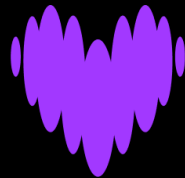


# Full-Year 2023 Results



**DEEZER**

29 February 2024

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# Strong performance in 2023 and clear momentum, confirming financial targets for 2024 and 2025

Historic **subscriber growth**

**10.5m** subscribers (Dec-23), **+1.1m** in 2023 (**+11.5% YoY**)

Acceleration of **revenue growth**

**+12.1%** revenue YoY in **Q4 23**, **+7.4%** in FY 23

Significant **improvement of adj. EBITDA**

Adj. EBITDA loss **reduced by half** to **€(29)m** in 2023

Robust **cash position**

**€63.6m** cash position in Dec-23

Confirmation of **financial targets**

Positive **free cash flow<sup>1</sup>** in **2024** and positive **adj. EBITDA** in **2025**

1. Free cash flow: Adjusted EBITDA - change in working capital - capex - leases and net interests.

# In line with our guidance for 2023

## Guidance

## Actuals

**Q4 23**

**Significant acceleration  
of revenue growth** expected in Q4

**+12.1% revenue growth**

**FY 23**

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

**+7.4% revenue growth**

**Significant reduction in adj. EBITDA loss**  
in H2 2023 compared to H2 2022

**Reduced adj. EBITDA loss by half  
in H2 from €(31m) to €(16m)**

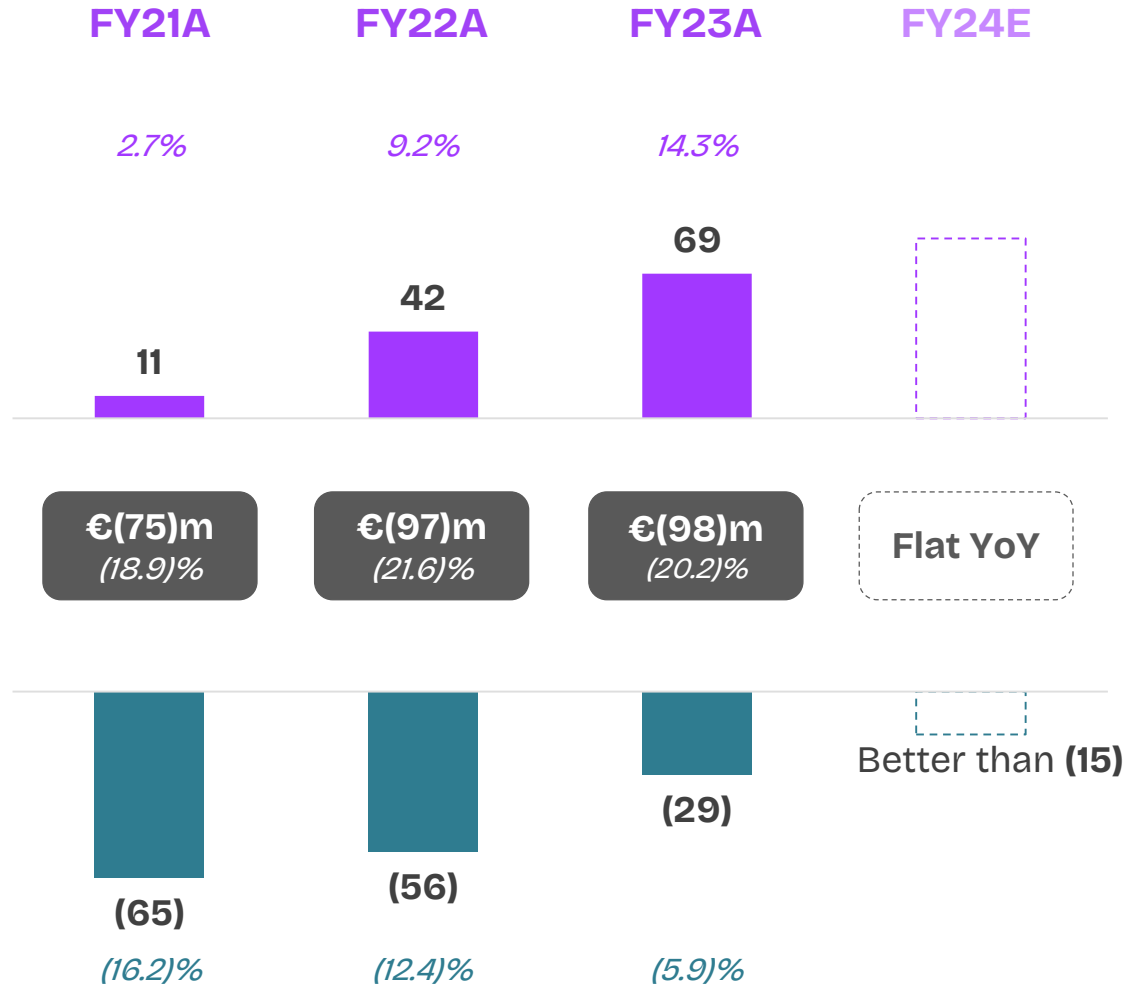
# Heading towards profitability with a commitment to operational excellence

In €m

**Adj. Gross profit after marketing**  
(% of revenue)

**Staff / G&A**  
(% of revenue)

**Adj. EBITDA**  
(% margin)



On path to profitability in 2025 driven by:

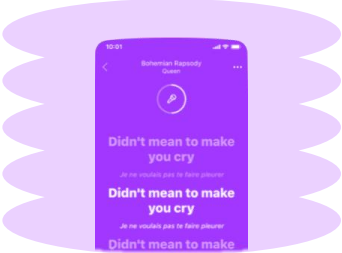
- Revenue **growth**
- **New terms** with labels
- Sound **Partnerships' profitability**
- Targeted and **efficient marketing & brand investments**
- Continued **strict cost control**

