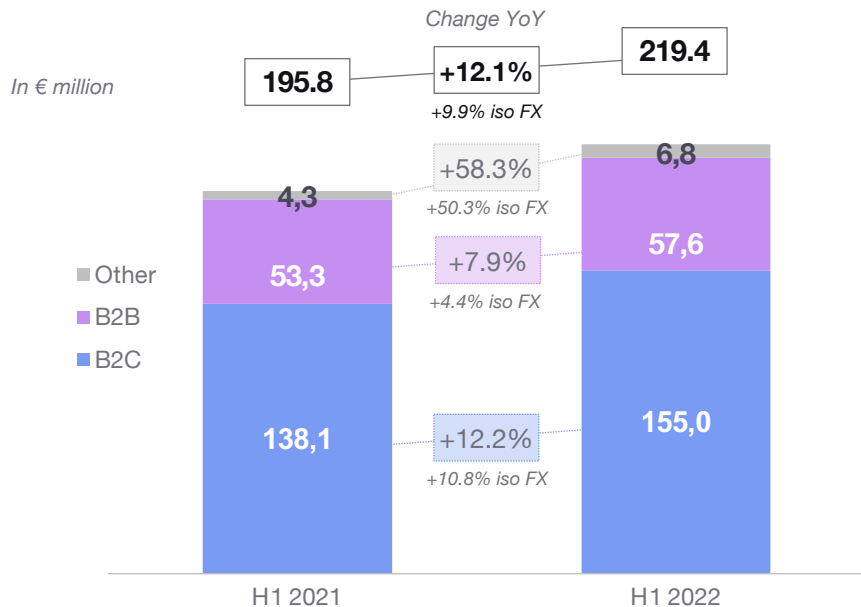


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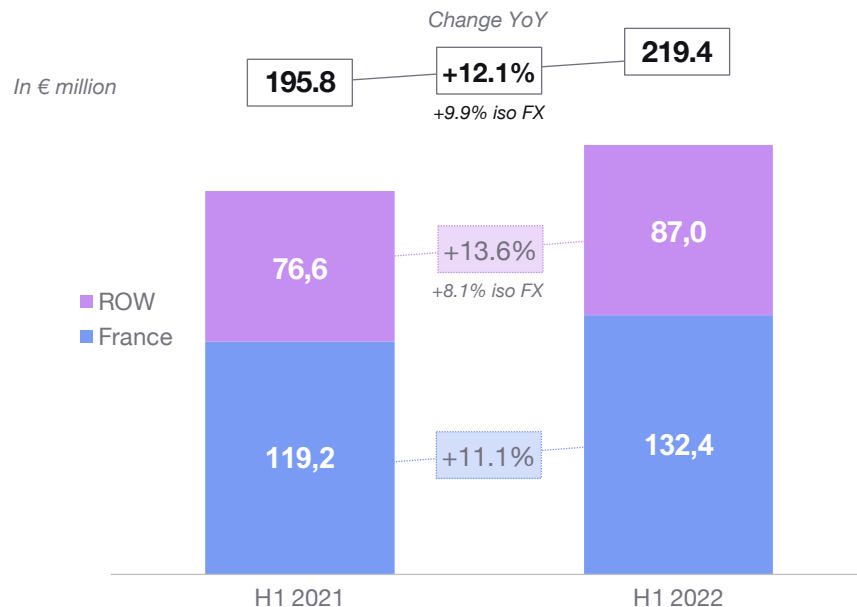
## H1 2022 financial review



# Double-digit revenue growth in H1 2022



- **B2C**: Strong growth in ARPU (+13.2%) as a result of price increases, and change in geographical mix
- **B2B**: Good performance of recently-launched partnerships
- **Other**: Incl. one-off revenue from hardware partnership

