

Full-Year 2022 Results

March 1, 2023

 **deezer**

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2022 Execution of Deezer Strategy

Successful B2C refocus	+14% B2C ARPU	+23% LTV/SAC
Profitable B2B expansion	+12% B2B ARPU	20.6% Adj. Gross Margin (+0.9pt YoY)
Strong revenue growth	+13% Total revenue	All segments and geographies growing double digits
Significant improvement of adj. EBITDA	Adj. EBITDA loss reduced by €18m¹ (-28% YoY)	€9m Investments in Drift / New Verticals
Strong balance sheet	€114m Cash position year end	

Note: See appendix for definition of adjusted metrics.

(1) Excluding investments in New Verticals and Drift.



Initiatives for Further Profitable Growth

New **product** vision

New features launched in 2022
2023 roadmap focused on differentiation and monetization

B2B expansion in new geographies & segments

New partnerships in **US** & **Italy**

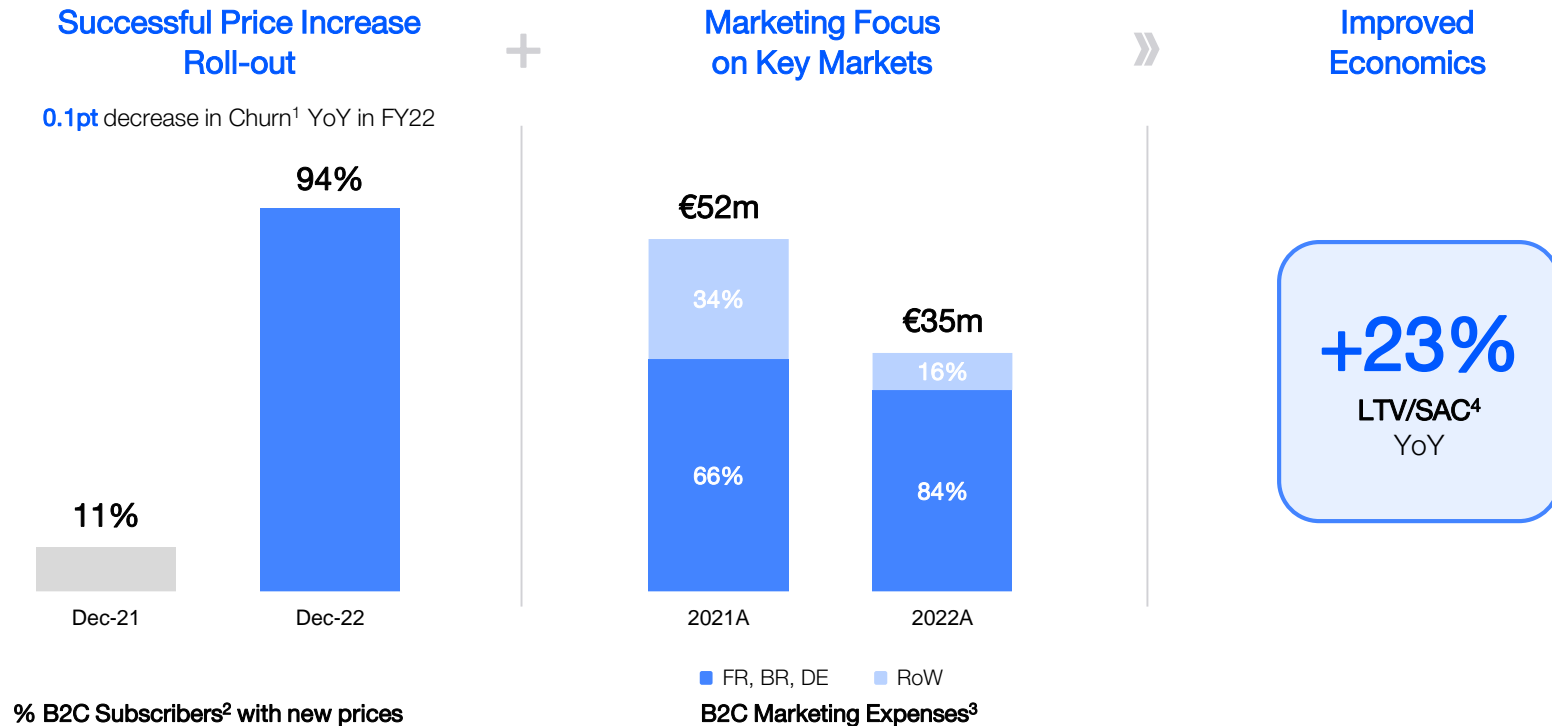
New **Verticals** development

Soft launch of **Zen** in December 2022
Full commercial launch planned for Q2-23

Building a **sustainable** & **inclusive** business

New Board in place with **5 nationalities** & **50% gender balance**

Significant Improvement of B2C Economics



(1) B2C full price subscriber cancellations divided by the average number of B2C full price subscribers. (2) Based on full price subscribers (billing accounts, excluding trials and subaccounts). (3) Excluding royalties for trials and central costs (H-Q).

(4) LTV = 5 year lifetime (x) full-price ARPU (x) B2C Adjusted Gross Margin. SAC = (B2C Marketing + Net trial costs) / New leads.



Driving Differentiation Through Music Experiences

Exclusives



New look Deezer Sessions
recorded in Paris
HQ studio



Unique
formats



Exclusive
music
productions

Live & VoD Experiences



Livestream
major concerts &
performances

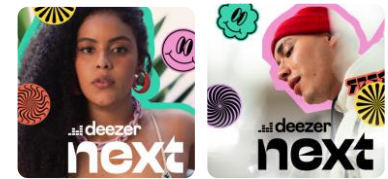
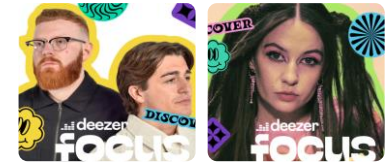


