Half-year financial report
For the six-month period ended June 30, 2023

Deezer S.A.

a French *Société anonyme à conseil d'administration* with share capital of €1,216,372.48
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 of the person responsible for the half-year financial report

I hereby certify that, to the best of my knowledge, the interim condensed consolidated financial statements have been prepared in accordance with the applicable accounting standards and provide a faithful representation of the assets, liabilities, financial position and results of Deezer S.A. and all companies included within its scope of consolidation, and that the interim activity report presents a faithful representation of the significant events that occurred in the first six months of the financial year, their impact on the interim financial statements, and the main related party transactions, and it describes the major risks and uncertainties for the remaining six months of the financial year.

Paris, September 13, 2023

Jeronimo Folgueira

Chief executive officer

II. Interim activity report

1. Half-year activity

1.1. Company information

Deezer S.A. is a French *société anonyme à conseil d'administration* incorporated on May 4, 2021 and registered in France under number 898 969 852 R.C.S. Paris, with its registered office at 24, rue de Calais, 75009 – Paris (the "Company").

The Company used to be a special purpose acquisition company incorporated for the purpose of acquiring one or more operating businesses or companies in the entertainment and leisure sector through a business combination. To this end, the Company raised €275 million on July 15, 2021 through an offer to qualified investors in France and abroad (the "IPO"), and announced on April 18, 2022 a definitive agreement for a business combination with Deezer S.A., a French *société anonyme* registered in France under number 511 716 573 R.C.S Paris and which operates a music streaming service ("Deezer"), whereby Deezer would merge with and into the Company (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 July 5, 2022, the Company announced the completion of the Merger and the admission to trading of 15 000 000 new ordinary shares 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"). As a result, the Company received circa €143 million of cash (€24 million corresponding to the cash raised in the context of the IPO of the Company net of redemption, and €119 million corresponding to the PIPE proceed).

Before the closing of the Merger, the Company had no operating business activity. Following the Merger, the primary business of the Company has changed to encompass Deezer's activities which are presented in detail in section 1.2 "Description of the Company's activities" of the Universal Registration Document of the Company issued on April 28, 2023 (the "2022 URD").

1.2. Significant events during the six-month period ended June 30, 2023

Significant events having occurred during the six-month period ended June 30, 2023 are detailed in Note 1 to the interim condensed consolidated financial statements below.

1.3. Subsequent events

Material events having occurred after the end of the reporting period are detailed in Note 27 to the interim condensed consolidated financial statements below.

2. Operating and financial review

2.1. Key figures

2.1.1. Breakdown of revenue by segment

The table below provides the split of total revenue by segment for the six-month periods ended June 30, 2023 and 2022:

	Six-month period ended June 30,			
(in € millions)	**2023**	**2022**	**Change (%)**	**Chg. at constant FX (%)**
Direct	163.9	155.0	+5.7%	+6.1%
Partnerships	62.4	57.6	+8.5%	+8.2%
Other	6.9	6.8	+0.9%	+0.7%
Total revenue	**233.2**	**219.4**	**+6.3%**	**+6.5%**

2.1.2. Breakdown of revenue by geography

The table below provides the split of total revenue by geography for the six-month periods ended June 30, 2023 and 2022:

	Six-month period ended June 30,			
(in € millions)	**2023**	**2022**	**Change (%)**	**Chg. at constant FX (%)**
France	142.0	132.4	+7.2%	+7.2%
Rest of World	91.3	87.0	+4.8%	+5.3%
Total revenue	**233.2**	**219.4**	**+6.3%**	**+6.5%**

2.1.3. Key performance indicators

The table below provides the split of subscribers by segment as at June 30, 2023 and 2022:

	June 30,		
(in millions)	**2023**	**2022**	**Change (%)**
Direct	5.6	5.6	+0.0%
o/w France	3.6	3.3	+8.8%
o/w Rest of World	2.0	2.3	(12.4)%
Partnerships	3.7	3.8	(4.4)%
Total subscribers	**9.3**	**9.4**	**(1.8)%**

The table below provides the average measure of ARPU on a monthly basis for the six-month periods ended June 30, 2023 and 2022:

	Six-month period ended June 30,		
(in €)	**2023**	**2022**	**Change (%)**
Direct	4.8	4.6	+4.9%
Partnerships	2.8	2.5	+14.9%

2.2. Analysis of consolidated results

2.2.1. Simplified income statement

	Six-month period ended June 30,		
(in € millions)	**2023**	**2022**	**Change (%)**
Total revenue	**233.2**	**219.4**	**+6.3%**
Adjusted gross profit[(1)]	**51.8**	**45.4**	**+14.2%**
In % of total revenue	*22.2%*	*20.7%*	*+1.5pt*
Adjusted EBITDA[(1)]	**(13.1)**	**(24.6)**	**(46.7)%**
In % of total revenue	*(5.6)%*	*(11.2)%*	*+5.6pt*
Operating loss (EBIT)	**(42.5)**	**(52.6)**	**(19.3)%**
In % of total revenue	*(18.2)%*	*(24.0)%*	*+5.8pt*
Net loss	**(38.4)**	**(51.9)**	**(25.9)%**

[(1)] Refer to section 2.4 "Reconciliation of non-IFRS financial indicators".

2.2.2. Consolidated revenue

Consolidated revenue amounted to €233.2 million in the first half of 2023 compared to €219.4 million in the first half of 2022, representing an increase of €13.8 million, or 6.3% (6.5% at constant currency).

This revenue increase mainly reflected a solid Direct performance (+5.7%), especially in France, as well as the ongoing profitable Partnerships expansion (+8.5%).

2.2.2.1. Revenue by segment

Direct revenue amounted to €163.9 million in the first half of 2023 compared to €155.0 million in the first half of 2022, representing an increase of €8.9 million, or 5.7% (6.1% at constant currency).

This revenue increase mainly reflected a continued expansion of the group's subscriber base in France (+8.8%), which allowed for clearly offsetting a decline in the Rest of World (-12.4%) as a result of Deezer's strategy to focus on selected key markets. Direct ARPU also improved year-on-year (+4.9%), driven by a double-digit growth in the Rest of World despite the expected gradual end of the price increase effect implemented in France in January 2022. Direct ARPU in the Rest of World increased on the back of the remaining price increases implemented in the second part last year and the positive impact of the group's refocus on key geographies.

Partnerships revenue amounted to €62.4 million in the first half of 2023 compared to €57.6 million in the first half of 2022, representing an increase of €4.9 million, or 8.5% (8.2% at constant currency).

This revenue increase mainly reflected a good performance of new and existing deals with large Telecom operators in France and Brazil and the progressive ramp ups of the RTL partnership launched in Q3 2022 and the Sonos partnership launched in Q2 2023.

Other revenue, which is made up of advertising and ancillary revenue, amounted to €6.9 million in the first half of 2023 compared to €6.8 million in the first half of 2022, representing a slight increase of 0.9% (0.7% at constant currency).

This slight revenue increase mainly reflected the progressive ramp up of the Sonos Radio partnership launched in Q2 2023 offset by the like-for-like impact of a one-off revenue from a hardware company partnership booked in the first half of 2022.

2.2.2.2. Revenue by geography

In France, revenue amounted to €142.0 million in the first half of 2023 compared to €132.4 million in the first half of 2022, representing an increase of €9.6 million, or 7.2%.

This revenue increase mainly reflected a continued expansion of Deezer's Direct subscriber base (+8.8%).

In the Rest of World, revenue amounted to €91.3 million in the first half of 2023 compared to €87.0 million in the first half of 2022, representing an increase of €4.2 million, or 4.8% (5.3% at constant currency).

This revenue increase mainly reflected a double-digit growth in ARPU that more than offset the decline of the subscriber base resulting from the group's strategy to focus on selected key markets where the unit economics are more attractive for Deezer.

2.2.2.3. Subscriber base

The group's total number of subscribers was 9.3 million as at June 30, 2023 compared to 9.4 million as at June 30, 2022, representing a decrease of (1.8)%. This change mainly reflected the continued growth of the Direct subscriber base in France which allowed to partly offset a subscriber decline recorded in the Rest of World.

In Direct, the group's number of subscribers was 5.6 million as at June 30, 2023 at par with that of June 30, 2022, reflecting our strategy to concentrate in France.

In France, the Direct subscriber base remained at a strong level of 3.6 million at end June 2023 (+8.8%).

In the Rest of World, the number of Direct subscribers declined to 2.0 million at end June 2023 (-12.4%) as the group's strategy to focus on selected key markets led to a significant reduction of unprofitable spend, thus impacting new Direct subscriber acquisitions throughout 2022 and the first half of 2023.

In Partnerships, the group's number of subscribers was 3.7 million as at June 30, 2023 compared to 3.8 million as at June 30, 2022, representing a decrease of (4.4)%. This change mainly reflected a decline of the subscriber base in the Rest of World, driven by a legacy hard-bundled offer in Brazil not included anymore for new customers, with limited impact on revenue - given low ARPU - that more than offset the increase in subscriber base elsewhere.