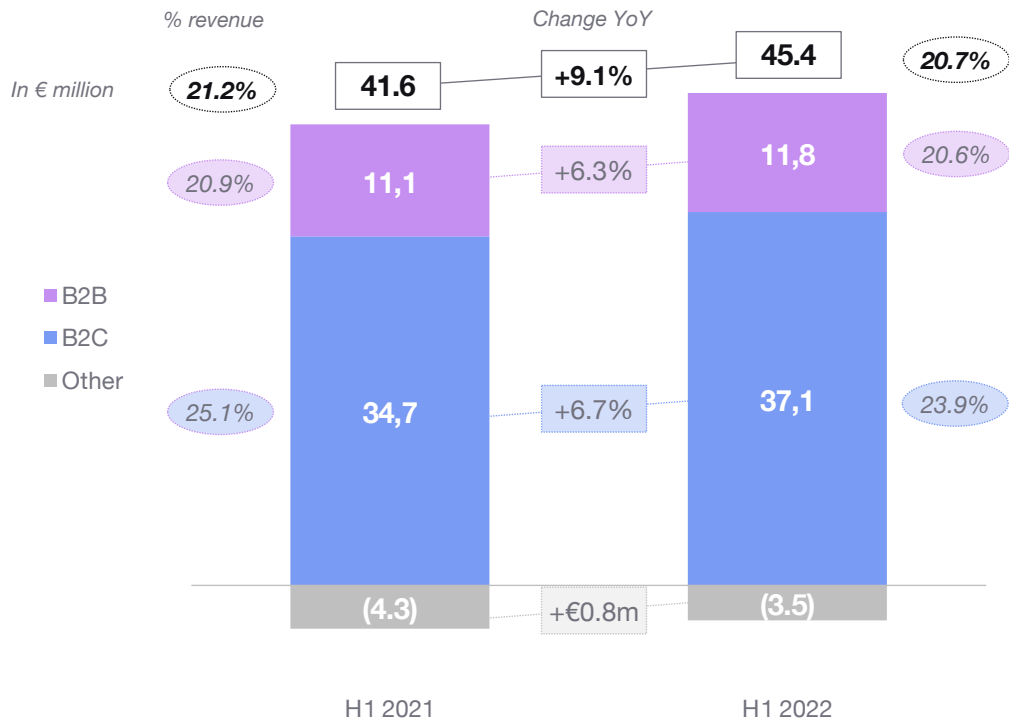


- **France**: Continued B2C subscriber growth (+10.7%) and higher B2C ARPU
- **ROW**: Good performance of existing/new B2B partnerships; slight B2C growth with higher ARPU offset in part by lower subscriber base (in line with new strategy to focus on selected key markets and exit from Russia)





# Adjusted gross profit up 9.1% in H1 2022



## B2C

- Adj. GP +6.7% YoY
- Strong revenue growth (+12.2%) partly offset by increased publishing rates and higher family mix