# 2023 Business Highlights

# Live the Music - Successful relaunch and repositioning of the Deezer brand

## Brand positioning

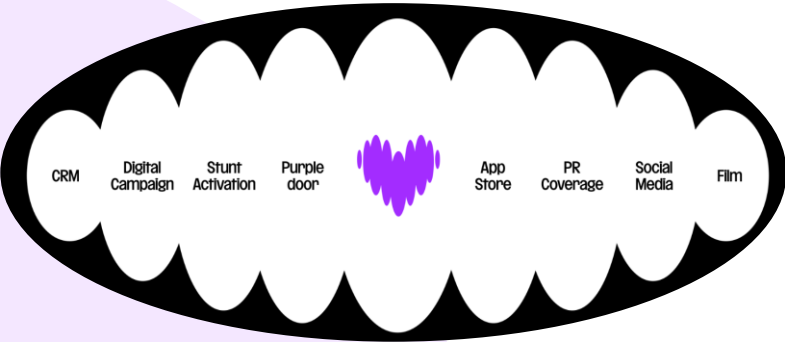
EXPRESSION



CONNEXION



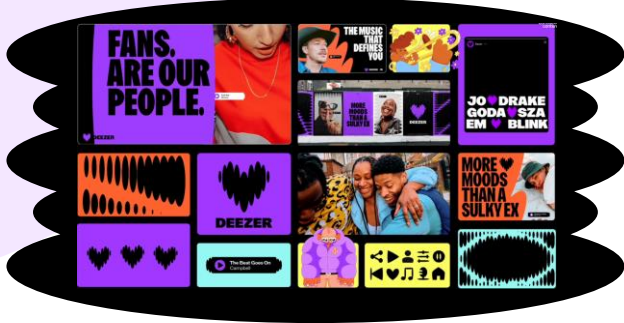
## Marketing Blitz



## New tone of voice

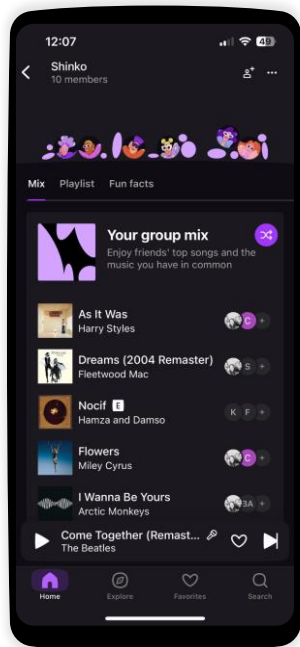


## Refreshed visual identity

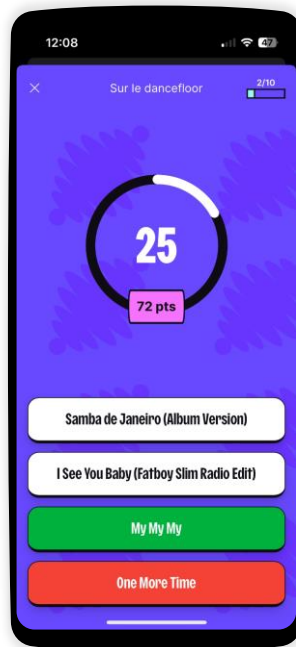


# Catapulting fans from digital streaming...

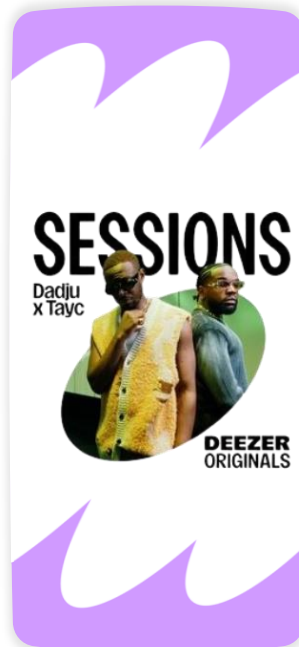
Shaker



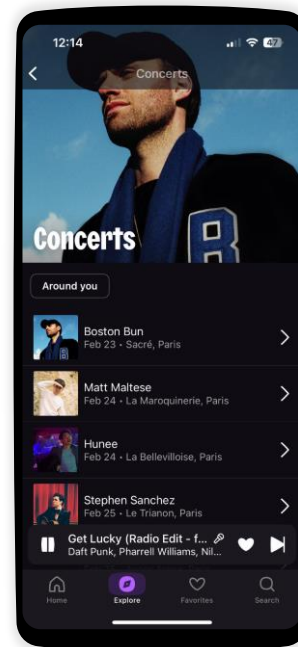
Music Quiz



Originals



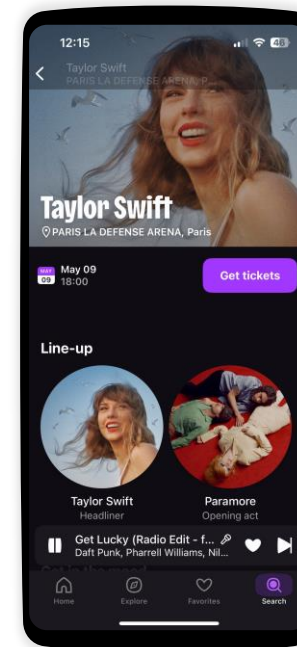
Concerts



Lyrics translation



Ticketing



Did you know?

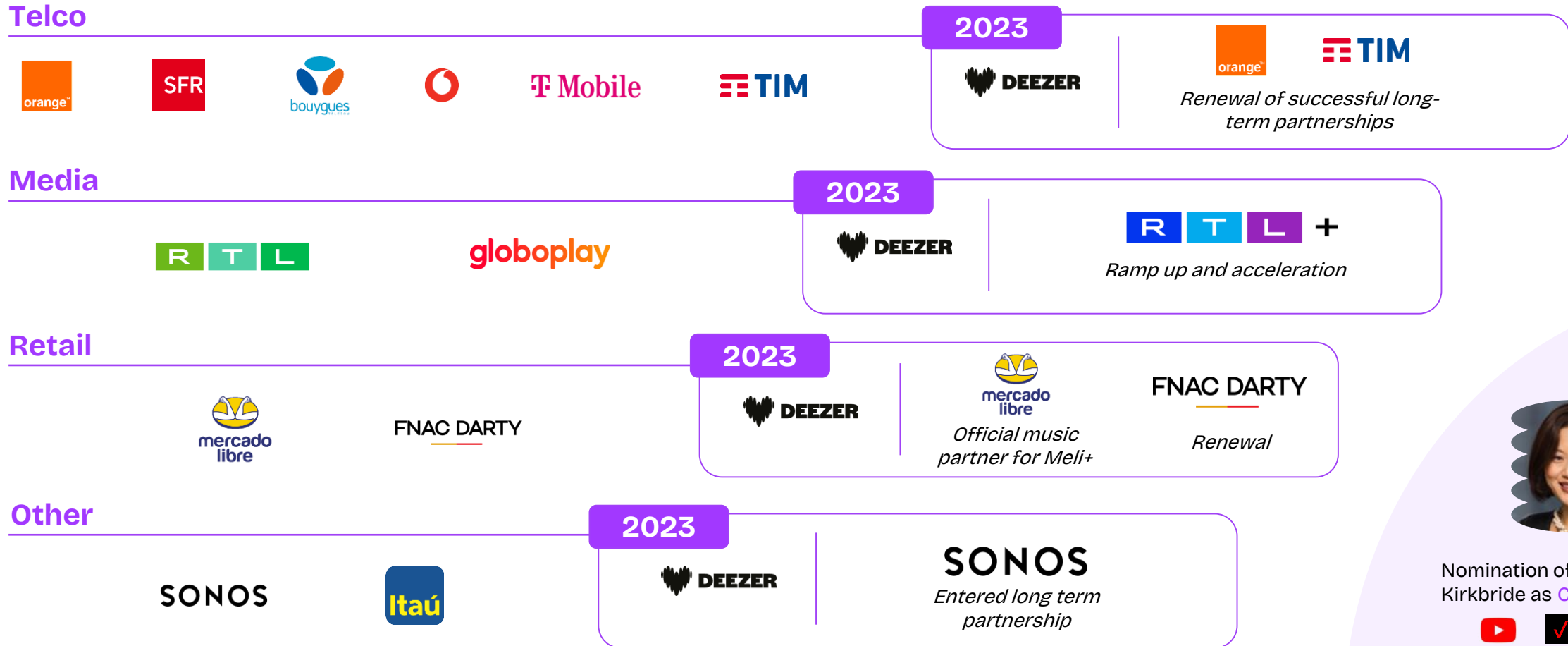


...to music experience services



# Expanding global business footprint through partners

## Building a powerful partnership ecosystem



Nomination of Ivana Kirkbride as CCO in Jan-24



# Reinforced position as catalyst for industry transformation, enhancing the value of artists

## Artist centric model

First to introduce comprehensive model

Better reward artists & music that fans value most

Around half of Deezer streams already on the model

Deezer renewed several contracts with key rightsholders, including Major labels, ahead of the contractual date and with improved terms which strengthened relationships and will positively impact profitability from 2024