In app VOD



Unique fan
experiences

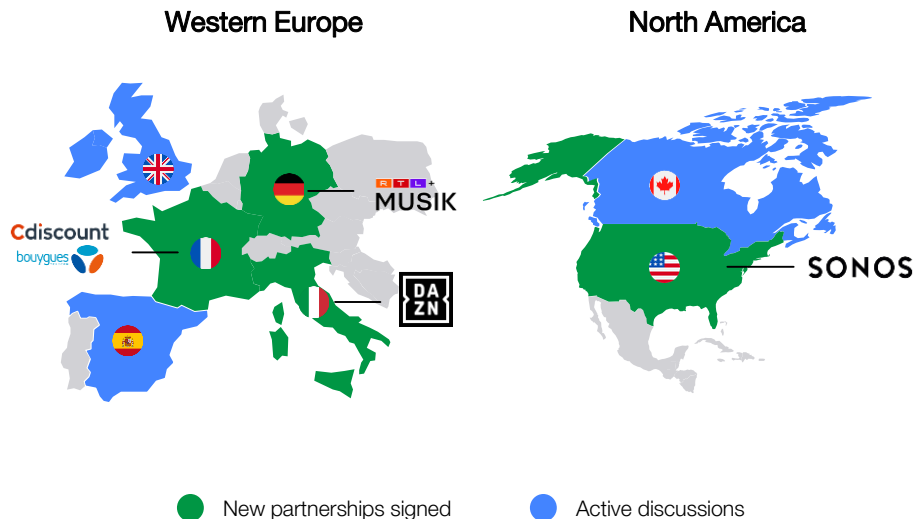
Music Discovery



B2B Expansion in New Markets & Segments

Development across attractive markets and new segments

Supported by differentiated value proposition for partners



Music Streaming

Toolkits (API/SDK) allowing speedy integration to partners platforms ✓

Product evolution to **music experiences** *Ongoing*

Beyond Music Streaming

New Verticals / Zen ✓

Additional monetization opportunities *Ongoing*



Long-Term Partnership with Sonos

SONOS 

Feb-23

Hardware 

” *DEEZER ENTERS LONG-TERM PARTNERSHIP WITH SONOS
TO POWER CONTENT FOR SONOS RADIO WORLDWIDE* ”

1st Major
commercial
partnership with
a **US company**

Highly **recognized**
brand present in
14m households

16 countries
worldwide


Deezer provides
key services for
SONOS Radio
SONOS Radio HD

Deezer to support
expansion of **Sonos**
music experience

Expansion in attractive markets

Targeting new segments

Tailored value proposition

Strategy is Paying Off

B2C

+12%

Revenue
YoY

+14%

ARPU
YoY

B2B

+10%

Revenue
YoY

+12%

ARPU
YoY

+€31m

Group Adj. Gross Profit
after Marketing vs. FY21

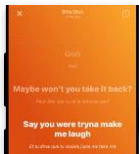
+7pt

% margin vs. FY21

More Differentiation & Monetization to Come

Lyrics translation

Apr-22



+25%

Lyrics display

Humming

Sep-22

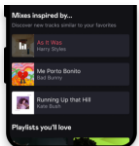


+12%

Songcatcher
penetration rate to
1.1m MAUs

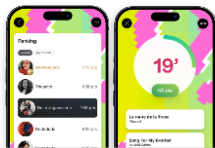
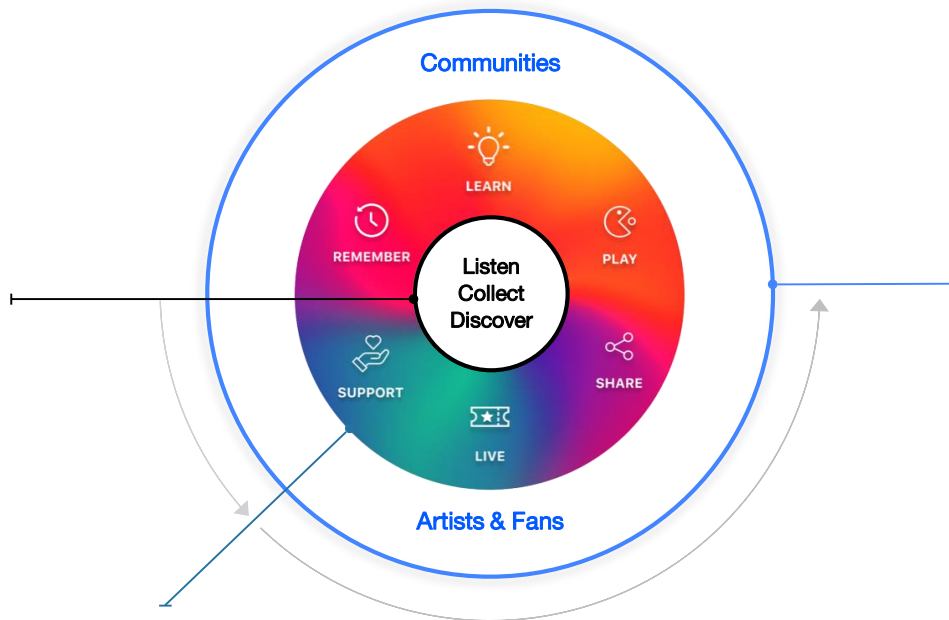
Track mixes

Sep-22



2.5m

WAUs



Music Quiz

Dec-22

>10m

Games played



Livestreaming

Jun-22

~170k Unique viewers

~3x Physical attendance

2023 Priorities

Enable **users** to **live music experiences together**



Enable **artists** to **monetize their content & connect with their fanbase**



Tech Services Launch

AI for Audio

Boost audio with AI and machine learning



Spleeter
Source Separation



Ansync
*Text and audio
synchronization*

Augmented Cataloguing

From metadata enrichment to cluster detection



Radar
Audio Fingerprinting



Augmented Metadata
*Advanced information
on audio files*

Recommendations

Understand user behaviors and recommend



**User journeys
& clusters**
Identify similarities



**Flow wheel &
Automated playlists**
*Personalized
Recommendations*

Standard and customizable tools accessible through APIs

New Verticals to Improve Profitability

First product launched in 2022



First holistic mind & body experience

Exclusive content on sleep, relaxation, personal development, yoga, nutrition, fitness