2.2.2.4. ARPU

The group's ARPU stood at €4.2 in the first half of 2023 compared to €3.9 in the first half of 2022, representing an increase of 8.3%.

This change reflected growth across both Direct (+4.9%) and Partnerships (+14.9%) segments, underscoring the relevance and successful execution of the group's strategy to improve business economics.

2.2.2. Cost of revenue

The cost of revenue, which mainly includes costs related to licensing rights, costs related to hosting infrastructure servers, network bandwidth costs and commissions charged by sales platforms and payment service providers, amounted to €205.3 million in the first half of 2023 compared to €190.3 million in the first half of 2022, representing an increase of €14.9 million. This change mainly reflected the higher level of activity.

Deezer management uses adjusted cost of revenue as described in section 2.4 "Reconciliation of non-IFRS financial indicators".

On an adjusted basis, the cost of revenue amounted to €181.4 million in the first half of 2023 compared to €174.1 million in the first half of 2022, representing an increase of €7.3 million, or 4.2%.

2.2.3. Adjusted gross profit and gross profit

	Six-month period ended June 30,		
(in € millions)	**2023**	**2022**	**Change (%)**
Adjusted gross profit	**51.8**	**45.4**	**+14.2%**
In % of total revenue	*22.2%*	*20.7%*	*+1.5pt*
o/w Direct	38.9	37.1	+5.0%
In % of Direct revenue	*23.8%*	*23.9%*	*(0.2)pt*
o/w Partnerships	13.0	11.8	+10.2%
In % of Partnerships revenue	*20.9%*	*20.6%*	*+0.3pt*
o/w Other	(0.2)	(3.5)	(95.5)%

Adjusted gross profit amounted to €51.8 million in the first half of 2023 compared to €45.4 million in the first half of 2022, representing an increase of €6.4 million, or 14.2%.

This change mainly reflected a higher level of activity and the positive impact of the shutdown of the group's freemium service in some countries.

As a result, adjusted gross profit margin increased from 20.7% in the first half of 2022 to 22.2% in the first half of 2023.

Direct adjusted gross profit amounted to €38.9 million in the first half of 2023 compared to €37.1 million in the first half of 2022, representing an increase of €1.9 million, or 5.0%.

This change mainly reflected Direct revenue growth, partly offset by increased publishing rates and more subs with discounted offers. As a result, Direct adjusted gross profit margin decreased from 23.9% in the first half of 2022 to 23.8% in the first half of 2023.

Partnerships adjusted gross profit amounted to €13.0 million in the first half of 2023 compared to €11.8 million in the first half of 2022, representing an increase of €1.2 million, or 10.2%.

This change mainly reflected a higher level of activity and more favorable Partnerships customer offer mix offset by increased publishing rates. As a result, Partnerships adjusted gross profit margin increased from 20.6% in the first half of 2022 to 20.9% in the first half of 2023.

Adjusted gross profit of the Other segment amounted to €(0.2) million in the first half of 2023 compared to €(3.5) million in the first half of 2022, representing an improvement of €3.4 million.

This change mainly reflected the positive impact of the shutdown of the group's loss-making freemium service in long-tail countries.

Gross profit amounted to €27.9 million in the first half of 2023 compared to €29.1 million in the first half of 2022, representing a decrease of €1.1 million, or 3.9%.

This change mainly reflected a higher level of non-recurring charges included in adjusted items.

Adjusted items amounted to €23.9 million in the first half of 2023 compared to €16.3 million in the first half of 2022, representing an increase of €7.6 million.
In 2023, the group incurred €23.9 million of other non-recurring charges related to the licensing agreements signed with music labels between the end of 2020 and the beginning of 2021 which include an exceptional allocation of subscription warrants. The other non-recurring charges reflect the valuation of these warrants in accordance with IFRS 2, as well the group's best estimate of the risk of having to pay music labels an additional amount to meet the guaranteed minimums specified in the contracts.

2.2.4. Product and development expenses

Product and development expenses amounted to €18.3 million in the first half of 2023 compared to €15.2 million in the first half of 2022, representing an increase of €3.1 million, or 20.4%.

Employee costs increased by €2.2 million due to higher headcount and increased average compensation, while external expenses decreased by €0.1 million. The amortization charge was higher by €1.0 million.

2.2.5. Sales and marketing expenses

Sales and marketing expenses amounted to €27.0 million in the first half of 2023 compared to €35.6 million in the first half of 2022, representing a decrease of €8.6 million, or 24.1%.

Marketing costs decreased by €8.9 million to €16.8 million as a result of the group's strategy to focus on selected key markets, which led to a significant reduction of spending in non-core markets. External expenses decreased by €0.1 million, while employee costs grew by €1.2 million mainly due to higher headcount. The amortization charge was lower by €0.7 million.

2.2.6. General and administrative expenses

General and administrative expenses amounted to €25.0 million in the first half of 2023 compared to €30.9 million in the first half of 2022, representing a decrease of €5.9 million, or 19.0%.

Employee costs decreased by €3.5 million mostly due to lower share-based expenses. External expenses decreased by €2.5 million due to costs incurred in the first half of 2022 for the business combination of Deezer S.A. with I2PO S.A. and a positive effect of a non-recurring provision.

2.2.7. Adjusted EBITDA

Adjusted EBITDA amounted to €(13.1) million in the first half of 2023 compared to €(24.6) million in the first half of 2022, representing an improvement of €11.5 million.

This change mainly reflected higher adjusted gross profit and lower marketing expenses as a result of the group's strategy to focus on selected key markets, partly offset by higher and general & administrative expenses.

As a result, adjusted EBITDA margin increased from (11.2)% in the first half of 2022 to (5.6)% in the first half of 2023.

2.2.8. Operating loss (EBIT)

Operating loss amounted to €42.5 million in the first half of 2023 compared to an operating loss of €52.6 million in the first half of 2022, representing an increase of €10.2 million.

This change mainly reflected increased gross profit and lower operating costs. Operating margin increased from (24.0)% in the first half of 2022 to (18.2)% in the first half of 2023.

2.2.9. Financial result

Finance income amounted to €5.3 million in the first half of 2023 compared to €4.3 million in the first half of 2022, representing an increase of €1.0 million. Finance costs amounted to €1.2 million in the first half of 2023 compared to €1.9 million in the first half of 2022, representing a decrease of €0.7 million.

This change mainly reflected the recognition of €2.5 million fair value adjustment of financial liabilities related to market warrants (A and B BSARs[1]), which were issued by I2PO S.A. concomitantly to the group's Merger in July 2022.

2.2.10. Income tax

Income tax expense amounted to €0.1 million in the first half of 2023 compared to an income tax expense €0.2 million in the first half of 2022.

2.2.11. Equity affiliates

There was no share of profit/loss of equity affiliates in the first half of 2023 compared to a share of loss of €1.5 million in the first half of 2022.

This change mainly reflected the consolidation under the equity method of Dreamstage Inc. until May 24, 2022 and of Driift Holdings Limited until September 29, 2022 (both being fully consolidated since these dates respectively).

[1] Bon de Souscription d'Actions Remboursables (redeemable stock warrant)

2.2.12. Net loss

Net loss amounted to €38.4 million in the first half of 2023 compared to a net loss of €51.9 million in the first half of 2022, representing an increase of €13.5 million.

This change mainly reflected an improved operating loss.

2.3. Cash flows and financial resources

2.3.1. Consolidated cash flows

The following table provides a summary of the cash flows for the six-month periods ended June 30, 2023 and 2022:

	Six-month period ended June 30,	
(in € millions)	**2023**	**2022**
Net cash flows (used in)/from operating activities	(17.8)	7.3
Net cash flows (used in) investing activities	(1.2)	(2.0)
Net cash flows (used in) financing activities	(4.2)	(1.5)

2.3.1.1. Operating activities

Net cash flows used in operating activities amounted to €17.8 million in the first half of 2023 compared to net cash flows from operating activities of €7.3 million in the first half of 2022, representing a decrease of €25.1 million.

This change mainly reflected the improved adjusted EBITDA loss, offset by lower generation of working capital compared to the first half of 2022.

In the first half of 2023, the group's operating activities mainly reflected a net loss of €38.4 million, or €24.7 million excluding non-cash charges, partly offset by a positive change in working capital of €7.7 million.

In the first half of 2022, the group's operating activities mainly reflected a net loss of €51.9 million, or €28.2 million excluding non-cash charges, more than offset by a positive change in working capital of €35.7 million.

2.3.1.2. Investing activities

Net cash flows used in investing activities amounted to €1.2 million in the first half of 2023 compared to net cash flows used in investing activities of €2.0 million in the first half of 2022, representing an increase of €0.1 million.

In the first half of 2023, the group's investing activities mainly reflected purchases of property and equipment and intangible assets for €1.1 million.

In the first half of 2022, the group's investing activities mainly reflected the subscription to share capital increase of Dreamstage Inc. for €1.1 million and purchases of property and equipment and intangible assets for €0.9 million.