## Price increase

Industry first mover in Jan-22

2<sup>nd</sup> wave initiated in Sep-23

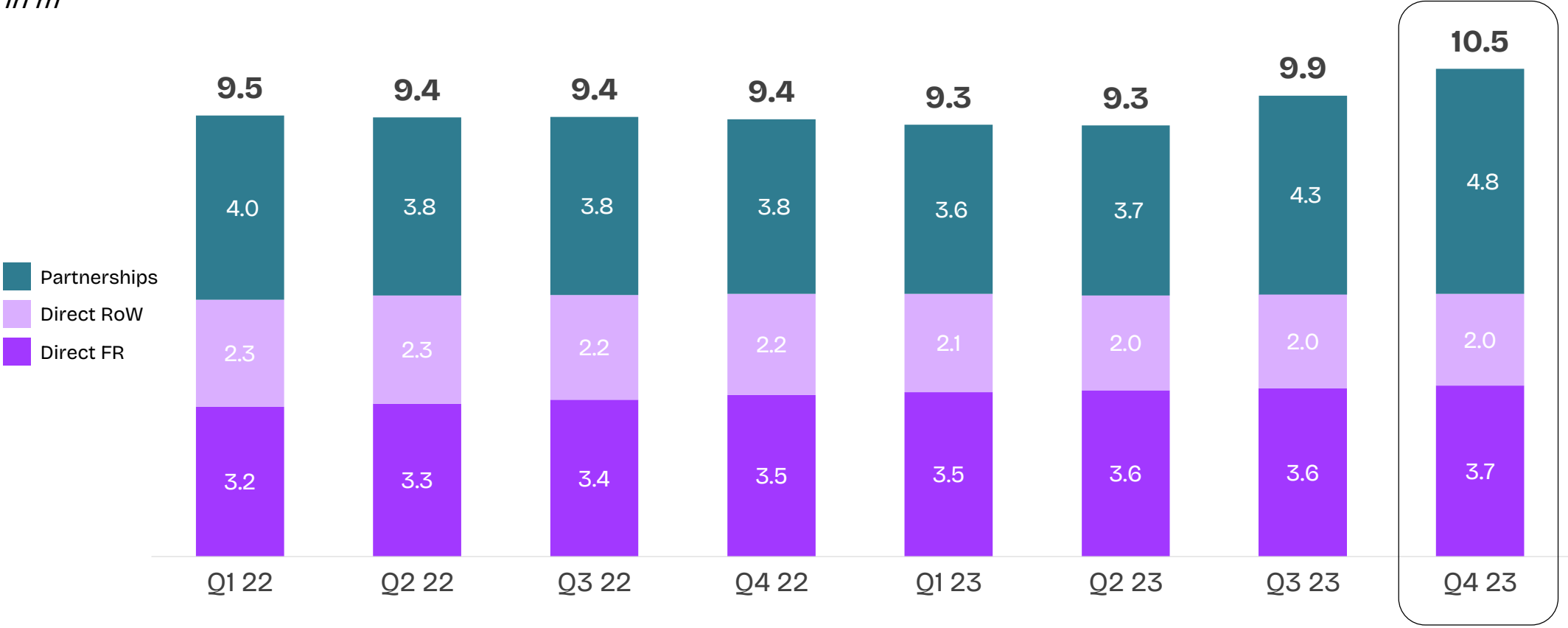
Gradual deployment worldwide

# 2023 Financial Results

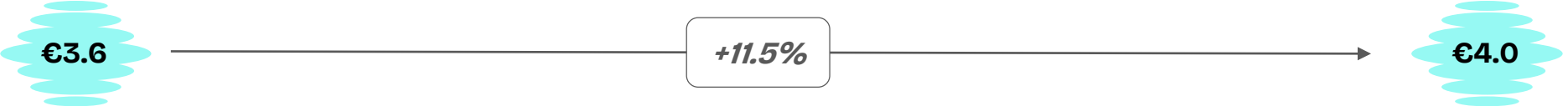
# All-time high subscriber base, with steadily increasing ARPU