Largest

catalog in France

+2,000 Proprietary audio
& video **content**

50+

Recognized experts



@MarieRobert



160k



@DelphinePy



180k



@RdvAsmr



400k

<1yr

Development

Soft launch in **Dec-22**

Commercial launch in **Q2-23**

Attractive economics at scale

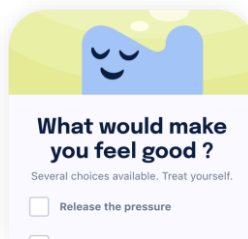
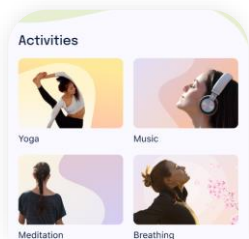
Fixed **one off** content production costs
already incurred

Limited marketing investments

(cross-sell and partnership-based distribution)

Expected **High Gross Margin**

\$5.3bn market size in 2022,
expected to reach **\$20.5bn** in 2029¹



(1) Source: Data Bridge Market Research - Global Meditation Market – Industry Trends and Forecast to 2029



Building a Sustainable & Inclusive Business

Highly skilled, complementary & diversified governance



Iris Knobloch
Chairwoman
Nomination &
Remuneration



Guillaume d'Hauteville
Vice-Chairman
Nomination &
Remuneration



Mari Thjømøe
Independent
Audit



Sophie Guileysse
Independent
Nomination &
Remuneration



Ingrid Bojner
Independent



Valérie Accary
Independent
Nomination &
Remuneration



Mark Simonian
Independent
Audit



Stu Bergen



Matthieu Pigasse
Audit



Hans-Holger Albrecht

5 Nationalities

50% Female Representation
(incl. Chairwoman)

