Q3 2023 Revenue

October 27, 2023

deezer

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Agenda

Q3 2023 Key highlights

Q3 & 9M revenue

2023 Outlook

Key takeaways

Deezer's revenue

Q3 2023 : €120.7M
up +4.8% YoY

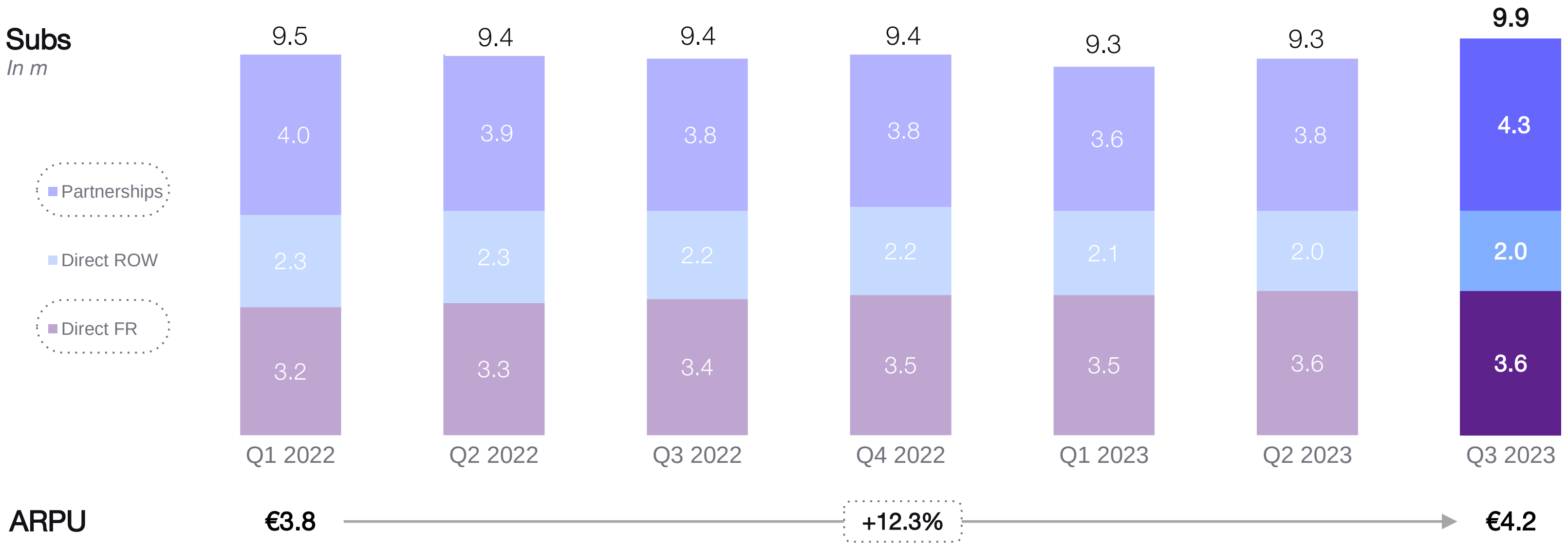
9M 2023: €354.0M
up +5.8% YoY

Q3 Takeaways: Inflection Point

1. **Back to subscriber growth: 9.9M subscribers (+0.6M QoQ)** driven by Partnerships ramp up and continued Direct growth in France
2. **Continued ARPU growth** from Partnerships and Direct ahead of a new wave of price increases
3. **Double digit revenue growth for Partnerships** at 11.9% YoY in Q3
4. **Acceleration of revenue growth** expected for Q4 2023 and beyond
5. **Successful renewal of agreements** with several key rights holders, including Major labels

Deezer is back to subscriber growth

Highest ARPU over the last two years



Continued deployment of Partnerships strategy

Building a powerful partnership ecosystem

Telco

orange SFR bouygues T Mobile TIM

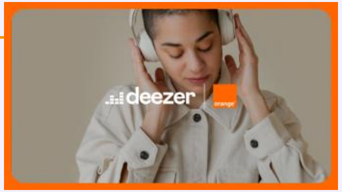
Media

RTL globoplay

Others

mercado libre SONOS Itaú

With Q3 developments



Deezer and **Orange** renew successful long-term partnership for continued profitable growth in France