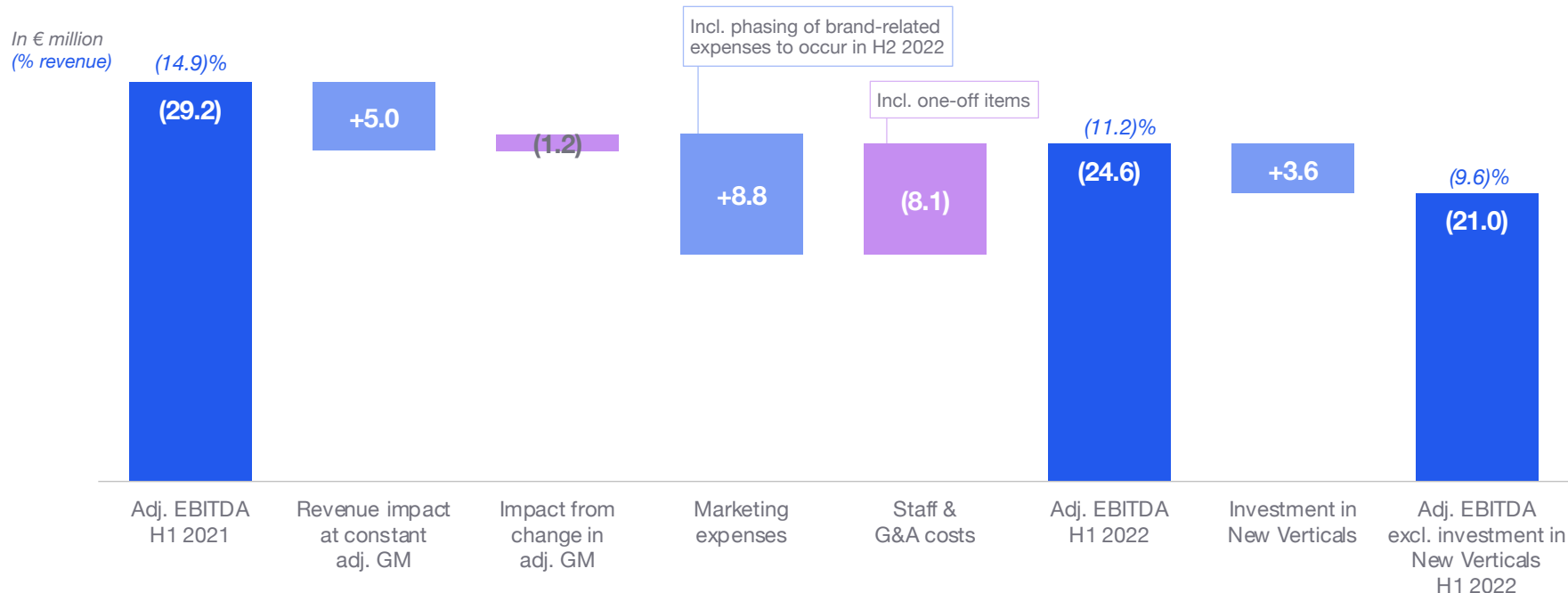
## B2B

- Adj. GP +6.3% YoY
- Good revenue growth (+7.9%) driven by a higher level of activity

## Other

- Reduced impact by €0.8m vs. H1 2021
- One-off revenue from hardware partnership partly offset by investment into New Verticals

# Improved adjusted EBITDA driven by new focus on selected key markets





# Strong cash position at end-June 2022

In € million



03

## 2022 outlook



# Full-year 2022 revenue guidance confirmed



**Strong resilience of our business. No significant negative impact expected** on our activity or financials despite the current uncertain macroeconomic environment



**Deezer confirms that it expects to generate revenues of approximately €455 million for FY 2022** (~14% revenue growth vs. FY 2021)



**In H2 2022, Deezer expects to benefit from the progressive ramp-up of RTL partnership** and the **incremental impact of price increases** implemented along the year 2022

## NEXT EVENTS

04/10/2022 – Investor Day (London)

27/10/2022 – Q3 2022 Revenue

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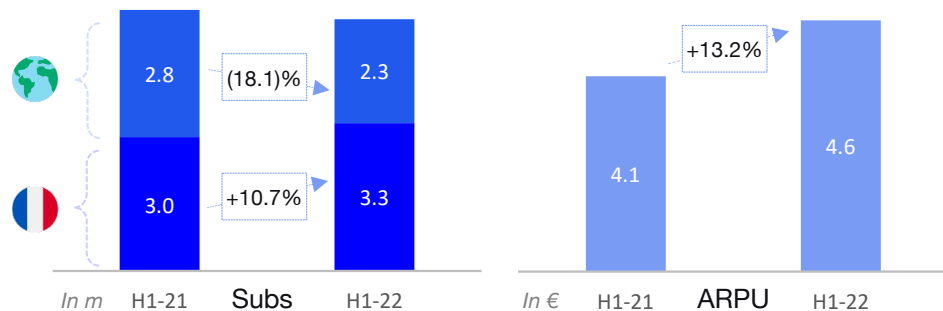


# Appendices



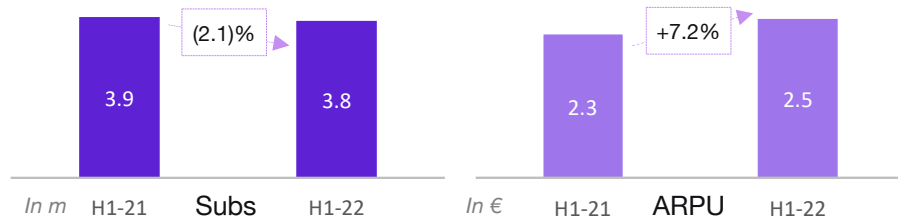
# Strong increase of B2C subscriber base in France. ROW impacted by new strategy and Russia

## B2C



- **Double-digit growth in France B2C subscribers** thanks to increased family mix, continued acquisition funnel optimization, and lower churn
- **In ROW, B2C subscribers decreased** due to the new strategy to focus on selected key markets, and the exit from Russia
- **ARPU increase** across regions