50% Independent

Complementary Expertise

Music

Media

Brand

Tech

Finance

HR

Targeted ESG strategy based on 4 pillars



Environmental Impact



Well-Being



Diversity & Inclusion



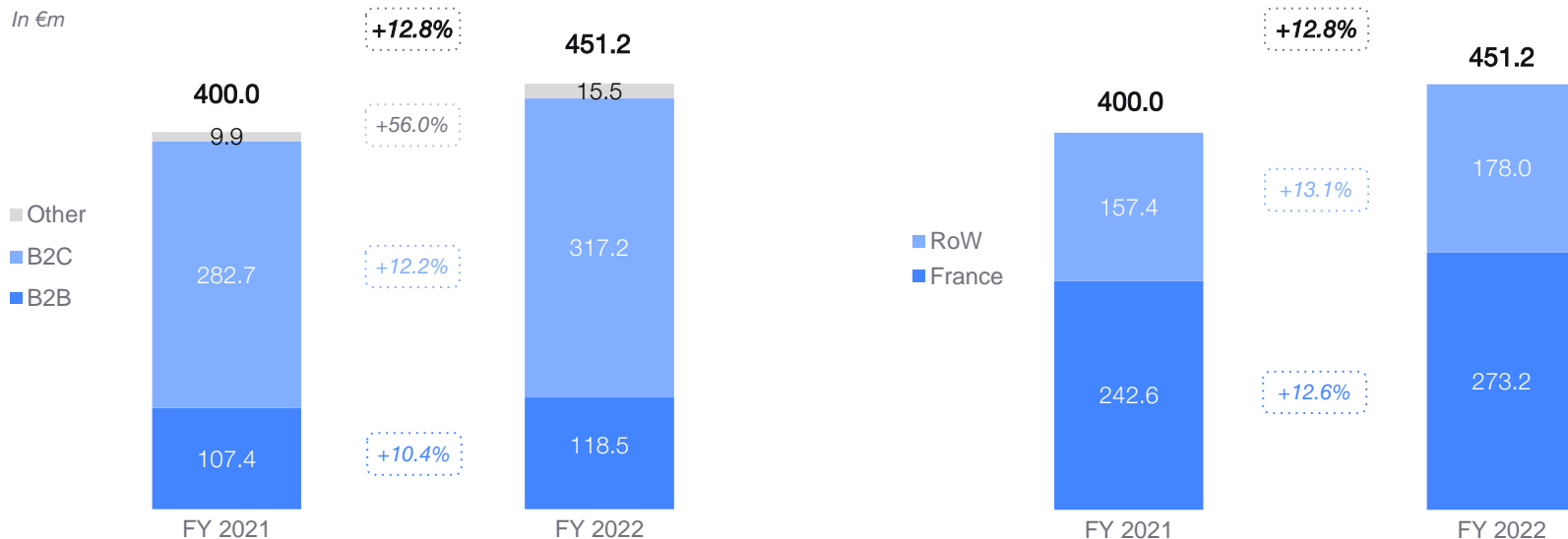
Social Impact Through Music

Full-Year 2022 Financial Review



Double-Digit Revenue Growth across all Segments

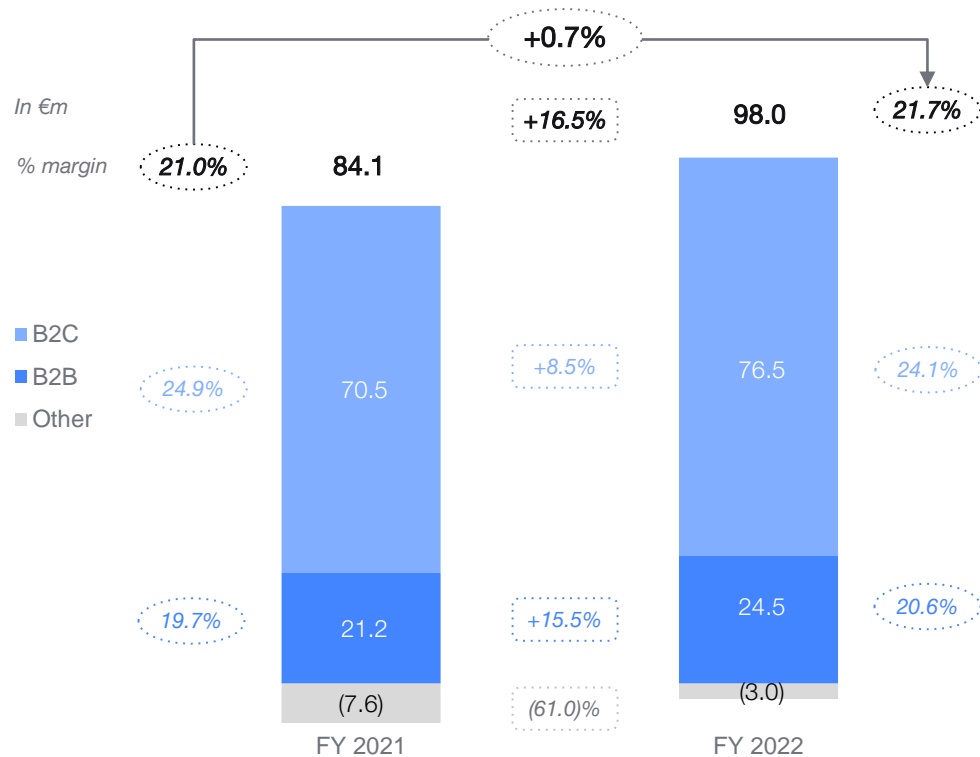
In €m



- **B2C:** Double-digit growth driven by price increases and subscriber growth in France
- **B2B:** Good performance of recent deals in Europe and Brazil and progressive ramp-up of RTL partnership launched in Q3
- **Other:** Includes one-off revenue from a hardware partnership and consolidation of Drift revenue as from Q3 2022

- **France:** Continued B2C subscriber growth and higher ARPU thanks to price increases implemented in H1 2022
- **ROW:** Double-digit ARPU growth and good performance of recent B2B deals more than offsetting lower subscribers due to new focus and exit from Russia in Q1 2022

Adjusted Gross Profit up +16.5% in FY 2022



B2C

- Adj. Gross Profit +8.5% YoY
- Strong revenue growth (+12.2%) partly offset by increased publishing rates

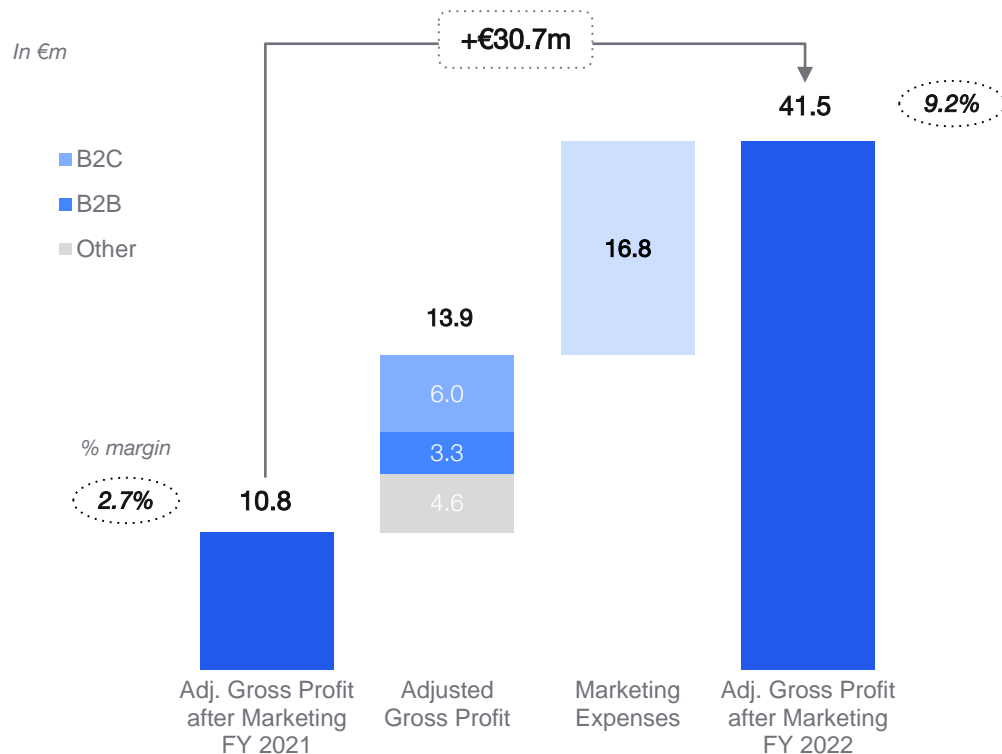
B2B

- Adj. Gross Profit +15.5% YoY
- Double-digit revenue growth (+10.4%) and more favorable customer offer mix

Other

- Reduced loss by €4.6m vs. FY 2021
- Positive impact from free offer shutdown in long-tail countries and one-off revenue from a hardware partnership, partly offset by New Verticals investment

Adj. Gross Profit after Marketing multiplied by ~4x



B2C

- Significant optimization of marketing expenses reflecting refocus on selected key countries
- France, Brazil and Germany representing ~84% of B2C marketing expenses in 2022 (vs. ~66% in 2021)