2.3.1.3. Financing activities

Net cash flows used in financing activities amounted to €4.2 million in the first half of 2023 compared to net cash flows used in investing activities of €1.5 million in the first half of 2022, representing a decrease of €2.7 million.

In the first half of 2023, the group's financing activities mainly reflected the beginning of the reimbursement of its three state-guaranteed loans for €2 million, as well as the payment of leases for €3.1 million.

In the first half of 2022, the group's financing activities mainly reflected the payment of leases for €3.4 million.

2.3.2. Free cash flow

The following table provides the free cash flow for the six-month periods ended June 30, 2023 and 2022:

	Six-month period ended June 30,	
(in € millions)	**2023**	**2022**
Adjusted EBITDA	**(13.1)**	**(24.6)**
Change in working capital requirement	7.7	35.7
Capital expenditure	(1.1)	(0.9)
Leases[2]	(3.1)	(3.4)
Others	(12.0)	(3.8)
Free cash flow	**(21.6)**	**3.0**

In the first half of 2023, the group recorded a negative free cash flow of €21.6 million compared to a positive free cash flow of €3.0 million in the first half of 2022, representing a decrease of €24.6 million.

This change mainly reflected a reduction of adjusted EBITDA loss, more than offset by a lower generation of working capital as compared to the first half of 2022. In the first half of 2022, the Company benefited from a one-time delay in sums owed to some rights holders which led to significant working capital generation. These sums were repaid with the IPO proceeds in July 2022. Other cash items included the impact of tax regularizations in the first half of 2023.

2.3.3. Net cash

	Six-month period ended June 30,	
(in € millions)	**2023**	**2022**
Cash and cash equivalents	90.9	40.1
Financial debt	(24.5)	(25.5)
Net cash	**66.4**	**14.6**

Cash and cash equivalents amounted to €90.9 million as at June 30, 2023 compared to €40.1 million as at June 30, 2022, representing an increase of €50.8 million.

This change mainly reflected the funds raised in July 2022 to execute on its business plan until 2025.

Financial debt amounted to €24.5 million as at June 30, 2023 compared to €25.5 million as at June 30, 2022, representing a decrease of €1 million.

As a result, the group's net cash amounted to €66.4 million as at June 30, 2023 compared to €14.6 million as at June 30, 2022, representing an increase of €51.8 million.

[2] Including repayment of lease liabilities and net interest paid (including finance leases).

2.4. Reconciliation of non-IFRS financial indicators

2.4.1. Adjusted gross profit

Adjusted gross profit corresponds to the gross profit (revenue less cost of revenue) excluding non-recurring expenses related to license agreements such as costs relating to equity warrants and unused minimum guarantees. The group excludes non-recurring items from its adjusted gross profit to allow management to more accurately evaluate the gross profit period.

The table below illustrates the reconciliation between gross profit and adjusted gross profit for the six-month periods ended June 30, 2023 and 2022:

	Six-month period ended June 30,	
(in € millions)	**2023**	**2022**
Gross profit	**27.9**	**29.1**
License agreements non-recurring expenses	23.9	16.3
Adjusted gross profit	**51.8**	**45.4**

2.4.2. Adjusted EBITDA

Adjusted EBITDA corresponds to the operating income/(loss) adjusted by the non-recurring expenses excluded and presented above in section 2.4.1 "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 provisions. Management excludes such non-cash items as it believes that they do not reflect the group's current operating performance.

The table below illustrates the reconciliation between operating loss and adjusted EBITDA for the six-month periods ended June 30, 2023 and 2022:

	Six-month period ended June 30,	
(in € millions)	**2023**	**2022**
Operating loss	**(42.5)**	**(52.6)**
Gross profit adjustments	23.9	16.3
Depreciation and amortization	4.7	4.3
Share-based expenses	1.9	4.9
Other non-recurring provisions	1.2	2.5
Adjusted EBITDA	**(13.1)**	**(24.6)**

2.5. 2023 priorities and outlook

In line with its strategy and medium-term outlook, the Group will continue to prioritize profitability while targeting revenue growth from Partnerships and Direct subscriptions in selected key markets.

The Group expects revenue growth to accelerate in H2 2023 vs. H1 2023, benefiting from the contribution of recent Partnerships and new sources of revenue, and targets to achieve 7 to 10% revenue growth for FY 2023 vs. FY 2022. This compares to a previous expectation of revenue growth in excess of 10% for FY 2023, as a consequence of the gradual build-up of those Partnerships and new Verticals.

The Group also expects another significant reduction in adjusted EBITDA loss in H2 2023, compared to H2 2022, reflecting accelerated revenue growth and continued strict cost control.

Given its continued focus on profitable growth and the strong profitability improvements achieved in H1 2023, Deezer confirms it remains on a path to generate a positive cash flow in 2024 and achieve a positive adjusted EBITDA in 2025, while delivering double-digit average yearly revenue growth over the 2023 to 2025 period.

3. Major risks and uncertainties

The main risks and uncertainties to which the Company believes it is exposed as of the date hereof are in line with those identified and specified in section 2 “Risk factors and risk management” of the 2022 URD.

4. Main transaction with related parties

Unless otherwise further described below, the main related-party transactions are presented in detail in sections 4.3.2 “Agreements entered into under normal conditions in the ordinary course of business” and 4.3.3 “Regulated agreements and other agreements” of the 2022 URD.

The consulting agreement presented in section 4.3.3.2.2 “Consulting agreement entered into by the Company after the Merger” of the 2022 URD (entered into by and between the Company and Dirgni Development AB, acting as consultant, on March 29, 2023) aims at promoting the strategic development of the Company’s business. The agreement came into force on March 1, 2023 and terminated on June 30, 2023.

The coordinated sale agreement presented in section 8.6.3 “Material contracts signed in 2023” of the 2022 URD (entered into by and between the Company and its major shareholders, on March 31, 2023) aims at coordinating any sale of the Company’s shares owned by its major shareholders on the market, following the expiry of their lock-up undertaking (see further details in section 4.3.3.3.2 “Lock-up undertakings” of the 2022 URD), by centralizing their share transfers through the same sale agent. The purpose of this coordinated sale agreement, which covers approximately 75% of the existing share capital of the Company, is to limit the risk of unorderly sales on the market until April 5, 2024.

III. Consolidated financial statements

1. Interim condensed consolidated financial statements

1.1 Interim condensed consolidated income statements

(in thousands of euros)		**Six months ended June 30,**	
	Note	**2023**	**2022**
Revenue	*5*	233 214	219 416
Cost of revenue	*5*	(205 271)	(190 331)
Gross Profit		**27 943**	**29 085**
Product and development	*6.1*	(18 337)	(15 225)
Sales and marketing	*6.1*	(27 030)	(35 603)
General and administrative	*6.1*	(25 035)	(30 892)
Operating loss		**(42 459)**	**(52 635)**
Finance income		5 344	4 342
Finance costs		(1 179)	(1 896)
Financial result - Net	*7*	4 166	2 446
Loss before income tax		**(38 294)**	**(50 189)**
Income tax expense	*8*	(144)	(171)
Share of loss of equity affiliates	*13*	0	(1 584)
Net loss for the period		**(38 438)**	**(51 944)**
Of which attributable to owners of the parent		*(37 617)*	*(51 904)*
Of which attributable to non-controlling interests		*(821)*	*(40)*

		Six months ended June 30,	
	Note	**2023**	**2022 -** *Restated*
Net loss per share attributable to owners of the parent			
Basic	*9*	(0,35)	(0,55)
Diluted	*9*	(0,35)	(0,55)
Weighted-average ordinary shares			
Basic		108 765 996	94 551 095
Diluted	*9*	108 765 996	94 551 095

The accompanying notes form an integral part of these condensed consolidated financial statements

1.2 Interim condensed consolidated statements of comprehensive loss

	Note	Six months ended June 30, 2023	2022
Net loss for the year		(38 438)	(51 944)
Other comprehensive income/(loss):			
Items that may be subsequently reclassified to consolidated statement of operations (net of tax):			
Currency translation adjustments		(2 485)	(4 990)
Items not to be subsequently reclassified to consolidated statement of operations (net of tax):			
Actuarial gains and losses on defined benefit plans	*25*	0	406
Other comprehensive income/(loss) (net of tax)		**(2 485)**	**(4 584)**
Total comprehensive loss for the year		**(40 923)**	**(56 528)**
Of which attributable to owners of the parent		*(40 132)*	*(56 488)*
Of which attributable to non-controlling interests		*(791)*	*(40)*