Deezer brings the music as **RTL Germany** launches its all-inclusive multimedia app

Deezer becomes the official music streaming partner as Mercado Libre launches new subscription program **Meli+**

Major milestones delivered in Q3

Artist-centric model

- → Launch of **the first comprehensive artist-centric music streaming model**
- → Started to be **implemented in Q4 2023** in France with **additional geographies** to follow
- → **Support from several labels**
- → Around **half of Deezer streams** are already running on the new model

Price adjustment

- → **Deezer adjusted prices** in France, UK, Spain, Italy and the Netherlands
- → **Better recognize the value of music streaming** and ensure the improvement of product and fan experiences
- → **Start to apply from the end of October 2023** and progressively rolled out to the whole Direct subscriber base
- → **Minimal incremental churn**

Contract renewals

- → **Renewed several contracts with key rightsholders**, including with Major labels
- → **Ahead of contractual date**
- → **Improved terms** which will positively impact profitability in 2024

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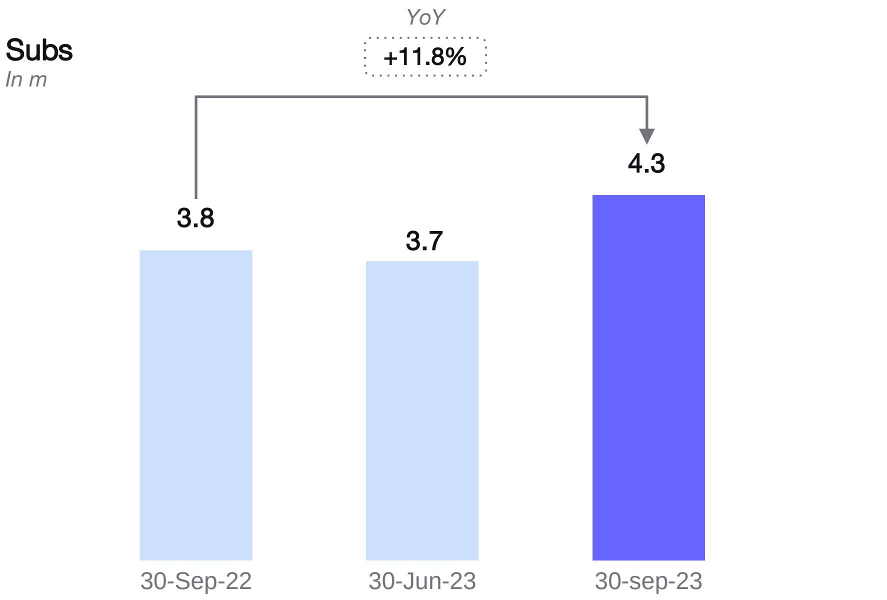
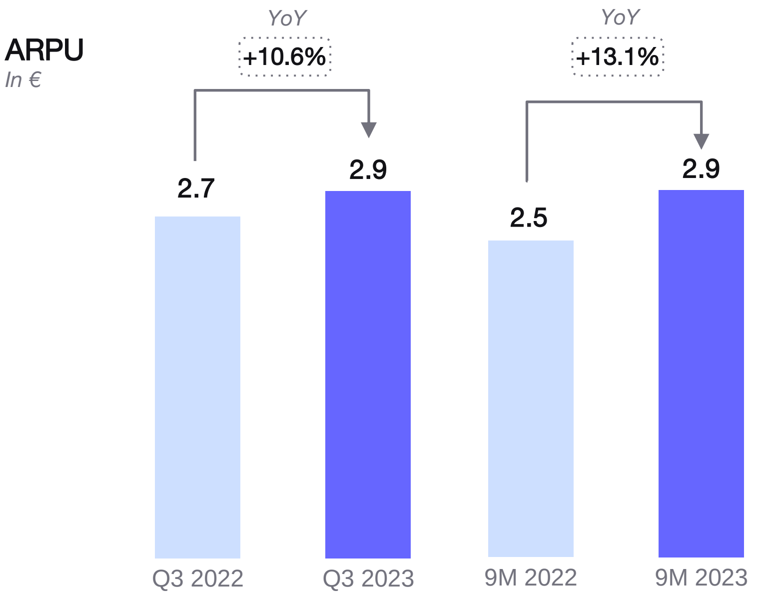
Partnership growth in subs and ARPU