B2B

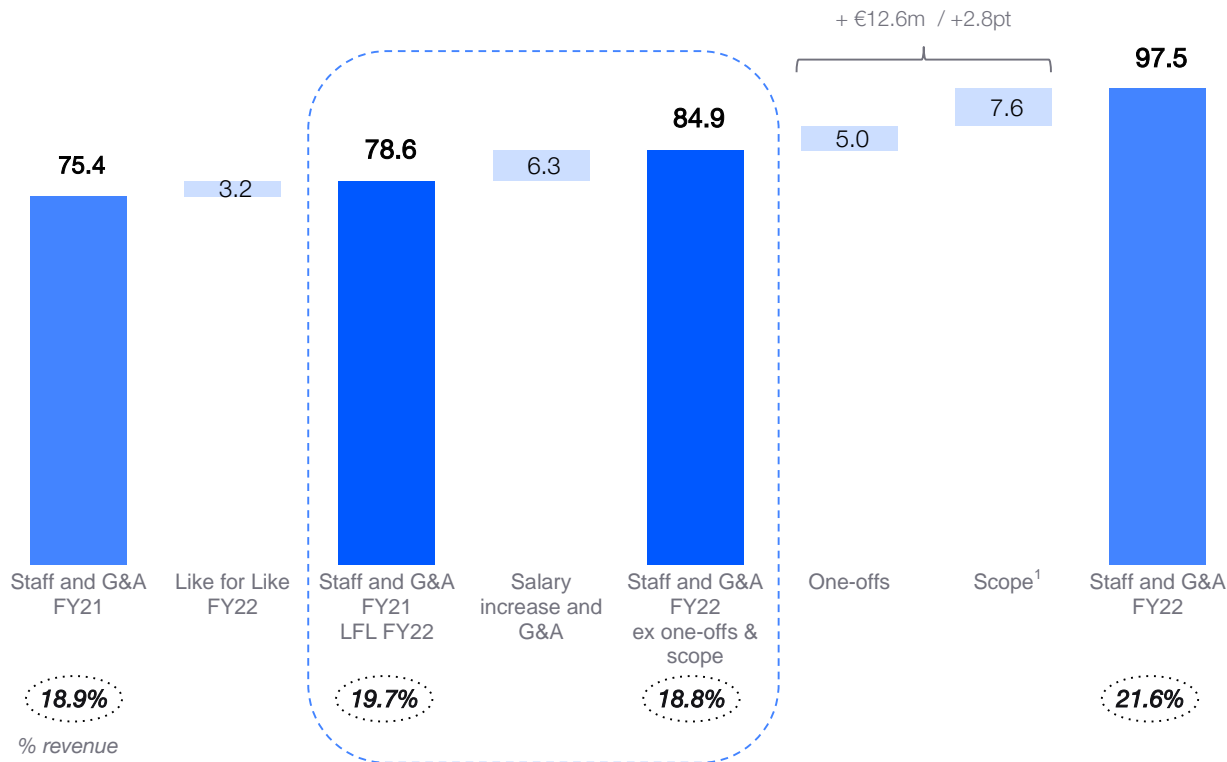
- Reflecting higher Adj. Gross Profit while marketing expenses remained stable

Other

- Improvement of Adj. Gross Profit despite impact of investment in New Verticals

Fixed Costs Impacted by One-Offs and Scope

In €m



Expenses incurred in 2022 not like for like with 2021 level

→ Travel and HQ costs post-COVID

Increased fixed costs

→ Exceptional salary increase implemented in 2022

→ Limited core G&A increase

One-off items impacting fixed costs

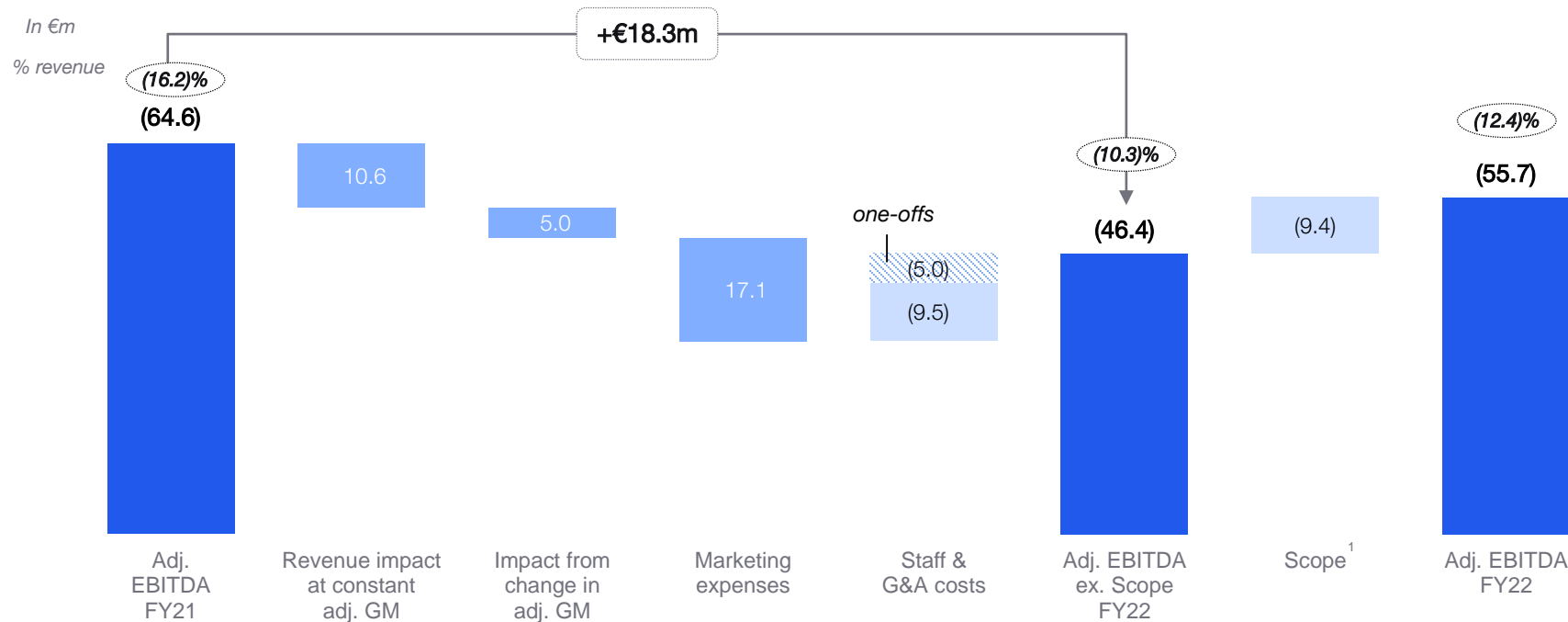
→ Payment of “Primes Macron” and one off provisions