Subscribers  
*In m*

All-time high

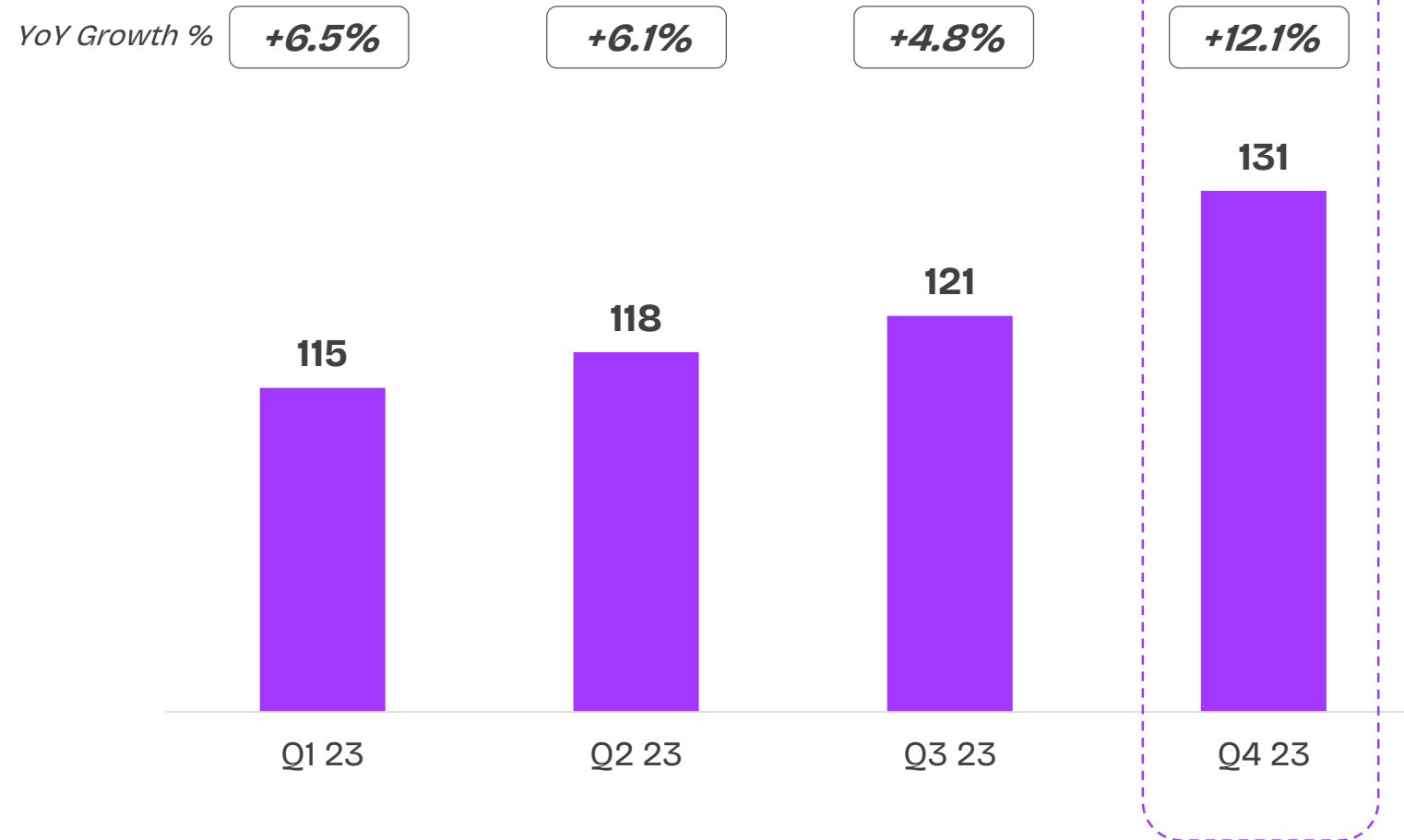


ARPU



# Acceleration of revenue growth in Q4 at +12.1%

Total Revenue  
In €m



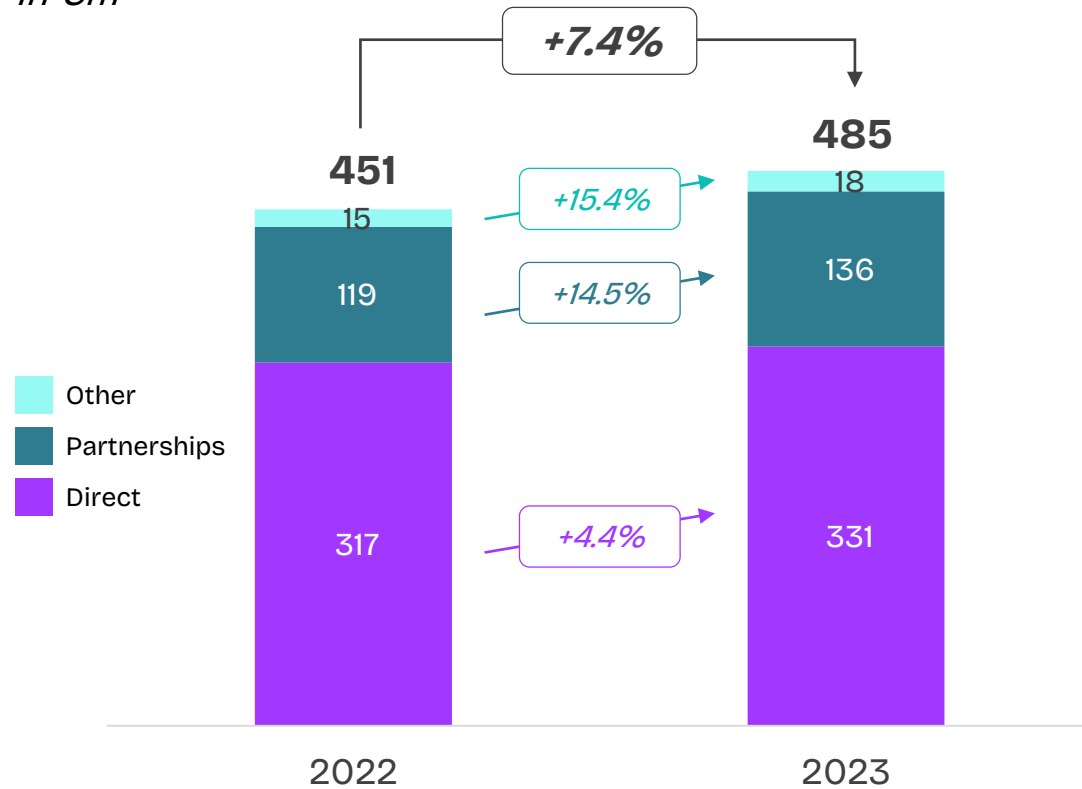
Sharp acceleration of revenue growth in Q4-23 (+12.1% YoY)

Ramp-up in Partnerships (revenue growth +29% YoY)

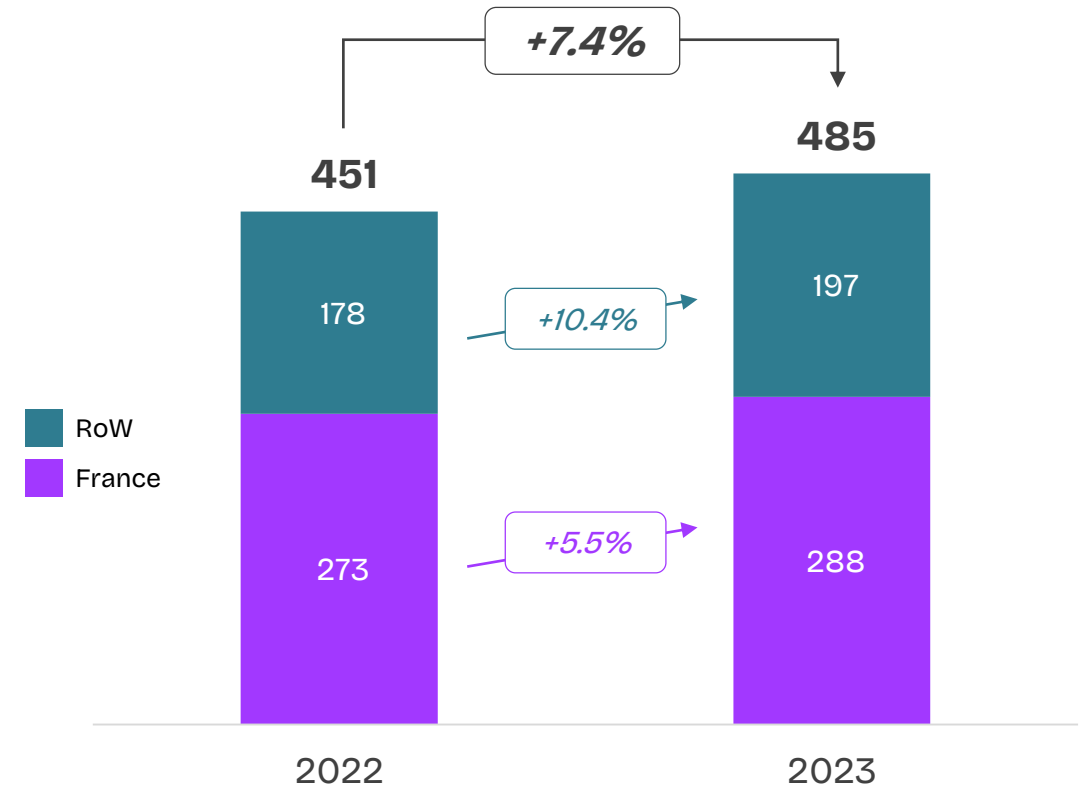
Limited impact of the **new price increase** on Direct in Q4-23, acceleration expected in Q1-24

# Annual revenue up 7.4%, in line with guidance

## Total Revenue In €m



- **Direct:** Subscriber growth in France (+5.9%) and higher ARPU (+3.9%) resulting from improved geographic mix and price increases
- **Partnerships:** Strong subscriber acquisition (+1.1m), driven by the success of the Meli+ offering and build-up of RTL and Sonos partnerships. Higher ARPU (+11.0%) resulting from improved geographic mix

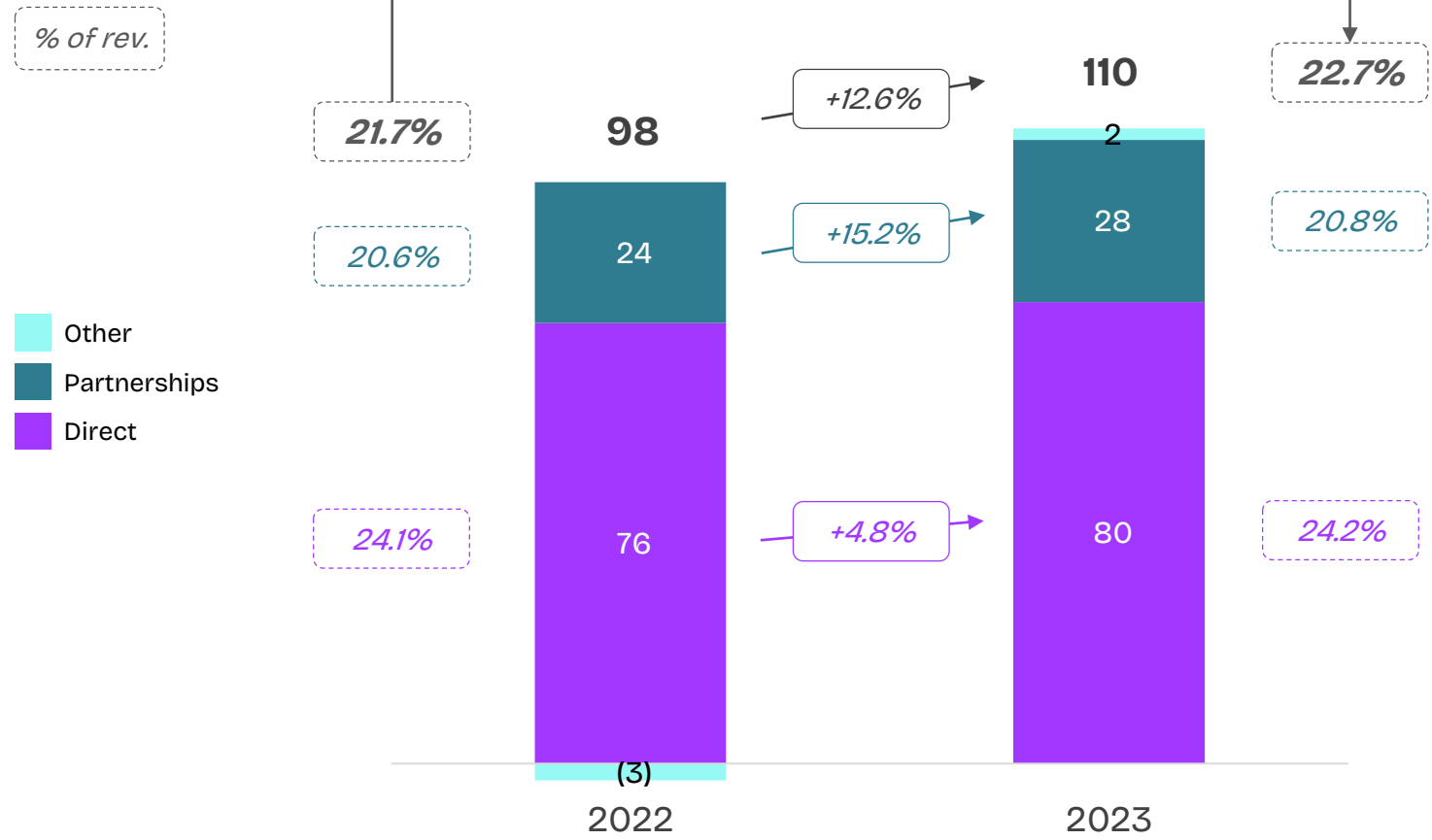


- **France:** Continued subscriber growth on direct
- **RoW:** Strong performance of new partnerships (Meli+, Sonos) and ramp-up of RTL, with the launch of the Multimedia App. Anticipated decline in Direct subscribers (-9.4%), in line with refocus of on selected key markets