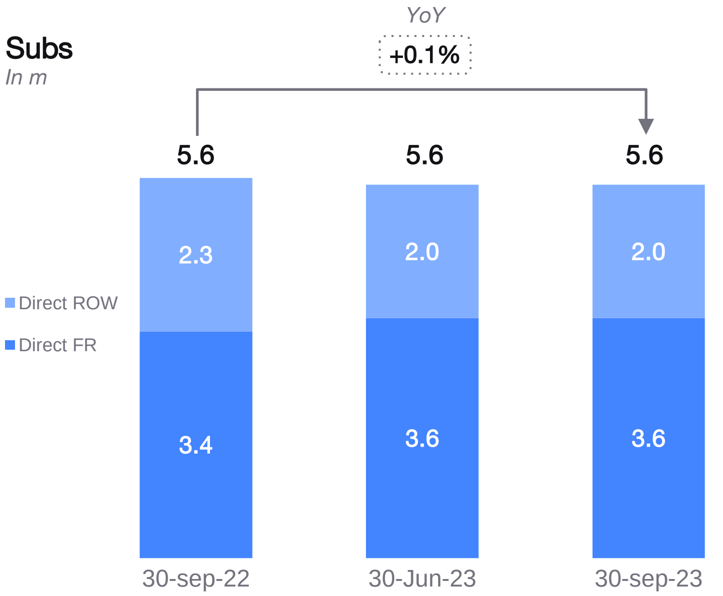




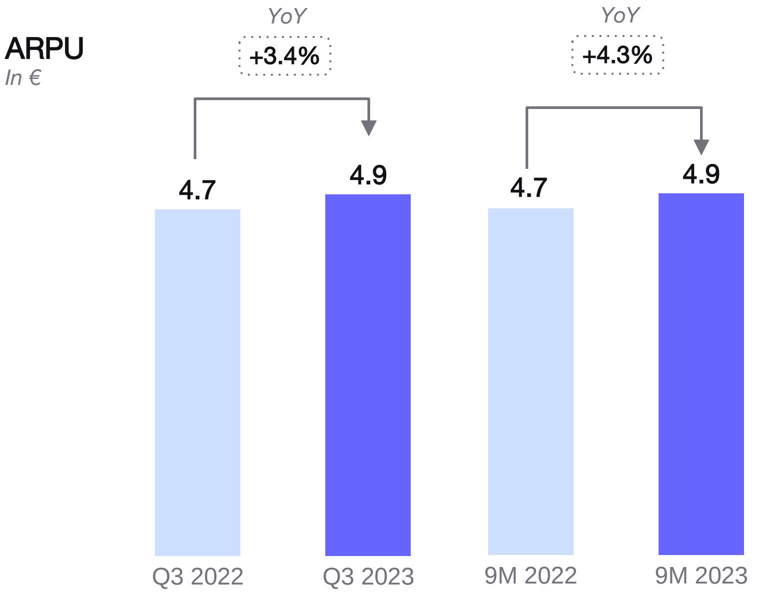
- → Strong ramp-up of partnership subscribers driven by a dynamic Q3 (+0.6M QoQ)
- → Success of the first few weeks of Meli+, gradual build up of RTL (launch of multimedia app in August) and Sonos