The accompanying notes form an integral part of these financial statements

1.3 Interim condensed consolidated statements of financial position

(in thousands of euros)	Note	June 30, 2023	December 31, 2022
Assets			
Non-current assets			
Goodwill	*10*	15 176	15 070
Intangible assets	*10*	311	524
Property and equipment	*11*	5 521	5 881
Right-of-use assets	*12*	19 285	21 061
Investments in equity affiliates	*13*	-	-
Non-current financial assets	*14*	5 369	5 440
Other non-current assets	*15*	3 701	1 705
Total non-current assets		**49 363**	**49 681**
Current assets			
Trade and other receivables	*16*	51 912	47 713
Other current assets	*17*	42 119	23 051
Cash and cash equivalents	*24*	90 868	113 610
Total current assets		**184 899**	**184 375**
Total assets		**234 262**	**234 056**
Equity and liabilities			
Equity			
Share capital	*18*	1 216	1 211
Share premium	*18*	483 789	483 976
Treasury shares		(227)	(320)
Consolidated reserves		(660 671)	(501 852)
Net loss		(37 617)	(167 702)
Equity attribuable to owners of the parent		**(213 510)**	**(184 687)**
Non-controlling interest reserves		2 636	2 866
TOTAL EQUITY		**(210 874)**	**(181 821)**
Non-current liabilities			
Provision for employee benefits	*25*	788	692
Lease liabilities	*12*	17 608	19 040
Financial liabilities	*26*	24 483	23 288
Total non-current liabilities		**42 879**	**43 020**
Current liabilities			
Provisions for risks	*20*	15 001	16 018
Lease liabilities	*12*	4 159	4 060
Financial liabilities		-	4 988
Trade payables and related accrued expenses	*21*	317 189	283 373
Tax and employee-related liabilities	*22*	38 896	37 990
Deferred income		24 574	23 193
Other liabilities	*23*	2 438	3 234
Total current liabilities		**402 256**	**372 856**
Total liabilities		**445 136**	**415 876**
Total equity and liabilities		**234 262**	**234 056**

The accompanying notes form an integral part of these financial statements

1.4 Interim condensed consolidated statements of changes in shareholders' equity

	Note	Number of shares	Share capital	Share premium	Treasury shares	Consolidated reserves	Net loss	Total shareholders' equity - Group share	Non-controlling interests	Total shareholders' equity
Balance at January 1, 2022 - ***Restated***	*18*	**94 386 129**	**944**	**368 471**	**-**	**(463 490)**	**(123 258)**	**(217 333)**	**-**	**(217 333)**
Net loss							(51 904)	**(51 904)**	(40)	**(51 944)**
Other comprehensive income						(4 990)		**(4 990)**	(2)	**(4 992)**
Appropriation of prior year net loss						(123 258)	123 258	**-**		**-**
Issuance of ordinary shares granted to employees	*18, 19*	415 714	4	(4)				**-**		**-**
Share-based payments						15 264		**15 264**		**15 264**
Actuarial gains and losses on defined benefit plans						406		**406**		**406**
Changes in the scope of consolidation						587		**587**		**587**
Other						(16)		**(16)**	(5)	**(21)**
Balance at June 30, 2022 - ***Restated***	*18*	**94 801 843**	**948**	**368 467**	**-**	**(575 497)**	**(51 904)**	**(257 986)**	**(48)**	**(258 033)**
Balance at January 1, 2023	*18*	**121 087 670**	**1 211**	**483 976**	**(320)**	**(501 852)**	**(167 702)**	**(184 688)**	**2 866**	**(181 821)**
Net loss							(37 617)	**(37 617)**	(820)	**(38 437)**
Other comprehensive income						(2 515)		**(2 515)**	30	**(2 485)**
Appropriation of prior year net loss						(167 702)	167 702	**-**		**-**
Issuance of ordinary shares granted to employees	*18, 19*	549 578	5	(187)				**(181)**		**(181)**
Issuance of warrants	*19*							**-**		**-**
Treasury shares					93			**93**		**93**
Share-based payments						11 822		**11 822**		**11 822**
Actuarial gains and losses on defined benefit plans								**-**		**-**
Changes in the scope of consolidation						(41)		**(41)**	(41)	**(81)**
Other						(383)		**(383)**	601	**218**
Balance at June 30, 2023		**121 637 248**	**1 216**	**483 789**	**(227)**	**(660 671)**	**(37 617)**	**(213 510)**	**2 636**	**(210 874)**

The accompanying notes form an integral part of these financial statements

1.5 Interim condensed consolidated statements of cash flows

		Six months ended June 30,	
	Note	**2023**	**2022**
Operating activities			
Net loss		**(38 437)**	**(51 944)**
Adjustments for:			
- Depreciation and amortization (excluding those related to current assets)	*10,11,12*	4 701	4 299
- Provisions	*20*	(934)	1 257
- Share-based compensation expense	*19*	11 822	15 264
- Gains and losses on disposals	*13*	-	1 223
- Share of Loss of Equity Affiliates (net of dividends distributed)	*13*	-	347
- Discounting profits and losses	*7*	(2 521)	7
- Net debt costs (including interest on lease liabilities)	*7*	528	1 144
- Income tax paid	*8*	144	171
Changes in working capital:			
- (Increase) / decrease in trade receivables and other assets		(24 118)	(11 555)
- Increase / (decrease) in trade and other liabilities		31 823	47 205
Income tax paid		(844)	(128)
Net cash flows from operating activities		**(17 837)**	**7 290**
Investing activities:			
Purchases of property and equipment and intangible assets	*10,11*	(1 160)	(906)
Release of the escrow account and Other	*14*	-	(29)
Proceeds from the disposal of intangible and tangible assets		-	14
Proceeds from the disposal of non-current financial assets	*14*	71	12
Impact of changes in the scope of consolidation	*1*	(129)	(1 097)
Net cash flows used in investing activities		**(1 218)**	**(2 006)**
Financing activities:			
Increase in share capital and share premium (net of costs)	*18*	37	1 756
Repayments on short-term debt	*24*	(2 005)	(229)
Repurchases of ordinary shares		93	-
Proceeds from issuance of long-term debt	*24*	747	422
Repayment of lease liabilities	*12*	(2 550)	(2 214)
Net interest paid (including finance leases)	*7*	(528)	(1 217)
Net cash flows (used in)/from financing activities		**(4 206)**	**(1 482)**
Effect of foreign exchange rate changes on cash and cash equivalents		518	1 176
Change in net cash position		**(22 743)**	**4 978**
Cash and cash equivalents at the beginning of the period	*24*	113 610	35 097
Cash and cash equivalents at the end of the period	*24*	90 868	40 075
Change in net cash position		**(22 742)**	**4 978**

The accompanying notes form an integral part of these financial statements

2. Notes to the interim condensed consolidated financial statements

In the present notes to the consolidated financial statements:
- Deezer S.A. refers to the accounting acquirer before the completion of the merger with and into I2PO S.A. on July 5, 2022 (the "Merger");
- The Company refers either to I2PO S.A. before the Merger, or the combined entity after the Merger.

Note 1. Company information

(a) Company information

The Company or the Parent is a French *société anonyme à conseil d'administration* incorporated on May 4, 2021 and registered in France under number 898 969 852 R.C.S. Paris, with its registered office at 24, rue de Calais, 75009 - Paris.

The group comprises the Company and its subsidiaries (the "Group"). The Company is the holding company of the Group that operates in more than 180 countries a music streaming service through Deezer.com website and a mobile application, as well as a wellbeing application through Zen by Deezer.

Deezer Group makes more than 120 million music tracks available to its customers.

The main activities of the Group's companies are:
- An online music streaming service, provided free of charge to users (financed by advertising) or by way of subscriptions;
- Advertising sales (sale of advertising space online).

(b) Events of the period

i. Board

With effect as of December 31, 2022, Guillaume d'Hauteville has resigned from his office as chairman of the board of directors of the Company and was appointed vice-chairman. Iris Knobloch was appointed chairwoman of the board of directors of the Company, effective January 1, 2023.

With effect as of March 22, 2023, Matthieu Pigasse has resigned from his office as member of the audit committee of the Company.

On February 28, 2023, Stuart Bergen was co-opted by the board of directors to replace Amanda Cameron, who resigned from her position as director. The cooptation of Stuart Bergen as director of the Company has been ratified during the shareholders' general meeting of the Company held on May 31, 2023, for the remaining term of his predecessor, that is, until the annual general meeting is called to approve the financial statements for the fiscal year ending December 31, 2024.

ii. Key transactions

On February 16, 2023, the Company and Sonos announced a long-term partnership whereby the Company will deliver key services and curated music streaming for Sonos' streaming radio service Sonos Radio and its subscription service Sonos Radio HD. On April 20, 2023, the Company and Sonos announced the launch of Sonos Radio and Sonos Radio HD for Sonos users in 16 countries. The impact of this contract over the 6-month period closed as of June 30, 2023 is not material.

On March 7, 2023, the company subscribed to a capital increase in its subsidiary "Deezer Dijital Hizmetler ve Dağıtım Anonim Şirketi" (€ 37 thousand), and on March 31, 2023, the Company acquired an additional 0.85% stake in Driift Holdings Limited, through the purchase of 2,400 ordinary shares from its founder (€ 91 thousand). Those operations are reflected in the cash flow statement under "Impact changes in the scope of consolidation" for € 129 thousand.