# Improvement in adjusted gross profit and margin across all segments

## Adj. Gross profit

In €m



**Adjusted gross profit reached €110m in 2023 (+12.6% vs. 2022), driven by:**

- Higher level of activity
- Positive impact of the optimization of the Group's freemium service

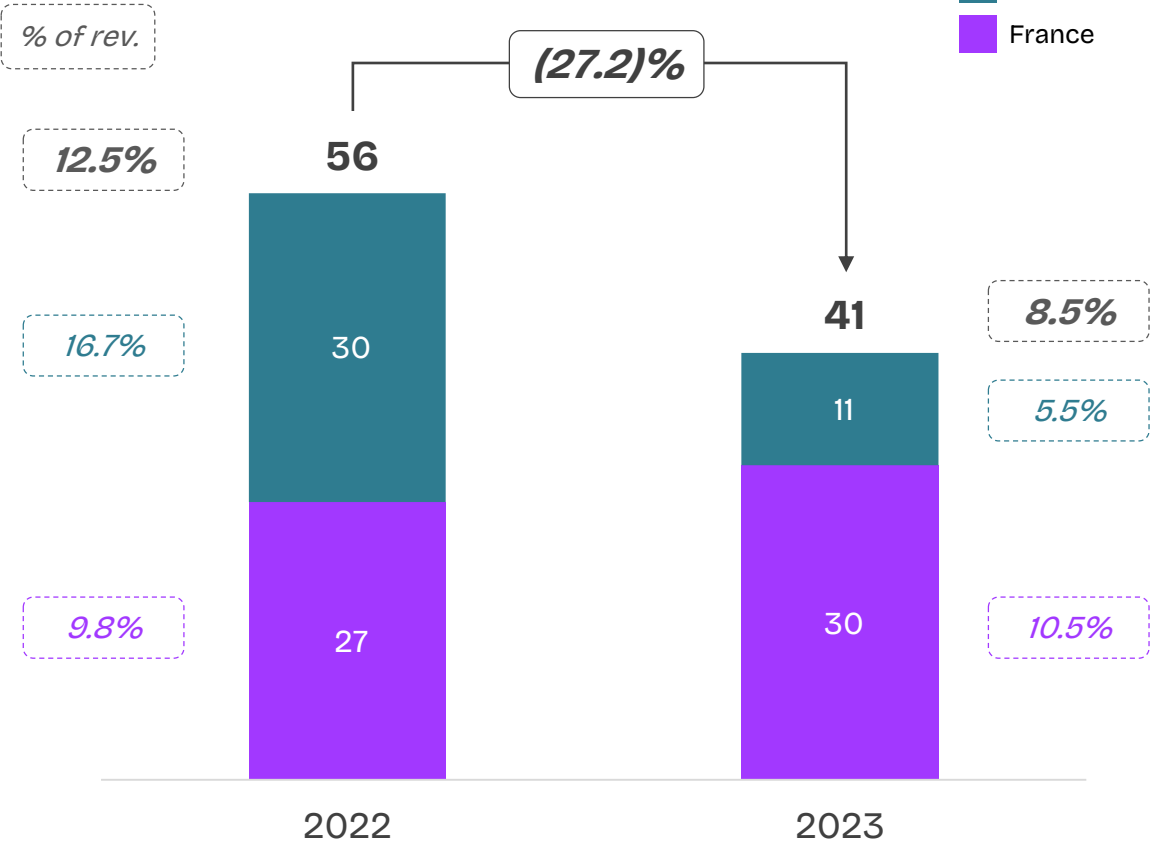
Improvement was partially offset by increased publishing rates

As a result, **adjusted gross profit margin increased by 104 basis points** and reached 22.7% in 2023

# Consistent operational excellence with positive impact on operating expenses

## Marketing and trials

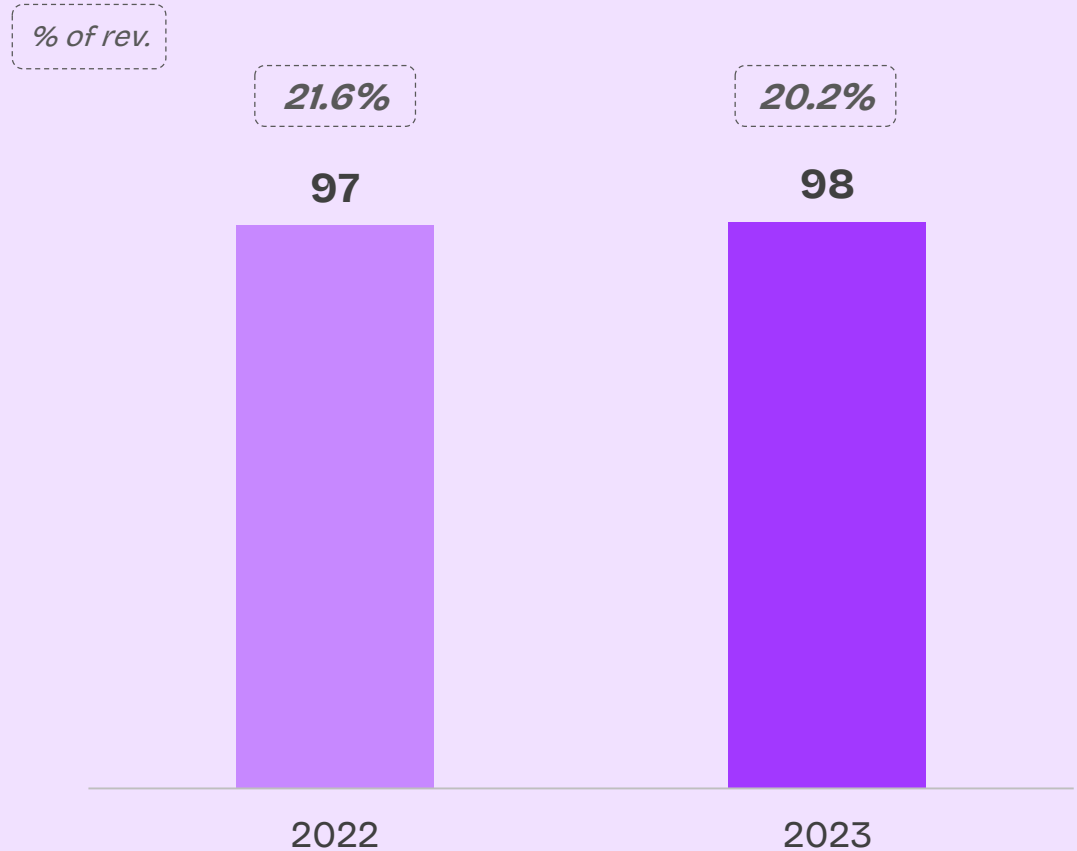
€m



Focus of marketing spend towards **core markets**, with push in Q4 to **support rebranding**