- → Double-digit ARPU growth YoY driven by improved offer mix

Direct continues to benefit from subscriber growth in France and ARPU increase

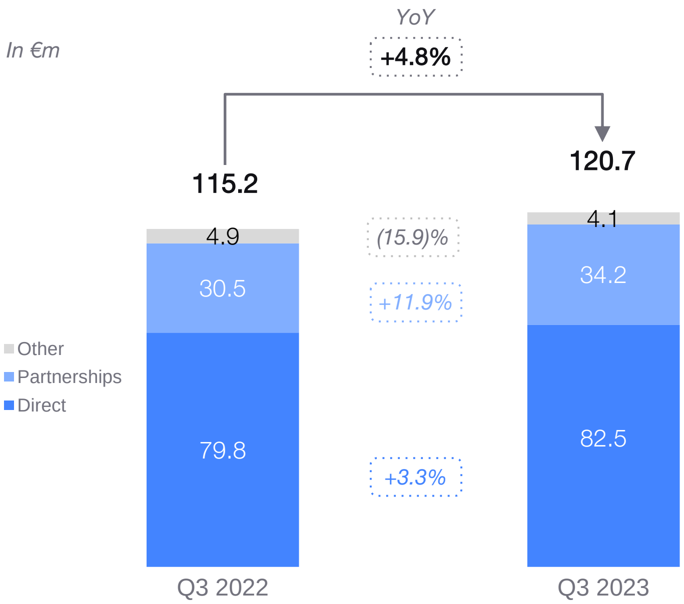


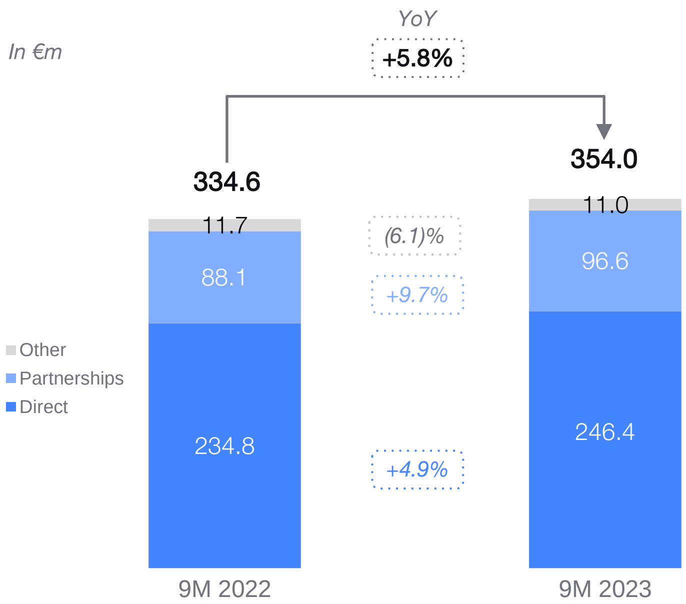
- → Continued growth in France (+7.3% YoY)
- → Lower impact from decline in RoW compared to previous quarters



- → ARPU growth YoY driven by remaining effect of price increases and the positive impact of selected geographies