On April 4, 2023, the Company announced that its major shareholders reached an agreement, to which the Company is a party, under the terms of which they undertake, until April 5, 2024, to coordinate any upcoming sale of their shares on the market by centralizing their share transfers through the same sale agent. The purpose of this coordinated sale agreement, which covers approximately 75% of the existing share capital of the Company, is to limit the risk that unorderly sales on the market, especially without price limits and given the current liquidity of the Company's shares, will mechanically fuel downward pressure on the stock price, which the Company believes to be disconnected from operating performance.

On June 1 2023, the Company has officially launched Zen by Deezer in France, its dedicated wellbeing application. The catalogue includes more than 2,000 pieces of audio and video content, produced by more than 50 recognized wellbeing experts in France. The launch reflects Deezer's continued diversification of its business, with original content and new interactive experiences.

On June 6, 2023, the Company announced developing its AI music detection capabilities and building a set of cutting-edge tools, to ensure fairer artist remuneration, increased transparency and more efficient fraud prevention. In a world where AI generated music is quickly taking off, Deezer expands its commitment to help artists monetize their music better, fight fraud, and create a better user experience for fans.

Note 2. Basis of preparation

The interim condensed 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, which provides for the presentation of selected explanatory notes. 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, 2022.

They were approved by the Board of Directors on September 13, 2023, after the completion of the limited review by the Company's statutory auditors.

The interim condensed consolidated financial statements are presented in thousands of euros.

On September 13, 2023, 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 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, 2023 had no significant impact on the interim condensed consolidated financial statements as of June 30, 2023. They primarily concern:

- Amendments to IFRS 3 related to the conceptual framework;
- Amendments to IAS 1 related to significant accounting policies;
- Amendments to IAS 8 regarding accounting estimates;
- Amendments to IAS 12 to provide a temporary exception to the requirements regarding deferred tax from Pillar Two model rules;

(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, 2023, that may have significant impact on the Company's interim condensed consolidated financial statements.

In France, the impact on pensions of 2023-270 law from April 14 2023 is deemed as not significant.

Note 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, 2022.

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

(i) *Seasonality of operations*

Company'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, 2023 and 2022, the effective tax rate estimated by management was nil.

Note 4. Business combinations

No business combination occurred during the six-month period closed as of June 30 2023.

Note 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 the Company'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 (formerly "Direct – B2C"): Subscriptions to the Deezer service are taken out directly by users.
- Partnerships (formerly "Indirect – B2B"): 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.

The Group monitors its operations through the use of non-generally accepted accounting principles ("non-GAAP") financial measures: adjusted Cost of Revenue and Gross Profit. These non-GAAP financial measures provide useful and relevant information regarding the Group's operating results and enhance the overall ability to assess its financial performance. They provide comparable measures which facilitate management's ability to identify operational trends, as well as make decisions regarding future spending, resource allocations and other operational decisions. These financial measures may not be comparable to other similarly titled measures of other companies and are not intended to be substitutes for measures of financial performance as prepared in accordance with International Financial Reporting Standards ("IFRS").

Revenue, Cost of revenue and Gross Profit by segment are detailed below with a reconciliation between adjusted data and consolidated accounts.

		Revenue	**Cost of revenue**	**Gross Profit**
			(in € thousands)	
Six months ended June 30, 2023	Direct	163 897	(124 963)	**38 934**
	Partnerships	62 416	(49 386)	**13 030**
	Other	6 901	(7 059)	**(158)**
	Total adjusted	**233 214**	**(181 408)**	**51 806**
	Adjustments	-	(23 863)	**(23 863)**
	Total consolidated	**233 214**	**(205 271)**	**27 943**
Six months ended June 30, 2022	Direct	155 028	(117 972)	**37 056**
	Partnerships	57 552	(45 722)	**11 830**
	Other	6 837	(10 363)	**(3 526)**
	Total adjusted	**219 416**	**(174 057)**	**45 359**
	Adjustments	-	(16 273)	**(16 273)**
	Total consolidated	**219 416**	**(190 331)**	**29 085**

Main adjustments in Cost of revenue comprise (i) non-recurring expenses related to licence agreements, such as costs relating to equity warrants (in 2023 and 2022) and (ii) licence agreements unused minimum guarantees (in 2023 and 2022). These adjustments are not included in the adjusted Gross Profit.

Revenue by geographical area breakdowns as follows:

	Six months ended June 30,	
	2023	**2022**
	(in € thousands)	
France	141 958	132 378
Rest of the world	91 257	87 038
	233 214	**219 416**

Note 6. Operating expenses

6.1 Expenses per nature

Costs by nature comprise the following items:

Six months ended June 30, 2023

	Product and Development	Sales and Marketing	General and Administrative	Total
	(in € thousands)			
Employee costs	(13 983)	(9 259)	(13 693)	**(36 935)**
External expenses	(1 768)	(660)	(7 901)	**(10 329)**
Marketing costs	-	(16 778)	-	**(16 778)**
Miscellaneous taxes	(209)	(108)	(1 341)	**(1 659)**
Amortization	(2 376)	(225)	(2 099)	**(4 701)**
	(18 337)	**(27 030)**	**(25 035)**	**(70 402)**

Marketing costs decreased by € 8,9 million is part of the group's strategy to focus on selected key markets, which led to a significant reduction of spending in non-core markets.

Six months ended June 30, 2022

	Product and Development	Sales and Marketing	General and Administrative	Total
	(in € thousands)			
Employee costs	(11 755)	(8 104)	(17 145)	**(37 005)**
External expenses	(2 030)	(883)	(10 512)	**(13 425)**
Marketing costs	-	(25 711)	-	**(25 711)**
Miscellaneous taxes	(55)	(28)	(1 196)	**(1 279)**
Amortization	(1 385)	(877)	(2 038)	**(4 299)**
	(15 225)	**(35 603)**	**(30 892)**	**(81 719)**

6.2 Personnel expenses

Employee costs per nature breaks down as follows:

	2023	2022
	(in € thousands)	
Wages and salaries	(24 410)	(22 288)
Social costs	(10 637)	(10 926)
Share-based compensation	(1 806)	(3 681)
Employee retirement benefit costs	(83)	(111)
	(36 935)	**(37 005)**
Average headcount	**629**	**558**

During the six months period ended June 30, 2023, the Company booked a €525 thousand French tax credit relating to research and development in respect of 2022 expenses. The research and development expenses incurred by the Company in 2023 will give rise to a French tax credit to be assessed and recorded in 2024.
During the six months period ended June 30, 2022, the Company booked a €467 thousand French tax credit relating to research and development in respect of 2021 expenses.
These tax credits are included in wages and salaries.

Note 7. Net finance costs

	Six months ended June 30,	
	2023	2022
	(in € thousands)	
Gains on Securities	668	
Interest from short-term security deposits	170	214
Foreign exchange gain	2 555	4 128
Fair value adjustment of financial liabilities (BSAR)	2 534	-
Other	(583)	-
Total Finance income	**5 344**	**4 342**
Interest on financial liabilities	(137)	(127)
Interest on lease liabilities	(381)	(305)
Foreign exchange loss	(404)	(532)
Discounting charges	(13)	
Other	(244)	(925)
Total Finance costs	**(1 179)**	**(1 896)**
Financial result - Net	**4 166**	**2 446**

	2023	2022
	(in € thousands)	
Net interest paid (including finance leases)	(528)	(1 217)

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

As at June 30, 2023, the foreign exchange gain of € 2, 555 thousand is mainly explained by the positive effect of the revaluation of intercompany debts expressed in euros of Deezer Music Brazil LTDA whose functional currency is Brazilian Real (€2, 211 thousand).

As at June 30,2022, 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 thousand).

The variation resulting from the A and B BSAR price since December 31, 2022 has given rise to a financial gain of € 2, 534 thousand on the first half year 2023 (Note 24).

Note 8. Income tax expense

	Six months ended June 30,	
	2023	2022
	(in € thousands)	
Current tax expense	(144)	(171)
Income tax expense	**(144)**	**(171)**

The income tax expense is only related to subsidiaries of the Company.

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

Note 9. 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.

For the period ended June 30, 2022, the weighted-average number of shares outstanding was restated for the purpose of comparability before and after the Merger. The weighted-average number of 94 551 095 shares was obtained from the number of outstanding shares of Deezer S.A. multiplied by the exchange ratio par category of shares:

- Exchange ratio of 4,348 for Class A12 preferred shares;
- Exchange ratio of 2,942 for Class A16 Tranche 1 preferred shares;
- Exchange ratio of 2,942 for Class A16 Tranche 2 preferred shares;
- Exchange ratio of 3,923 for Class A18 preferred shares;
- Exchange ratio of 2,942 for Class B preferred shares.