Scope

→ New Verticals investment and Drift consolidation

Significantly Improved Adjusted EBITDA Loss

Driven by revenue increase, margin improvement and marketing efficiencies

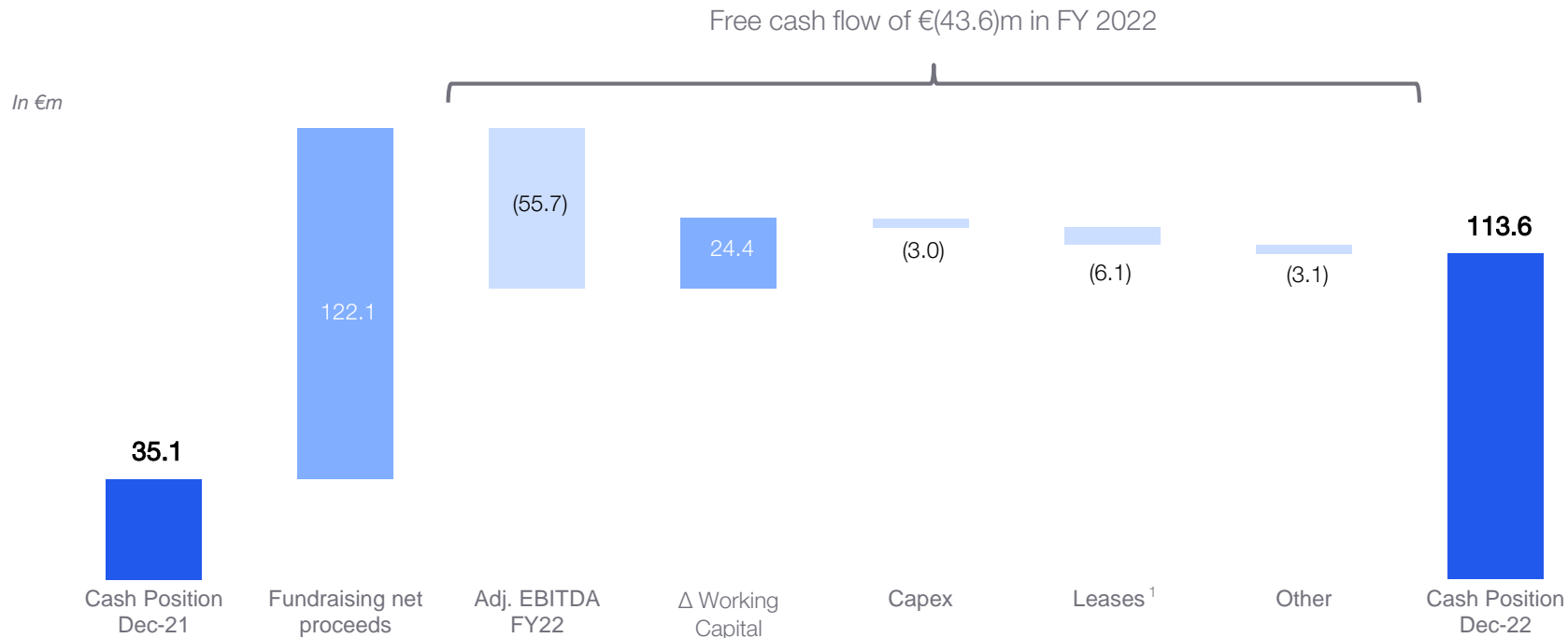


Note: See appendix for definition of adjusted metrics.

(1) Drift and New Verticals.



Strong Cash Position at end-December 2022



Note: See appendix for definition of adjusted metrics.

(1) Incl. Repayment of lease liabilities and Net interest paid (including finance leases).



2023 Priorities and Outlook



2023 Priorities and Outlook

Continued Execution of our Profitable Growth Strategy

| **New feature development** in the product to fuel differentiation and further monetization

| Further **acceleration of profitable B2B expansion** on the back of recently announced partnerships such as Sonos (US), RTL (Germany) and DAZN (Italy)

| Ramp-up of **New Verticals** to reach breakeven as of H2 and drive profitability improvement

| **Strict management of cost base** to keep staff and G&A expenses flat

Outlook



Double-digit revenue growth, in excess of 10% in 2023 compared to 2022

Further **significant reduction in adjusted EBITDA loss** in 2023 compared to 2022

Long-Term Outlook

Positive cash flow¹ in 2024

—

Positive adjusted EBITDA in 2025

—

Double-digit annual **revenue growth** over the period

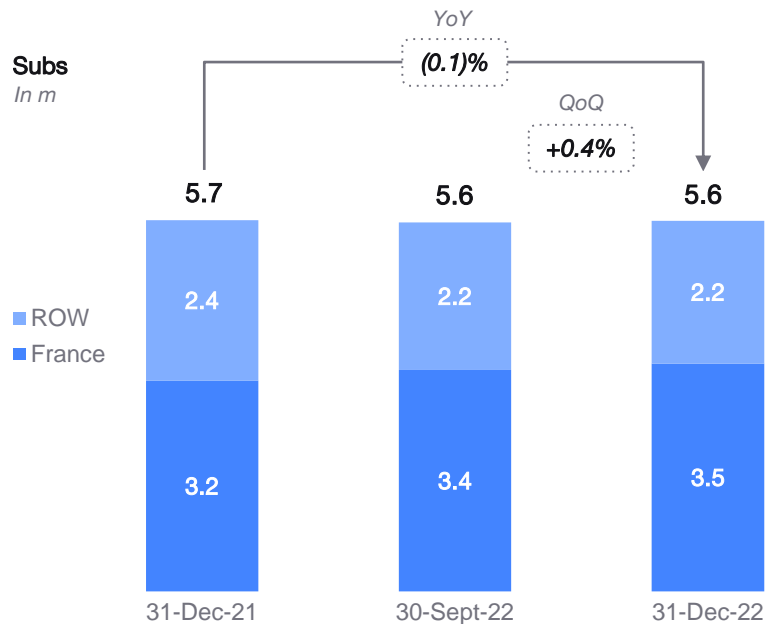
(1) Cash flow pre-funding.