## Staff and G&A

€m

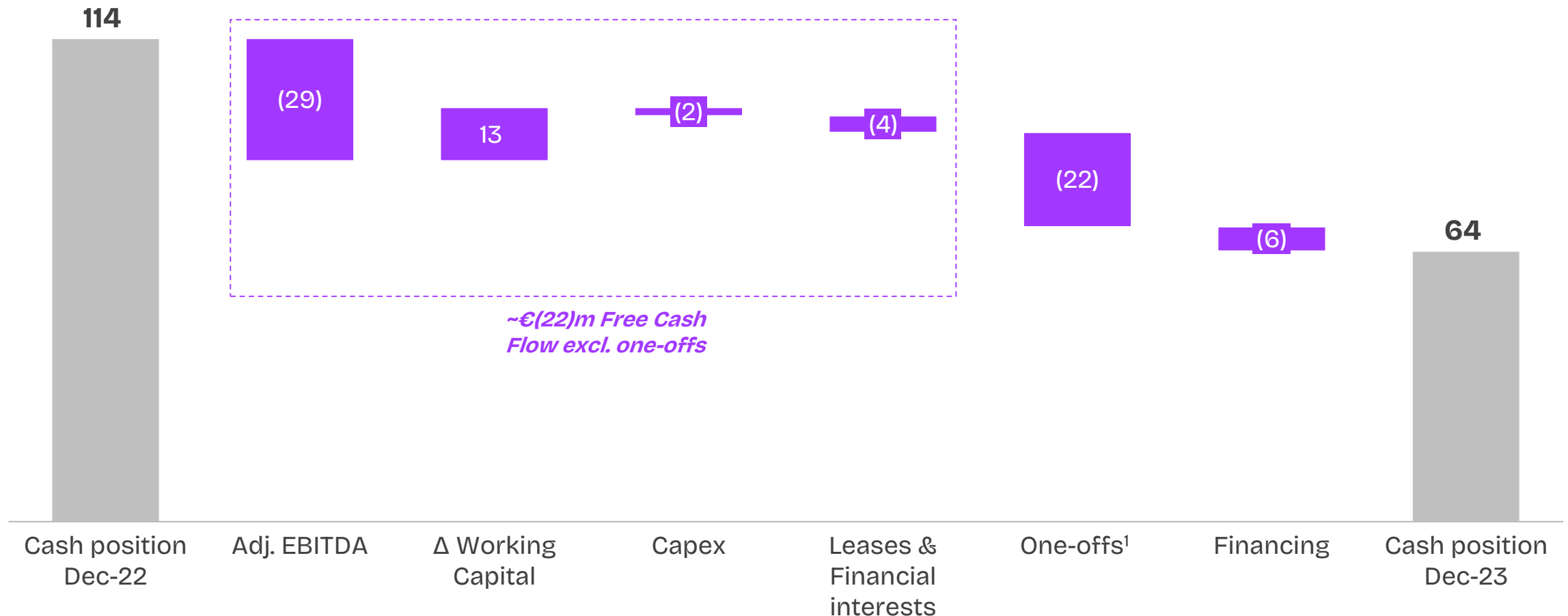


Staff and G&A expenses **kept under strict control**



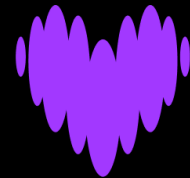
# Robust cash position of €63.6m at end-December, well above resources required to reach financial targets

In €m



1. One-off cash items include exceptional payments that are not related to our normal course of business.

# Financial Outlook



**DEEZER**

# 2024 roadmap is clear and impact already largely secured

## Momentum created in 2023

### Pricing

**Price increase** deployed on **>60%** of user base

### Partnerships

**Tailwind** from recent deals with **RTL, Sonos, Mercado Libre** will expand throughout the year

### Rightsholders

**Contracts renewed** ahead of time with improved terms  
ACPS deployment well engaged

### Product

**Experience services** deployment (shareability with Shaker, ticketing with France Billet, etc.)

### Brand

**Rebranding done** and first 2 multi-canal campaigns conducted (Q4-23, Q1-24)

### Innovation

Acceleration on fraud detection, catalog cleaning (non music), AI audio detection

## Roadmap with impact in 2024 and 2025

Deployment for remaining users by **end of Q2**

**Develop new partnership pipeline, sign and launch** new deals

**Launch new services** for and with labels  
Continue **optimization of contractual terms** with rightsholders

Double down on **shareability, interactivity** and bringing features to partners

**Continued marketing investment with always-on** approach

Further push AI audio insights, catalog organization

# Confirmation of financial targets for 2024/2025

**2024**

**Positive free  
cash flow<sup>1</sup> in  
2024**

**10% revenue  
growth**

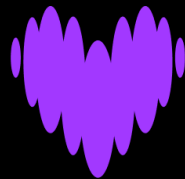
**Adjusted EBITDA  
loss better than  
€(15)m**

**2025**

**Positive  
adjusted  
EBITDA**

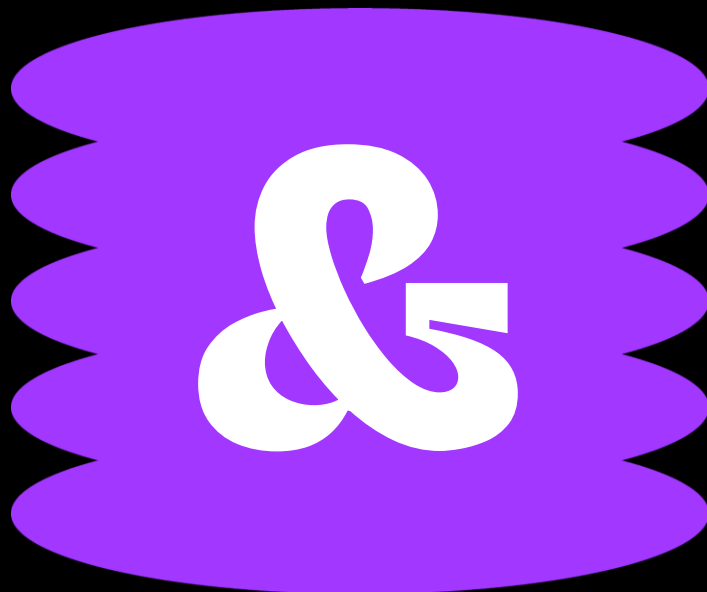
1. Free cash flow: Adjusted EBITDA - change in working capital - capex - leases and net interests.