	Six months ended June 30,	
	2023	**2022 -** *Restated*
	(in € thousands, except share and per share data)	
Basic loss per share		
Net loss attributable to owners of the parent	(37 617)	(51 904)
Shares used in computation :		
Weighted-average ordinary shares outstanding	108 765 996	94 551 095
Basic net loss per share attributable to owners of the parent	**(0,35)**	**(0,55)**
Diluted loss per share		
Net loss attributable to owners of the parent	(37 617)	(51 904)
Shares used in computation :		
Weighted-average ordinary shares outstanding	108 765 996	94 551 095
Diluted weighted average ordinary shares	108 765 996	94 551 095
Diluted net loss per share attributable to owners of the parent	**(0,35)**	**(0,55)**

Potentially 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,	
	2023	**2022 -** *Restated*
Free shares	3 393 188	1 095 027
Warrants	28 676 119	30 156 126
Stock-options	647 410	702 572
	32 716 717	**31 953 725**

Note 10. 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, 2023	8 265	1 441	7 140	8 923*	-	**25 769**	15 070	**40 840**
Additions	61				21	**82**		**82**
Reclassification					(21)	**(21)**		**(21)**
Disposals - Write offs	(4)					**(4)**		**(4)**
Exchange differences	(1)			0		**(0)**	106	**106**
At June 30, 2023	**8 321**	**1 441**	**7 140**	**8 924**	**-**	**25 826**	**15 176**	**41 002**
Accumulated amortization								
At January 1, 2023	(7 978)	(1 224)	(7 140)	(8 903)*	-	**(25 246)**	-	**(25 246)**
Amortization charge	(131)	(143)				**(274)**		**(274)**
Disposals - Write offs	4					**4**		**4**
Exchange differences	0	(1)		1		**1**		**1**
At June 30, 2023	**(8 105)**	**(1 368)**	**(7 140)**	**(8 902)**	-	**(25 515)**	-	**(25 515)**
Costs, net of accumulated Amortization								
At January 1, 2023	286	217	0	20	0	**523**	15 070	**15 594**
At June 30, 2023	217	73	0	22	0	**311**	15 176	**15 487**

*A modification of €4.8m was recorded for certain intangible assets that were written off and fully amortized.

Impairment

A cash-generating unit is defined as a coherent subset that generates largely independent cash flows. Net fixed assets related to cash generating units notably include goodwill, specific assets and capacity assets, and components of working capital. Impairment tests are carried out by comparing the net book value with the recoverable value. Recoverable value is defined as the higher of value in use or fair value less selling costs.

Value in use is the present value of estimated future cash flows expected to arise from the use of an asset. Future cash flows derive from the business plan, plus a terminal value based on discounted normative cash flows after application of a growth rate to infinity. When the recoverable value is lower than the net book value, an impairment equivalent to the difference is recorded against the assets concerned.

In accordance with IAS 36, the Company has carried out analyses to ensure that i) each CGU or group of CGUs to which goodwill is so allocated shall represent the lowest level within the Group at which goodwill is monitored for internal management purposes; and ii) not be larger than an operating segment as defined by IFRS 8 Operating Segments before aggregation.

Driift and Dreamstage businesses are totally dependent. When Driift has the link with the final customer, Dreamstage has the technology through its platform, thus their cashflows are interrelated. Both entities are under a common management and they prepare a global reporting for the Company. From the Company perspective they are considered as one Cash Generating Unit and their goodwill is seen as a unique goodwill. Regarding goodwill allocated to Driift-Dreamstage (€ 7, 689 thousand), the Company performed an impairment test as of June 30, 2023. This test did not conduct to any impairment.

Regarding the €7, 487 thousand goodwill related to a contract with a German telecom company, none impairment test was necessary as at June 30, 2023 as there were no indication of impairment for the Company.

Note 11. 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, 2023	**13 816**	**4 645**	**4 307**	**62**	**22 830**
Scope variation					**-**
Additions	619	179	88	176	**1 063**
Disposals - Write offs					**-**
Reclassification			2	(2)	**-**
Exchange differences	0	10	3	6	**19**
At June 30, 2023	**14 436**	**4 834**	**4 401**	**242**	**23 913**
Accumulated amortization					
At January 1, 2023	**(10 933)**	**(3 925)**	**(2 091)**	**-**	**(16 950)**
Depreciation charge	(937)	(249)	(247)		**(1 433)**
Disposals - Write-offs					**-**
Exchange differences		(8)	(1)		**-**
At June 30, 2023	**(11 871)**	**(4 182)**	**(2 339)**	**-**	**(18 392)**
Costs, net of accumulated amortization					
At January 1, 2023	**2 883**	**720**	**2 216**	**62**	**5 881**
At June 30, 2023	**2 565**	**652**	**2 062**	**242**	**5 521**

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

(in € thousands)	June 30, 2023	June 30, 2022
Intangible asset additions/disposals	(82)	
Tangible asset additions/disposals	(1 063)	(936)
Capital increase to pay Intangible assets		
Variation in trade payables in relation to fixed-assets	(14)	30
Purchases of property and equipment and intangible assets – Cash flow impact	**(1 160)**	**(906)**

Note 12. 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, 2023	**33 676**
New or amended leases	1 218
Leases expired or early terminated	(330)
Exchange differences	-
At June 30, 2023	**34 564**
Accumulated depreciation	
At January 1, 2023	**(12 615)**
Depreciation charge	(2 993)
Leases expired or early terminated	330
Exchange differences	-
At June 30, 2023	**(15 279)**
Cost, net of accumulated depreciation	
At January 1, 2023	**21 061**
At June 30, 2023	**19 285**

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

Lease liabilities	**(in € thousands)**
At January 1, 2023	**23 100**
New or amended leases	1 218
Repayment of leases (1)	(2 932)
Leases early terminated (1)	-
Interest (1)	381
Exchange differences	-
At June 30, 2023	**21 767**
Current lease liabilities	4 159
Non-current lease liabilities	17 608

(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	4 159
One to five years	17 608
More than five years	-
Total lease liabilities	**21 767**
Current lease liabilities	4 159
Non-current lease liabilities	17 608
Total lease liabilities	**21 767**

Note 13. Investments in equity affiliates

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

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

On September 29, 2022, the Company acquired additional minority shares of Dreamstage Inc. and strengthened its majority shareholder position with a total ownership of 86,0%, in terms of share capital and vote rights. The Company sold its investment in Dreamstage Inc. in exchange for shares of Driift Holdings Limited and subscribed to a share capital increase of £4 million of Driift Holdings Limited. As a result of the additional investment and the business combination, the Company became the largest shareholder of Driift Holdings Limited with a 45,5% ownership, and became the indirect majority shareholder of Dreamstage Inc., fully owned by Driift Holdings Limited since then.

On March 31, 2023, the Company acquired an additional 0,85% stake in Driift Holdings Limited, through the purchase of 2, 400 ordinary shares from its founder.

Driift Holdings Limited was consolidated using the equity method until September 29, 2022 and has been fully consolidated since that date.

Note 14. 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, 2023	December 31, 2022
	(in € thousands)	
Deposits	3 950	4 021
Guarantees	1 419	1 419
	5 369	**5 440**

Note 15. Other non-current assets

Other non-current assets correspond to advance payments made mainly to some rights holders, in respect of license agreements.

	June 30, 2023	December 31, 2022
	(in € thousands)	
Advance payments on royalties	1 426	22 764
R&D tax receivables	2 275	-
Provision for impairment of advance payments on royalties	-	(21 059)
	3 701	**1 705**

Tax receivables relating to research and development were reclassified under other non-current assets in 2023 on line with the expected payment date. This amount corresponds to the tax credit amount for the fiscal years 2018 up to 2022.
In April 18, 2023, the Company obtained loans from BPI of respectively € 332 thousands and € 415 thousands ending Dec 1st 2023. Those loans have been secured by transferring R&D tax credit receivables to BPI for the years 2019 and 2020.

Note 16. Trade and other receivables

	June 30, 2023	December 31, 2022
	(in € thousands)	
Trade receivables	32 589	31 506
Less: Provision for impairment	(1 359)	(875)
Trade receivables - net	31 230	30 630
Unbilled revenue	20 682	17 083
	51 912	**47 713**

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

	Six months ended	Year ended
	June 30, 2023	December 31, 2022
	(in € thousands)	
Trade receivables - Current	20 309	21 700
Trade receivables - Overdue 1 - 30 days	1 103	2 053
Trade receivables - Overdue 31 - 60 days	1 699	452
Trade receivables - Overdue 61 - 90 days	4 235	2 350
Trade receivables - Overdue more than 90 days	5 244	4 950
	32 589	**31 506**
Provision for bad debts allowance	(1 359)	(875)
	31 230	**30 630**

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 for bad debts allowance are as follows:

	June 30, 2023	December 31, 2022
	(in € thousands)	
At January 1st	**(875)**	**(697)**
Provision for bad debts	(463)	(184)
Reversal of unutilized provisions	-	11
Exchange differences	(21)	(5)
As of June 30	**(1 359)**	**(875)**

Note 17. Other current assets

	June 30, 2023	December 31, 2022
	(in € thousands)	
Advance payments on royalties	38 260	-
Trade payables - Advance payments	595	6 317
Trade payables - Credit notes to be received	780	306
Employees and social contributions	899	568
State and local authorities	18 227	14 326
Sundry debtors	814	807
Prepaid expenses	2 919	1 996
Other current assets – Gross	**62 493**	**24 320**
Provision for impairment	(20 374)	(1 269)
Other current assets – Net	**42 119**	**23 051**

Advance payments on royalties correspond to advance payments made mainly to some rights holders, and the license agreement with Rotana Audio Visual LLC which represents € 21 million in advance on royalties and a provision of impairment of (€ 19,1 million), it will take ends September 30, 2023. Last year this amount related to Rotana agreement were recognized under other non-current assets (Note 15).