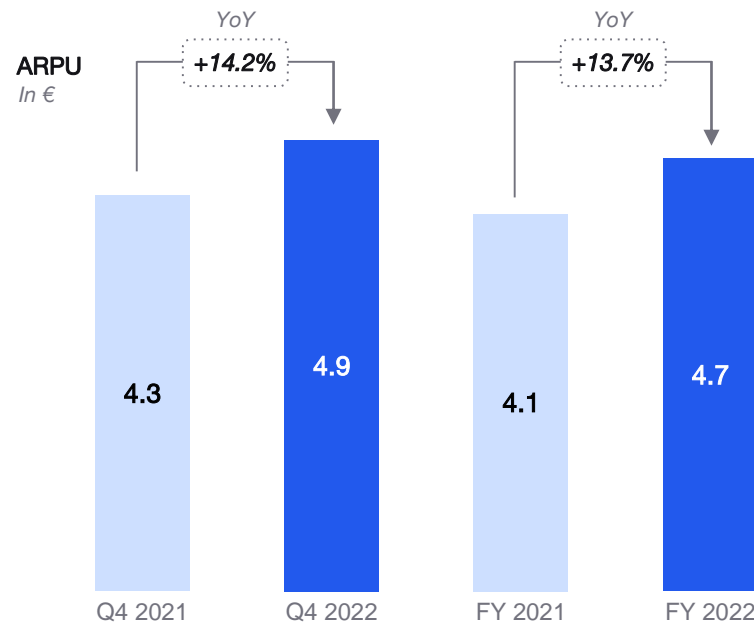
Appendix



Continued B2C Subscriber Growth in France

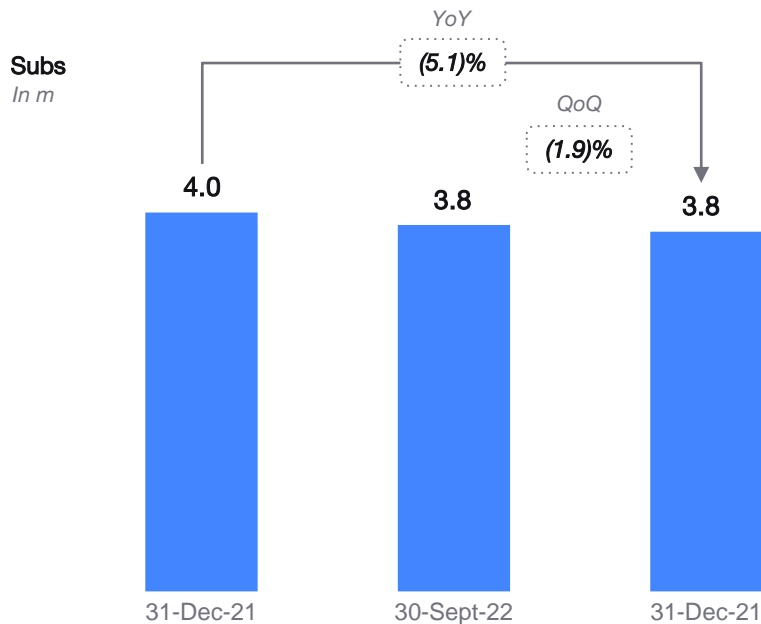


- Stable subscriber base YoY reflecting continued growth in France (+8.1%) which offset a decline in the ROW (-11.0%) due to new focus and exit from Russia at end Q1 2022
- Small subscriber growth vs. end September 2022

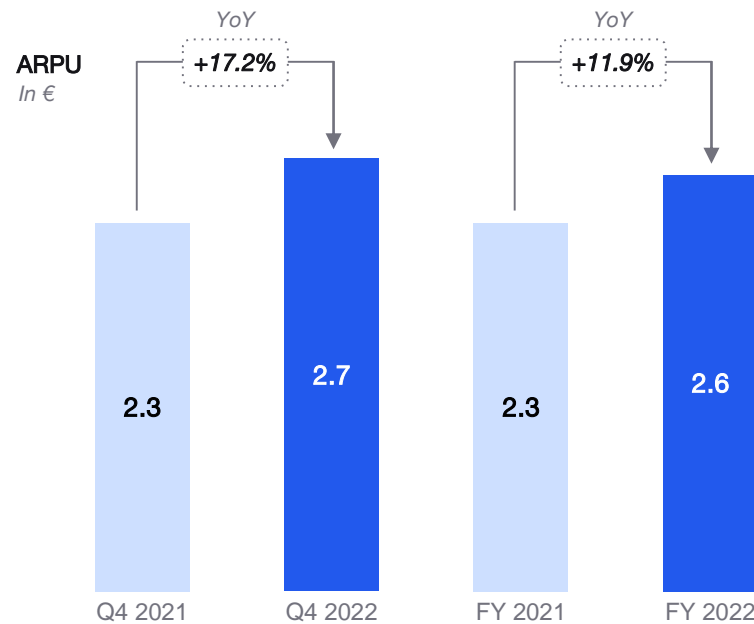


- Double-digit ARPU growth driven by price increases and the positive impact of new focus

Sustained Improvement in B2B ARPU



- Lower subscribers YoY due to a change in customer offer mix
- Small decline of B2B subscriber base vs. end Sept. 2022



- Strong growth in ARPU YoY driven by price increases and improved customer offer mix in the ROW
- Further improvement in B2B ARPU in Q4 2022 vs. 9M 2022

Key Performance Indicators for Q4 2022

In € million	Q4 2022	Q4 2021	Change (%)	Chg. at constant FX (%)
Total revenue	116.6	103.0	+13.2%	+11.3%
B2C	82.4	73.0	+12.8%	+11.7%
B2B	30.4	27.1	+12.3%	+8.4%
Other	3.7	2.8	+31.3%	+27.1%
Total revenue	116.6	103.0	+13.2%	+11.3%
France	71.1	61.8	+15.1%	+15.1%
Rest of World	45.4	41.2	+10.3%	+5.5%

In million	31 December 2022	31 December 2021	Change (%)
Total subscribers	9.4	9.6	(2.2)%
B2C	5.6	5.7	(0.1)%
o/w France	3.5	3.2	+8.1%
o/w Rest of World	2.2	2.4	(11.0)%
B2B	3.8	4.0	(5.1)%

In €	Q4 2022	Q4 2021	Change (%)
Average Revenue Per User	4.1	3.6	+16.0%
B2C	4.9	4.3	+14.2%
B2B	2.7	2.3	+17.2%

Key Performance Indicators for FY 2022

In € million	FY 2022	FY 2021	Change (%)	Chg. at constant FX (%)
Total revenue	451.2	400.0	+12.8%	+10.6%
B2C	317.2	282.7	+12.2%	+10.8%
B2B	118.5	107.4	+10.4%	+6.6%
Other	15.5	9.9	+56.0%	+48.8%
Total revenue	451.2	400.0	+12.8%	+10.6%
France	273.2	242.6	+12.6%	+12.6%
Rest of World	178.0	157.4	+13.1%	+7.6%