**Thank you**



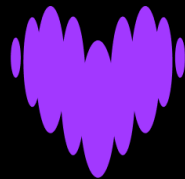
**DEEZER**

Q



A

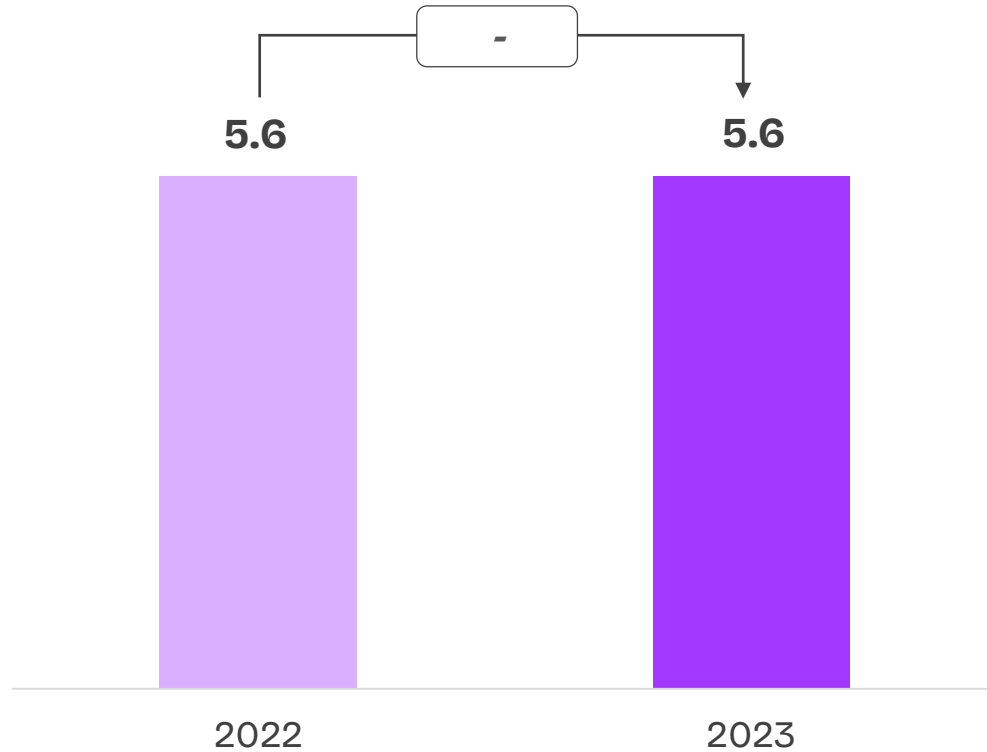
# Appendix



**DEEZER**

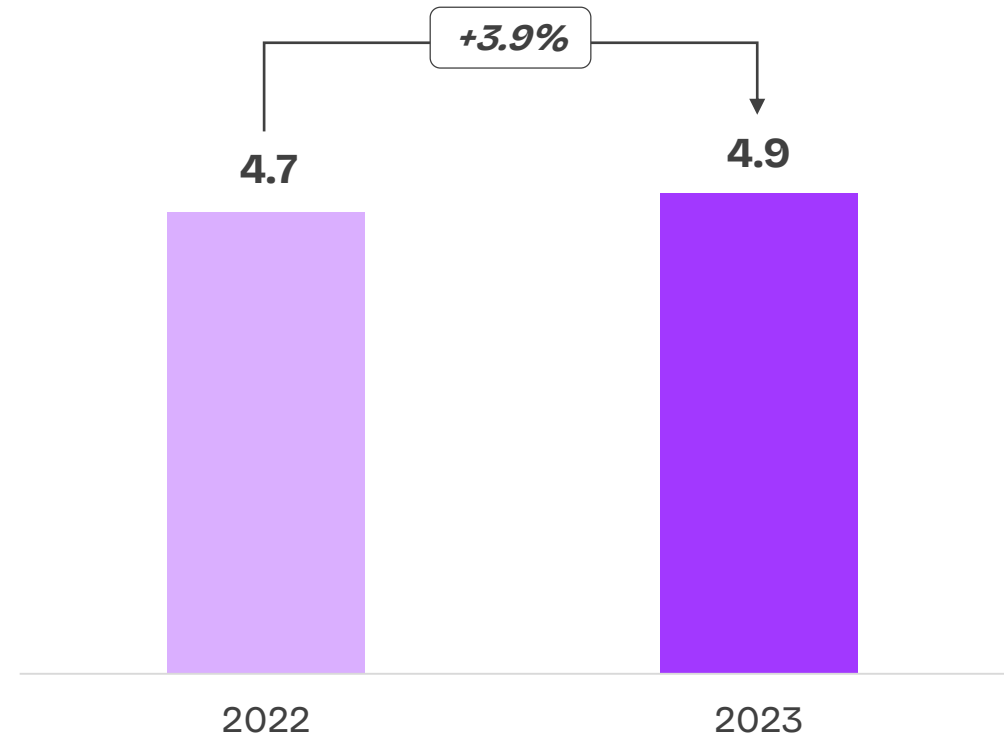
# Direct: Subscriber growth in France and ARPU increase

Direct subscribers  
*In m*



- Continued expansion of the Group's subscriber base in France (+5.9%), offsetting the anticipated decline in the Rest of World (-9.4%), according to the Group's refocus of its Direct business on selected key markets

Direct ARPU  
*In €*



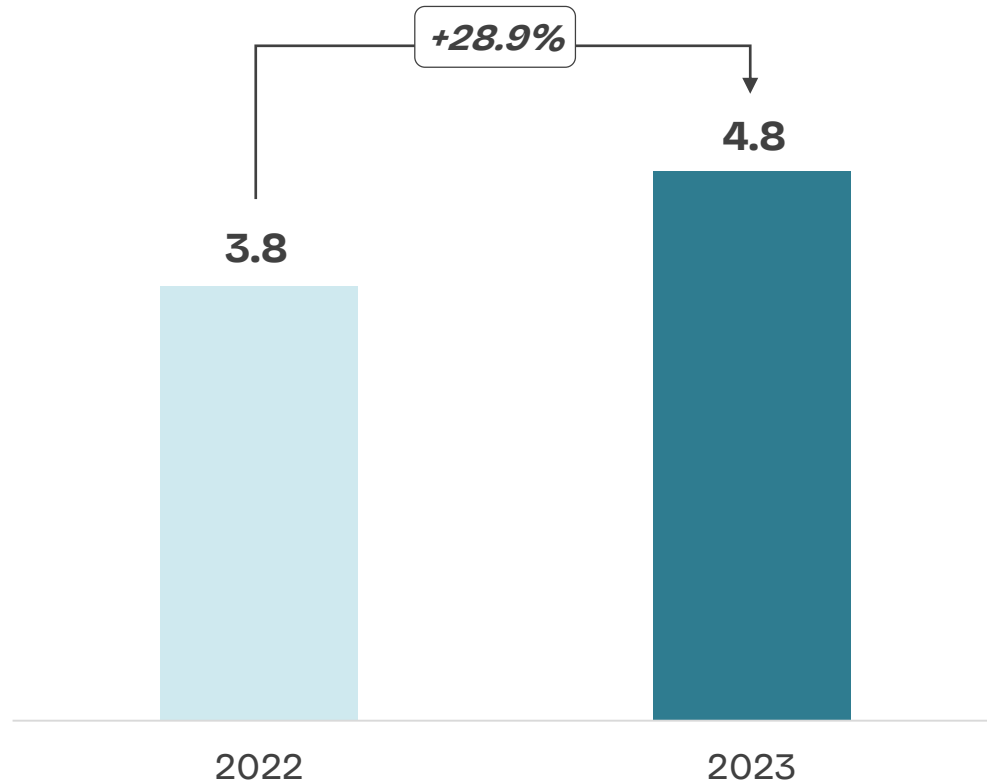
- Improved geographic mix drove ARPU growth of +3.9% to reach €4.9 per subscriber with the addition of the first impact of the second wave of price increases



# Partnerships: Acceleration in subscribers and ARPU

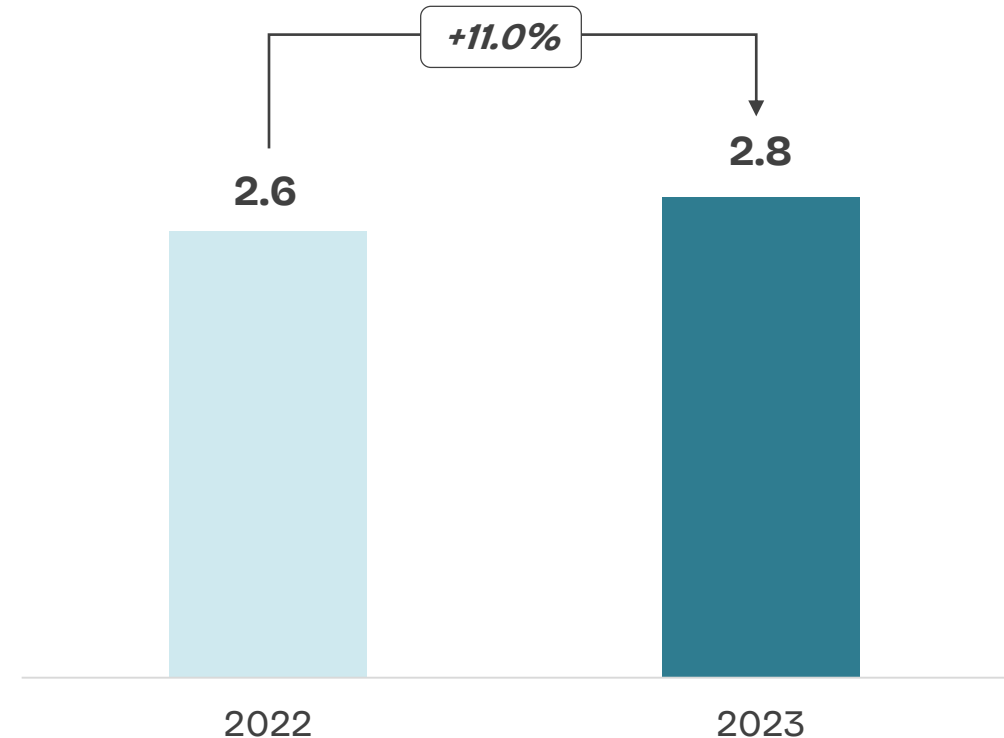
## Partnerships subscribers

*In m*



## Partnerships ARPU

*In €*



- +1.1m partnerships subscribers (+28.9% yoy), driven by the success of the first months of the Meli+ offering in Brazil and Mexico, as well as the gradual build-up of the RTL partnership, and the initial contribution of the Sonos partnership (launched in Q2 2023)