Advance payments were reclassified to Accounts payable and have been reconciled with corresponding invoices.

Other current assets from state and local authorities are mainly composed of deductible VAT on purchases made in France and abroad.

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

	June 30, 2023	December 31, 2022
	(in € thousands)	
Input VAT credit on purchases& services made or taken in France and from abroad	15 375	10 070
Tax receivables relating to research and development	-	1 750
Tax credit for competitiveness and employment	-	-
Whitholding tax receivable	2 840	2 494
Other	12	12
State and local authorities	**18 227**	**14 326**

As mentioned above in Note 15, Tax receivables relating to research and development were reclassified under other non-current assets in 2023 on line with the expected payment date.

The movements in the Group's provisions for impairment are as follows:

	June 30, 2023	December 31, 2022
	(in € thousands)	
At January 1	(1 269)	(884)
Provision for expected credit losses	(21)	(397)
Reversal for unused credit losses	-	11
Reclassifiaction	(19 085)	-
At June 30	**(20 374)**	**(1 269)**

Note 18. Share capital and share premium

As at June 30, 2023 and December 31, 2022, the Company's share capital was divided into 121 637 248 shares and 121 087 670 shares respectively, each with a par value of €0,01.

In accordance with IFRS 3 – Business Combinations, as applied to a reverse acquisition, the share capital has been restated and reflects the share capital of the legal acquirer, the Company, with the difference between share capital of the legal acquirer and the accounting acquirer, Deezer S.A. being aggregated and shown as part of share premium. The restated number of shares as of December 31, 2021 and as of June 30, 2022 have been obtained from the number of outstanding shares of Deezer S.A. multiplied by the exchange ratio per category of shares (see Note 9 – Loss per share).

The Company's share capital is divided in the following classes as of June 30,2023:

	June 30, 2023	**December 31, 2022**	**June 30, 2022- *Restated***	**December 31, 2021 - *Restated***
	(in number of shares)			
Class A12 preferred shares	-	-	12 549 684	12 549 684
Class A16 Tranche 1 preferred shares	-	-	10 068 447	10 068 447
Class A16 Tranche 2 preferred shares	-	-	10 068 447	10 068 447
Class A18 preferred shares	-	-	20 102 511	20 102 511
Class B preferred shares	-	-	42 012 754	41 597 040
Ordinary shares	117 053 914	116 504 336		-
Class A2 preferred shares	2 291 667	2 291 667		-
Class A3 preferred shares	2 291 667	2 291 667		-
	121 637 248	**121 087 670**	**94 801 843**	**94 386 129**

During the six months ended June 30, 2023, the Company issued the following 549 578 ordinary shares as a result of the acquisition of free shares granted to certain officers or employees of the Group:

- On February 24, 2023: 99 807 new ordinary shares
- On March 23, 2023: 61 993 new ordinary shares
- On April 5, 2023: 387 778 new ordinary shares

No dividends were proposed or paid during the six months ended June 30, 2023 and during the year ended 2022.

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

Note 19. Shared-based payments

Free share plans implemented by Deezer S.A.

Deezer S.A. granted free shares to certain employees and officers of the Group. The shares granted are legally owned by the beneficiaries at the end of the relevant acquisition period and are subject to a continuous presence requirement during this period.

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.

Movements in free shares outstanding and related information are as follows:

	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, 2023	**29 122**	**344 843**	**101 467**	**21 072**
Granted	-	-	-	-
Definitively acquired	-	(94 544)	(71 190)	(21 072)
Lapsed	-	-	-	-
Outstanding at June 30, 2023	**29 122**	**250 299**	**30 277**	**-**
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%

** * Plans granted by Deezer S.A. before the Merger with the Company on July 5, 2022. The number of shares disclosed above is before the Merger and is not restated based on the exchange ratio.*

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.

The Company granted free shares to the employees and officers of the Group in 2022 after the Merger. 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, and, as the case may be, to performance conditions.

Free share plans implemented by the Company

The Company has implemented two additional free shares plans in 2023.

- Plan 2023-1 concerns CEO and C-Levels (members of the management team);
- Plan 2023-2 concerns VPs, Directors and a C-Level (Top Management)

Both plans are subject to performance conditions defined on a yearly basis (1st Jan – 31st Dec) and as per 4 key performance indicators.
In both plans, shares are definitely acquired at the end of a 3-year acquisition period, subject to the beneficiary's continued presence.

The fair value of free shares granted is determined based on the share price as of the grant date. It is recognized as a compensation cost spread over the vesting period.

Movements in free shares outstanding and related information are as follows:

	2022 - Grant 1 free share plan**	2022 - Grant 2 free share plan**	2022 - Grant 3 free share plan**	2023 - 1 free share plan**	2023 - 2 free share plan**
Grant dates	21/07/2022	21/07/2022	21/07/2022 27/10/2022	24/04/2023	31/05/2023
Number of shares granted	552 000	477 250	908 880	472 800	835 200
Outstanding at January 1, 2023	**503 000**	**477 250**	**908 880**	**472 800**	**835 200**
Granted	-	-	-	-	-
Definitively acquired	-	-	-	-	-
Lapsed	(63 000)	-	(50 640)		
Outstanding at June 30, 2023	**440 000**	**477 250**	**858 240**	**472 800**	**835 200**
Key assumptions used in the fair value					
Value per share (in €)	4,59	4,59	4,59	1,45	2,09
Employee turnover rate	24%	7%	7%	7%	7%
Vesting condition			Performance conditions between 01/01/2022 to 31/12/2024	Performance conditions between 01/01/2023 to 31/12/2025	Performance conditions between 01/01/2023 to 31/12/2025

** Plans granted after the Merger completed on July 5, 2022
*** The number of shares corresponds to the shares which will vest if performance conditions are fully met.

Warrants issued by Deezer S.A.

Deezer S.A. issued equity warrants to the benefit of certain of its commercial partners and directors.

Warrants 2021, and L have given rise to expenses recognized in the consolidated income statement for the years ended December 31, 2022 and 2021 (based on the Black-Scholes model for warrants 2021).

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

Plans	Warrants 2014*	Warrants H	Warrants 2017	Warrants 2021	Warrants L
Shareholders' meeting date	22/05/2014	30/06/2017	23/12/2016	30/06/2020	30/06/2021
Board members' meeting date	-	-	09/02/2017	24/02/2021	16/09/2021
Expiry date	31/12/2024	30/06/2027	30/11/2026	31/12/2030	31/10/2024
Number of warrants granted	66 700	712 404	6 845	6 000	420 125
Outstanding at January 1, 2023	**66 700**	**17 319**	**6 845**	**6 000**	**420 125**
Granted	-	-	-	-	-
Exercised	-	-	-	-	-
Outstanding at June 30, 2023	**66 700**	**17 319**	**6 845**	**6 000**	**420 125**
Subscription price (in euros)	2,59	0,01	0,01	3,98	0,01
Fair value at grant date (in euros)	1,42	5,22	5,20	10,08	39,75
Exercise price (in euros)	24,25	14,61	14,61	39,75	0,01
Maximum share capital increase (in euros) (as at grant date)	667	7 124	68	60	4 201
Vesting condition					Performance condition between 01/02/2021 and 31/01/2024

*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 2021	Warrants L
Volatility	50,60%	35,60%	35,9% to 41,0%	35,7% to 37,0%	N/A*
Risk-free rate	0,71%	0,26%	0,05% to 0,46%	-0,69% to -0,62%	N/A
Expected maturity (years)	4,00	6,59	5,31 to 6,81	5,05 to 5,61	3,13
Turnover rate	10,00%	0,00%	0,00%	0,00%	N/A
Dividend yield	0,00%	0,00%	0,00%	0,00%	N/A
Illiquidity discount rate	0,00%	0,00%	0,00%	0,00%	N/A

Warrants issued by the Company

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 Merger, i.e. July 5, 2022, and they expire five years after this date.

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 Merger. As the initial business combination relating to the agreement between Deezer S.A. 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, 2023. As the price of a BSAR was €0,01 each at June 30, 2023, a €2,534 thousand positive impact was recognized in the first 2023 semester in operating expenses with a corresponding adjustment to non-current financial liabilities.