## B2B



- **Subscriber base slightly growing in France**, offset by a **decline in ROW**
- **ARPU increase** driven by **improved geo mix**

# Key performance indicators

In € million	H1 2021	H1 2022	Change (%)	Change at constant currency (%)
<b>Total revenue</b>	<b>195.8</b>	<b>219.4</b>	<b>+12.1%</b>	<b>+9.9%</b>
Direct - B2C	138.1	155.0	+12.2%	+10.8%
Indirect - B2B	53.3	57.6	+7.9%	+4.4%
Other	4.3	6.8	+58.3%	+50.3%
<b>Total revenue</b>	<b>195.8</b>	<b>219.4</b>	<b>+12.1%</b>	<b>+9.9%</b>
France	119.2	132.4	+11.1%	+11.1%
Rest of World	76.6	87.0	+13.6%	+8.1%

In million	30 June 2021	30 June 2022	Change (%)
<b>Total subscribers</b>	<b>9.7</b>	<b>9.4</b>	<b>(2.9)%</b>
Direct - B2C	5.8	5.6	(3.4)%
o/w France	3.0	3.3	+10.7%
o/w Rest of World	2.8	2.3	(18.1)%
Indirect - B2B	3.9	3.8	(2.1)%

In €	H1 2021	H1 2022	Change (%)
<b>Average Revenue Per User</b>	<b>3.4</b>	<b>3.9</b>	<b>+12.4%</b>
Direct - B2C	4.1	4.6	+13.2%
Indirect - B2B	2.3	2.5	+7.2%

# Reconciliation of non-IFRS financial indicators

In € million	H1 2021	H1 2022
<b>Gross Profit</b>	<b>19.2</b>	<b>29.1</b>
Onerous contract depreciation	7.6	-
License agreements non-recurring expenses	14.8	16.3
<b>Adjusted gross profit</b>	<b>41.6</b>	<b>45.4</b>

In € million	H1 2021	H1 2022
<b>Operating loss</b>	<b>(61.1)</b>	<b>(52.6)</b>
Gross profit adjustments	22.4	16.3
Depreciation and amortization	5.2	4.3
Share-based expenses	4.3	4.9
Other non-recurring expenses	-	2.5
<b>Adjusted EBITDA</b>	<b>(29.2)</b>	<b>(24.6)</b>

In € million	H1 2021	H1 2022
<b>Net cash flows from/(used in) operating activities</b>	<b>(22.6)</b>	<b>7.3</b>
<b>Net cash flows from/(used in) investing activities</b>	<b>(6.0)</b>	<b>(2.0)</b>
Repayment of lease liabilities	(3.6)	(2.2)
Net interest paid (including finance leases)	(0.3)	(1.2)
Effect of foreign exchange rate changes on Cash and cash equivalents	0.2	1.2
<b>Free cash flow</b>	<b>(32.3)</b>	<b>3.0</b>



# Consolidated income statement

In K€	H1 2021	H1 2022
<b>Total revenue</b>	<b>195,791</b>	<b>219,416</b>
Cost of revenue	(176,609)	(190,331)
<b>Gross Profit</b>	<b>19,182</b>	<b>29,085</b>
Product and development	(12,729)	(15,225)
Sales and marketing	(45,057)	(35,603)
General and administrative	(22,465)	(30,892)
<b>Operating loss</b>	<b>(61,069)</b>	<b>(52,635)</b>
Finance income	4,632	4,342
Finance costs	(3,755)	(1,896)
<b>Financial result - Net</b>	<b>877</b>	<b>2,446</b>
<b>Loss before income tax</b>	<b>(60,192)</b>	<b>(50,189)</b>
Income tax expense	0	(171)
Share of loss of equity affiliates	(481)	(1,584)
<b>Net loss for the period</b>	<b>(60,673)</b>	<b>(51,944)</b>
Of which attributable to owners of the parent	(60,673)	(51,904)
Non-controlling interests	0	40
<b>Net loss per share attributable to owners of the parent</b>		
Basic	(2.14)	(1.79)
Diluted	(2.14)	(1.79)
<b>Weighted-average ordinary shares</b>		
Basic	28,349,100	29,050,127
Diluted	28,349,100	29,050,127