Acceleration of Partnerships revenue growth at +11.9% in Q3



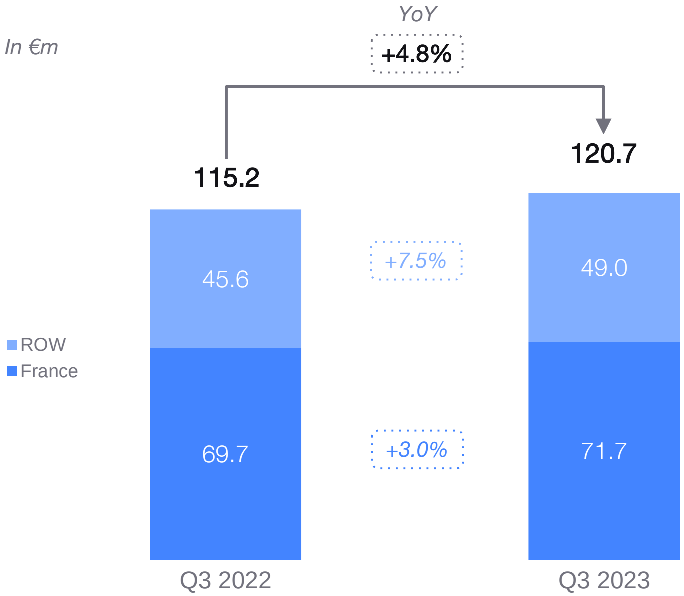


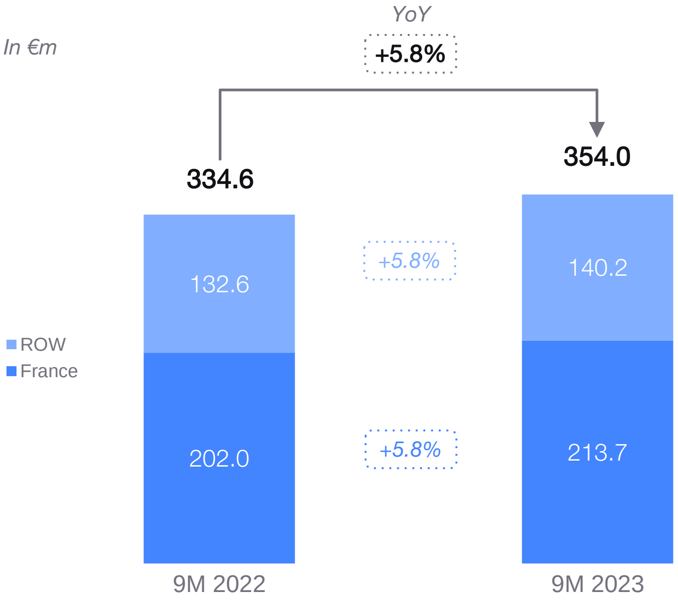
→ **Partnerships**: Strong subscriber acquisition dynamic (+0.5M YoY) driven by new partnerships (Meli+, RTL and Sonos)

→ **Direct**: Continued subscriber growth in France (+7.3%), further ARPU increase (+3.4%) due to the remaining effect of previous price increase and improved geo mix

→ **Other**: impacted by an unfavorable comparison basis (one-off revenues in 2022) and the weak performance of Driift

Revenue growth across all geographies





→ **France:** Driven by continued subscriber growth

→ **ROW**: Strong performance of Partnerships

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2023 Priorities and outlook

Continue to **prioritize profitability** while **targeting revenue growth** from Partnerships and Direct in selected key markets

Outlook for Q4 2023

Significant acceleration of revenue growth expected in Q4 and beyond

→ Driven by continuing ramp up of Partnerships

→ And contribution of new wave of price increases

Outlook for FY 2023

Confirmation of FY 2023 guidance on revenue growth and improvement of Adjusted EBITDA

→ 7 to 10% revenue growth for FY 2023 vs. FY 2022

→ Further significant reduction in adjusted EBITDA loss in H2 2023 compared to H2 2022

→ Reflecting accelerated revenue growth and continued strict cost control

Long-term outlook

Positive cash flow[1] in 2024

Positive adjusted EBITDA in 2025

Double-digit average yearly **revenue growth** over the 2023-2025 period

(1) Cash flow pre-funding.

Appendix

Key performance indicators for Q3 2023

In € million	Q3 2023	Q3 2022	Change (%)	Chg. at constant FX (%)
Total revenue	**120.7**	**115.2**	**+4.8%**	**+5.5%**
Direct	82.5	79.8	+3.3%	+4.1%
Partnerships	34.2	30.5	+11.9%	+12.0%
Other	4.1	4.9	(15.9)%	(12.4)%
Total revenue				
France	71.7	69.7	+3.0%	+3.0%
Rest of World	49.0	45.6	+7.5%	+9.2%

In million	30 September 2023	30 September 2022	Change (%)
Total subscribers	**9.9**	**9.4**	**+4.9%**
Direct	5.6	5.6	+0.1%
o/w France	3.6	3.4	+7.3%
o/w Rest of World	2.0	2.2	(10.6)%
Partnerships	4.3	3.8	+11.8%

In €	Q3 2023	Q3 2022	Change (%)
Average Revenue Per User	**4.2**	**4.1**	**+4.3%**
Direct	4.9	4.7	+3.4%
Partnerships	2.9	2.7	+10.6%

Key performance indicators for 9M 2023

In € million	9M 2023	9M 2022	Change (%)	Chg. at constant FX (%)
Total revenue	**354.0**	**334.6**	**+5.8%**	**+6.1%**
Direct	246.4	234.8	+4.9%	+5.4%
Partnerships	96.6	88.1	+9.7%	+9.4%
Other	11.0	11.7	(6.1)%	(5.3)%
Total revenue				
France	213.7	202.0	+5.8%	+5.8%
Rest of World	140.2	132.6	+5.8%	+6.6%

In million	30 September 2023	30 September 2022	Change (%)
Total subscribers	**9.9**	**9.4**	**+4.9%**
Direct	5.6	5.6	+0.1%
o/w France	3.6	3.4	+7.3%
o/w Rest of World	2.0	2.2	(10.6)%
Partnerships	4.3	3.8	+11.8%

In €	9M 2023	9M 2022	Change (%)
Average Revenue Per User	**4.2**	**3.9**	**+6.7%**
Direct	4.9	4.7	+4.3%
Partnerships	2.9	2.5	+13.1%