Plans	A BSARs	B BSARs
Shareholders' meeting date	15/07/2021	15/07/2021
Expiry date	5 years*	5 years*
Number of warrants granted	659 130	27 500 000
Outstanding at January 1, 2023	**659 130**	**27 500 000**
Granted	-	-
Exercised	-	-
Outstanding at June 30, 2023	**659 130**	**27 500 000**
Subscription price (in euros)	0,00	0,00
Fair value at the completion date of the Business Combination (in euros)	0,17	0,17
Exercise price (in euros)	11,50	11,50
Maximum share capital increase (in euros) (as at grant date)	2 832	118 158

** Five years from the completion date of the Business Combination*

Stock-options granted by Deezer S.A

Deezer S.A. proceeded with grant of stock-options to the benefit of certain employees and officers of the Group. Stock-options granted in 2021 have given rise to expenses recognized in the consolidated income statement as of June 30, 2023 and for the year ended December 31, 2022, based on the Black-Scholes model and on a value per share of €39,75.
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	05/01/2023	05/01/2023
Number of stock-options granted	424 299	533 948	72 500	58 250	27 000
Outstanding at January 1, 2023	**55 462**	**533 948**	**58 000**	**31 662**	**23 500**
Granted	-	-	-	-	-
Lapsed	-	-	-	(31 662)	(23 500)
Outstanding at June 30, 2023	**55 462**	**533 948**	**58 000**	**-**	**-**
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 39,40%
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	3,43 to 4,11
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%	0,00%

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

	Six months ended June 30,	
	2023	**2022**
	(in € thousands)	
Product and Development	311	107
Sales and Marketing	203	37
General And Administrative	1 292	3 496
Sub-Total / Free shares	**1 806**	**3 641**
		0
Cost of Revenue	10 017	10 017
Product and Development	-	-
Sales and Marketing	-	1 566
General And Administrative	0	10
Sub-Total / Warrants	**10 017**	**11 593**
		0
Product and Development	-	-
Sales and Marketing	0	30
General And Administrative	-	-
Sub-Total / Stock-options	0	30
		0
Total	**11 822**	**15 264**

Note 20. Provisions for risks

	Legal contingencies	**Indirect tax**	**Other**	**Total**
		(in € thousands)		
Carrying amount at January 1, 2023	**2 575**	**6 528**	**6 915**	**16 018**
Charged/(credited) to the consolidated statement of operations:				
Additional provisions	-	525	999	**1 524**
Reversal of unutilized amounts	(811)	(114)	-	**(2 541)**
Exchange differences			-	-
Utilized		(1 616)		-
Carrying amount at June 30, 2023	**1 764**	**5 323**	**7 914**	**15 001**
As at June 30, 2023				
Current portion	**1 764**	**5 323**	**7 914**	**15 001**

(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 Company, last two hearings were held in February and June 2022 and no event occurred since that date.

(ii) *Indirect tax*

The Group has indirect tax provisions which relate primarily to foreign indirect taxes and tax penalties on these. The Company 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*

Commercial risk has been updated for € 1M during the six months ended June 30, 2023.

Note 21. Trade payables and related accrued expenses

	June 30, 2023	December 31, 2022
	(in € thousands)	
Trade payables	16 962	7 091
Trade accrued expenses	300 227	276 282
	317 189	**283 373**

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, 2023	December 31, 2022
	(in € thousands)	
Marketing, General & Administrative and Other	10 516	4 717
Royalties	6 446	2 374
	16 962	**7 091**

Trade accrued expenses are detailed below:

	June 30, 2023	December 31, 2022
	(in € thousands)	
Marketing, General & Administrative and Other	18 066	23 181
Royalties	282 161	253 101
	300 227	**276 282**

Royalties accrued expenses have increased by €29,0 million mainly resulting from the higher level of activity during half-year 2023.

Note 22. Tax and employee-related liabilities

	June 30, 2023	December 31, 2022
	(in € thousands)	
Employee-related liabilities	5 203	4 578
Social contribution liabilities	5 928	5 676
State, revenue taxes payable	21 251	21 014
Other similar taxes and levies payable	5 717	5 254
Current income tax payable	797	1 468
	38 896	**37 990**

Note 23. Other liabilities

	June 30, 2023	December 31, 2022
	(in € thousands)	
Trade receivables - Credit notes to be issued	590	787
Trade receivables with credit balances	96	93
Sundry creditors	309	897
Trade payables in relation to fixed-assets	1 443	1 456
	2 438	**3 234**

All other liabilities are due within a year.

Note 24. Financial risk management and financial instruments

Financial risk management

Through its business activities, the Group 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, 2022, 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 (PGE) and April 2023 (R&D tax credit financing).

Furthermore, the Group has a positive net cash position at June 30, 2023 and December 31, 2022:

	June 30, 2023	December 31, 2022
	(in € thousands)	
Interest bearing bank accounts	54 233	3 991
Cash at bank and at hand	36 635	109 618
Cash and cash equivalents	**90 868**	**113 610**

In H1 2023 the Company subscribed to € 50 million of short-term deposits.

Non-current financial liabilities at June 30, 2023 comprise the three state-guaranteed loans and related accrued interest.

	June 30, 2023	December 31, 2022
A BSARs and B BSARs	282	2 816
State-guaranteed loans	17 091	20 472
Financial liabilities - non current	**17 373**	**23 288**
State-guaranteed loans	6 325	4 949
BPI loans	747	-
Accrued interests on state-guaranteed loans	38	38
Financial liabilities - current	**7 110**	**4 988**

Non-current financial liabilities of € 0,28 thousands correspond to the value of the A BSARs and B BSARs classified as derivative liabilities at fair value through profit or loss (IFRS 9), i.e. measured based on their quoted price as at June 30, 2023 (€0,1).

Based on the 28 159 130 BSARs outstanding at June 30, 2023, the Company recognized a financial income amount of € 2, 534 thousand. The BSARs have been recognized as non-current liabilities because they are exercisable as from the Merger completion date until the fifth anniversary of that date.

In April 18, 2023, the Company obtained loans from BPI of respectively € 332 thousands and € 415 thousands at Euribor 1 month + 1,7% ending Dec 1st 2023. Those loans have been secured by transferring R&D tax credit receivables to BPI for respectively € 415 thousands for 2019 R&D tax credit and € 520 thousands for 2020 tax credit.

The ageing of the Group's financial liabilities are as follows:

	June 30, 2023	December 31,2022
Maturity analysis	**(in € thousands)**	
Less than one year	7 110	4 988
One to five years	17 373	23 288
Total financial liabilities	**24 483**	**28 276**
Current financial liabilities	7 110	4 988
Non-current financial liabilities	17 373	23 288
Total financial liabilities	**24 483**	**28 276**

Note 25. 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, 2023	**December 31, 2022**
Collective agreement applied	SYNTEC	SYNTEC
Salary increase rate	3% for all years	3% for all years
Annual discount rate	3,75%	3,75%
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%

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, 2022	**692**
Actuarial differences	13
Increase	83
Discounting impact	
Carrying amount at June 30, 2023	**788**

Note 26. Commitments and contingencies

Obligations under leases

Obligations resulting from leases in the scope of IFRS 16 are disclosed in Note 12.

The Group is subject to the following future payments as at 2023, June 30:

	June 30, 2023	**December 31, 2022**
	(in € thousands)	
Less than one year	26	20
One to five years	7	19
More than five years	-	-
	33	**39**

Future payments in relation to leases out of the scope of IFRS 16 have not changed significantly from December 31, 2022.

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, 2023 and December 31, 2022:

	June 30, 2023	December 31, 2022
	(in € thousands)	
No later than one year	149 122	185 097
Later than one year but not more than 5 years	26 624	17 596
	175 746	**202 693**

The once-exclusive licence agreement with Rotana Audio Visual LLC will end on September 30, 2023.

The Group is also subject to the following minimum guarantees to receive from its distribution partners, as at June 30, 2023 and December 31, 2022:

	June 30, 2023	December 31, 2022
	(in € thousands)	
No later than one year	25 382	15 136
Later than one year but not more than 5 years	145 987	159 256
	171 369	**174 392**

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 unfavourable 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.

Note 27. Events after the reporting period

On July 20, 2023, the Company and Orange announced the renewal of their long-standing partnership.

On August 31, 2023, the Company announced that it is expanding its partnership with Mercado Libre, the leading Latin American e-commerce platform, in joining Meli+ (an all-inclusive retail and entertainment subscription service, which is now introduced in Mercado Libre's main markets Brazil and Mexico).

On September 6th, 2023, the Company and Universal Music Group ("UMG") announced the launch of an artist-centric streaming model designed to better reward the artists and music that fans value the most. UMG will also collaborate with Deezer on the development of Deezer's fraud detection tools, AI detection tools, and to experiment with new technology and label services from Deezer.

IV. Statutory auditors’ report on the interim condensed consolidated financial statements

For the period from January 1 to June 30, 2023

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 consolidated financial statements of Deezer for the period from January 1, 2023 to June 30, 2023,

- the verification of the information presented in the half-yearly management report.

These condensed interim consolidated 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 consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 – standard of the IFRSs 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 consolidated financial statements subject to our review.

We have no matters to report as to its fair presentation and consistency with the condensed interim consolidated financial statements.

Issued in Neuilly-sur-Seine and Paris-La Défense, September 13th 2023

The statutory auditors

GRANT THORNTON French member of Grant Thornton International	MAZARS	ERNST & YOUNG Audit
Laurent Bouby	Erwan Candau	Frederic Martineau