# Consolidated balance sheet (1/2)

In K€	30 December 2021	30 June 2022
<b>ASSETS</b>		
Goodwill	7,487	10,106
Intangible assets	1,427	588
Property and equipment	5,838	5,549
Right-of-use assets	24,663	22,526
Investments in equity affiliates	5,500	2,180
Non-current financial assets	5,321	5,347
Other non-current assets	2,284	2,021
<b>Total current assets</b>	<b>52,520</b>	<b>48,317</b>
Trade and other receivables	33,986	38,937
Other current assets	12,877	21,781
Cash and cash equivalents	35,097	40,075
<b>Total current assets</b>	<b>81,960</b>	<b>100,793</b>
<b>Total assets</b>	<b>134,480</b>	<b>149,110</b>

# Consolidated balance sheet (2/2)

In K€	30 December 2021	30 June 2022
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the parent</b>	<b>(217,333)</b>	<b>(257,985)</b>
Non-controlling interest reserves	-	(48)
Minority result	-	-
Non-controlling interest reserves	-	(48)
<b>Total equity</b>	<b>(217,333)</b>	<b>(258,033)</b>
Provisions for risks	-	-
Provision for employee benefits	1,043	754
Lease liabilities	21,454	20,704
Financial liabilities	25,000	23,417
<b>Total non-current liabilities</b>	<b>47,497</b>	<b>44,875</b>
Provisions for risks	11,585	12,738
Lease liabilities	5,001	3,598
Financial liabilities	112	2,044
Trade payables and related accrued expenses	235,552	284,881
Tax and employee-related liabilities	32,870	37,937
Deferred income	16,960	18,725
Other liabilities	2,236	2,345
<b>Total current liabilities</b>	<b>304,316</b>	<b>362,268</b>
<b>Total liabilities</b>	<b>351,813</b>	<b>407,143</b>
<b>Total equity and liabilities</b>	<b>134,480</b>	<b>149,110</b>



# Consolidated cash flow (1/2)

In K€	H1 2021	H1 2022
<b>OPERATING ACTIVITIES</b>		
Net loss	(60,673)	(51,944)
Adjustments for:		
- Depreciation and amortization (excluding those related to current assets)	5,206	4,299
- Provisions	3,168	1,257
- Share-based compensation expense	15,695	15,264
- Gains and losses on disposals	1,508	1,223
- Share of Loss of Equity Affiliates (net of dividends distributed)	481	347
- Net debt costs (including interest on lease liabilities)	344	1,144
- Income tax paid	-	171
Changes in working capital:		
- (Increase) / decrease in trade receivables and other assets	(2,269)	(11,555)
- Increase / (decrease) in trade and other liabilities	13,983	47,205
Income tax paid	(17)	(128)
<b>Net cash flows (used in)/from operating activities</b>	<b>(22,574)</b>	<b>7,290</b>
<b>INVESTING ACTIVITIES</b>		
Purchases of property and equipment and intangible assets	(762)	(906)
Purchases of non-current financial assets	(500)	(29)
Proceeds from the disposal of intangible and tangible assets	12	14
Proceeds from the disposal of non-current financial assets	192	12
Impact of changes in the scope of consolidation	(4,973)	(1,097)
<b>Net cash flows (used in)/from investing activities</b>	<b>(6,031)</b>	<b>(2,006)</b>

# Consolidated cash flow (2/2)

In K€	H1 2021	H1 2022
<b>FINANCING ACTIVITIES</b>		
Increase in share capital and share premium (net of costs)	29	1,756
Proceeds from issuance of long-term debt	25,000	422
Repayment of lease liabilities	(3,634)	(2,214)
Principal payments on long-term debt	-	(229)
Net interest paid (including finance leases)	(292)	(1,217)
<b>Net cash flows (used in)/from financing activities</b>	<b>21,103</b>	<b>(1,482)</b>
Effect of foreign exchange rate changes on cash and cash equivalents	220	1,176
<b>Change in net cash position</b>	<b>(7,282)</b>	<b>4,978</b>
Cash and cash equivalents at the beginning of the period	52,440	35,097
Cash and cash equivalents at the end of the period	45,158	40,075
<b>Change in net cash position</b>	<b>(7,282)</b>	<b>4,978</b>