In million	31 December 2022	31 December 2021	Change (%)
Total subscribers	9.4	9.6	(2.2)%
B2C	5.6	5.7	(0.1)%
o/w France	3.5	3.2	+8.1%
o/w Rest of World	2.2	2.4	(11.0)%
B2B	3.8	4.0	(5.1)%

In €	FY 2022	FY 2021	Change (%)
Average Revenue Per User	4.0	3.5	+14.3%
B2C	4.7	4.1	+13.7%
B2B	2.6	2.3	+11.9%

Reconciliation of non-IFRS Financial Indicators

In € million	FY 2022	FY 2021
Gross Profit	65.1	48.5
Onerous contract depreciation	-	7.6
License agreements non-recurring expenses	32.9	28.0
Adjusted Gross Profit	98.0	84.1

In € million	FY 2022	FY 2021
Operating loss	(166.7)	(120.6)
Gross profit adjustments	32.9	35.6
Depreciation and amortization	8.7	11.9
Share-based expenses	68.6	10.2
Other non-recurring expenses	0.9	(1.6)
Adjusted EBITDA	(55.7)	(64.6)

In € million	FY 2022	FY 2021
Adjusted EBITDA	(55.7)	(64.6)
Change in working capital requirement	24.4	36.6
Capital expenditure	(3.0)	(2.0)
Leases ¹	(6.1)	(6.3)
Others	(3.1)	(11.1)
Free Cash Flow	(43.6)	(47.5)

(1) Incl. Repayment of lease liabilities and Net interest paid (including finance leases).



Consolidated Income Statement

In K€	FY 2022	FY 2021
Total revenue	451,199	400,019
Cost of revenue	(386,103)	(351,490)
Gross Profit	65,095	48,529
Product and development	(34,025)	(25,620)
Sales and marketing	(75,973)	(94,702)
General and administrative	(121,843)	(48,761)
Operating loss	(166,746)	(120,554)
Finance income	4,319	1,526
Finance costs	(3,685)	(2,304)
Financial result - Net	634	(778)
Loss before income tax	(166,112)	(121,332)
Income tax expense	(997)	(72)
Share of loss of equity affiliates	(1,368)	(1,854)
Net loss for the period	(168,477)	(123,258)
Of which attributable to owners of the parent	(167,702)	(123,258)
Non-controlling interests	(775)	-
Net loss per share attributable to owners of the parent		
Basic	(1.55)	(1.33)
Diluted	(1.55)	(1.33)
Weighted-average ordinary shares		
Basic	108,475,324	92,929,080
Diluted	108,475,324	92,929,080

Consolidated Balance Sheet (1/2)

In K€	31 December 2022	31 December 2021
ASSETS		
Goodwill	15,070	7,487
Intangible assets	524	1,427
Property and equipment	5,881	5,838
Right-of-use assets	21,061	24,663
Investments in equity affiliates	-	5,500
Non-current financial assets	5,440	5,321
Other non-current assets	1,705	2,284
Total non-current assets	49,681	52,520
Trade and other receivables	47,713	33,986
Other current assets	23,051	12,877
Cash and cash equivalents	113,610	35,097
Total current assets	184,374	81,960
Total assets	234,055	134,480

Consolidated Balance Sheet (2/2)

In K€	31 December 2022	31 December 2021
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent	(184,687)	(217,333)
Non-controlling interest reserves	2,866	-
Total equity	(181,821)	(217,333)
Provisions for employee benefits	692	1,043
Lease liabilities	19,040	21,454
Financial liabilities	23,288	25,000
Total non-current liabilities	43,020	47,497
Provisions	16,018	11,585
Lease liabilities	4,060	5,001
Financial liabilities	4,988	112
Trade payables and related accrued expenses	283,373	235,552
Tax and employee-related liabilities	37,990	32,870
Deferred revenue	23,193	16,960
Other liabilities	3,234	2,236
Total current liabilities	372,856	304,316
Total liabilities	415,876	351,813
Total equity and liabilities	234,055	134,480

Consolidated Cash Flow (1/2)

In K€	FY 2022	FY 2021
OPERATING ACTIVITIES		
Net loss	(168,477)	(123,258)
Adjustments for:		
- Depreciation and amortization (excluding those related to current assets)	8,780	11,854
- Provisions	4,649	6,933
- Share-based compensation expense	88,235	32,165
- Gains and losses on disposals	(7,449)	1,493
- Share of Loss of Equity Affiliates (net of dividends distributed)	360	1,854
- Discounting profits and losses	(1,821)	7
- Net debt costs (including interest on lease liabilities)	1,543	631
- Income tax paid	997	72
Changes in working capital:		
- (Increase) / decrease in trade receivables and other assets	(20,711)	(263)
- Increase / (decrease) in trade and other liabilities	45,122	36,925
Income tax paid	(6)	(52)
Net cash flows (used in)/from operating activities	(48,778)	(31,639)
INVESTING ACTIVITIES		
Purchases of property and equipment and intangible assets	(3,053)	(2,054)
Release of the escrow account and other	274,875	(543)
Proceeds from the disposal of intangible and tangible assets	22	28
Proceeds from the disposal of non-current financial assets	12	240
Impact of changes in the scope of consolidation	7,220	(7,297)
Net cash flows (used in)/from investing activities	279,076	(9,626)

Consolidated Cash Flow (2/2)

In K€	FY 2022	FY 2021
FINANCING ACTIVITIES		
Increase in share capital and share premium (net of costs)	105,165	5,125
Repayments on short-term debt	(251,569)	-
Repurchases of ordinary shares	(390)	-
Proceeds from issuance of long-term debt	422	25,000
Repayment of lease liabilities	(4,512)	(5,773)
Net interest paid (including finance leases)	(1,617)	(519)
Net cash flows (used in)/from financing activities	(152,501)	23,833
Effect of foreign exchange rate changes on cash and cash equivalents	716	89
Change in net cash position	78,513	(17,343)
Cash and cash equivalents at the beginning of the period	35,097	52,440
Cash and cash equivalents at the end of the period	113,610	35,097
Change in net cash position	78,513	(17,343)