- ARPU increase of +11.0% mainly due to improved geographical mix

# Reducing adjusted EBITDA loss by half to €(29)m while continuing strategic investments

In €m



# Key financial indicators

<i>In € million</i>	2023	2022	Change YoY	Change at constant FX
<b>Total revenue</b>	<b>484.7</b>	<b>451.2</b>	<b>+7.4%</b>	<b>+7.6%</b>
<b>By Quarter</b>				
Q1	115.2	108.2	+6.5%	+6.2%
Q2	118.0	111.2	+6.1%	+6.9%
Q3	120.7	115.2	+4.8%	+5.5%
Q4	130.7	116.6	+12.1%	+12.2%
<b>By segment</b>				
Direct	331.1	317.2	+4.4%	+4.8%
Partnerships	135.7	118.5	+14.5%	+14.0%
Other	17.8	15.5	+15.4%	+16.5%
<b>By geography</b>				
France	288.1	273.2	+5.5%	+5.5%
Rest of World	196.6	178.0	+10.4%	+10.9%

<i>In million</i>	2023	2022	Change YoY
<b>Total subscribers<sup>1</sup></b>	<b>10.5</b>	<b>9.4</b>	<b>+11.5%</b>
Direct	5.6	5.6	-
o/w France	3.7	3.5	+5.9%
o/w Rest of World	2.0	2.2	(9.4)%
Partnerships	4.8	3.8	+28.9%
<b>ARPU (in €/month excl. VAT)</b>			
Direct	4.9	4.7	+3.9%
Partnerships	2.8	2.6	+11.0%

1. As of 31 December.

# Reconciliation of non-IFRS financial indicators

<i>In € million</i>	2023	2022
<b>Gross profit</b>	<b>91.4</b>	<b>65.1</b>
License agreements non-recurring expenses	18.8	32.9
<b>Adjusted gross profit</b>	<b>110.3</b>	<b>98.0</b>

<i>In € million</i>	2023	2022
<b>Operating loss</b>	<b>(64.4)</b>	<b>(166.7)</b>
Gross profit adjustments	18.8	32.9
Depreciation and amortization	16.3	8.7
Share-based expenses	3.1	68.6
Other non-recurring expenses	(2.6)	0.9
<b>Adjusted EBITDA</b>	<b>(28.8)</b>	<b>(55.7)</b>

<i>In € million</i>	2023	2022
<b>Adjusted EBITDA</b>	<b>(28.8)</b>	<b>(55.7)</b>
Change in working capital requirement	12.5	24.4
Capital expenditure	(2.0)	(3.0)
Leases <sup>1</sup>	(3.9)	(6.1)
Others	(22.2)	(3.1)
<b>Free cash flow</b>	<b>(44.3)</b>	<b>(43.6)</b>

1. Including repayment of lease liabilities and net interest paid (including finance leases).

# Consolidated statement of income

<i>FYE 31-December; In € thousands</i>	2023	2022
<b>Revenue</b>	<b>484,656</b>	<b>451,199</b>
Cost of revenue	(393,223)	(386,103)
<b>Gross Profit</b>	<b>91,433</b>	<b>65,095</b>
Product and development	(34,711)	(34,025)
Sales and marketing	(61,727)	(75,973)
General and administrative	(59,404)	(121,843)
<b>Operating loss</b>	<b>(64,409)</b>	<b>(166,746)</b>
Finance income	8,727	4,319
Finance costs	(2,986)	(3,685)
<b>Financial result - Net</b>	<b>5,741</b>	<b>634</b>
<b>Loss before income tax</b>	<b>(58,668)</b>	<b>(166,112)</b>
Income tax expense	(917)	(997)
Share of loss of equity affiliates	-	(1,368)
<b>Net loss for the period</b>	<b>(59,586)</b>	<b>(168,477)</b>
Of which attributable to owners of the parent	(57,666)	(167,702)
Non-controlling interests	(1,920)	(775)
<b>Net loss per share attributable to owners of the parent</b>		
Basic	(0.47)	(1.55)
Diluted	(0.47)	(1.55)
<b>Weighted-average ordinary shares</b>		
Basic	121,508,524	108,475,324
Diluted	121,508,524	108,475,324

# Consolidated statement of financial position (1/2)

<i>FYE 31-December; In € thousands</i>	2023	2022
<b>Assets</b>		
Goodwill	7,487	15,070
Intangible assets	260	524
Property and equipment	4,915	5,881
Right-of-use assets	16,736	21,061
Non-current financial assets	5,337	5,440
Other non-current assets	525	1,705
<b>Total non-current assets</b>	<b>35,260</b>	<b>49,681</b>
Trade and other receivables	70,362	47,713
Other current assets	25,769	23,051
Cash and cash equivalents	63,605	113,610
<b>Total current assets</b>	<b>159,736</b>	<b>184,374</b>
<b>Total assets</b>	<b>194,996</b>	<b>234,055</b>

# Consolidated statement of financial position (2/2)

<i>FYE 31-December; In € thousands</i>	2023	2022
<b>Equity and liabilities</b>		
Share capital	1,216	1,211
Share premium	483,970	483,976
Treasury shares	(363)	(320)
Consolidated reserves	(654,079)	(501,852)
Net loss	(57,666)	(167,702)
<b>Equity attributable to owners of the parent</b>	<b>(226,922)</b>	<b>(184,687)</b>
Non-controlling interest reserves	940	2,866
<b>Total equity</b>	<b>(225,982)</b>	<b>(181,821)</b>
Provision for employee benefits	500	692
Lease liabilities	15,097	19,040
Financial liabilities	13,933	23,288
<b>Total non-current liabilities</b>	<b>29,530</b>	<b>43,020</b>
Provisions for risks	14,838	16,018
Lease liabilities	3,676	4,060
Financial liabilities	7,115	4,988
Trade payables and related accrued expenses	298,990	283,373
Tax and employee-related liabilities	31,446	37,990
Deferred income	33,781	23,193
Other liabilities	1,602	3,234
<b>Total current liabilities</b>	<b>391,448</b>	<b>372,856</b>
<b>Total liabilities</b>	<b>420,978</b>	<b>415,876</b>
<b>Total equity and liabilities</b>	<b>194,996</b>	<b>234,055</b>

# Consolidated statement of cash flows (1/2)

<i>FYE 31-December; In € thousands</i>	2023	2022
<b>Operating activities</b>		
Net loss	(59,586)	(168,477)
Adjustments for:		
- Depreciation and amortization (excluding those related to current assets)	16,319	8,780
- Provisions	(1,014)	4,649
- Share-based compensation expense	16,968	88,235
- Gains and losses on disposals	(16)	(7,449)
- Share of loss of equity affiliates (net of dividends distributed)	-	360
- Discounting profits and losses	(2,776)	(1,821)
- Net debt costs (including interest on lease liabilities)	(1,325)	1,543
- Income tax paid	917	997
Changes in working capital:		
- (Increase)/decrease in trade receivables and other assets	(31,951)	(20,711)
- Increase/(decrease) in trade and other liabilities	23,896	45,122
Income tax paid	(1,426)	(6)
<b>Net cash flows from/(used in) operating activities</b>	<b>(39,994)</b>	<b>(48,778)</b>
<b>Investing activities</b>		
Purchases of property and equipment and intangible assets	(2,095)	(3,053)
Release of the escrow account and other	-	274,875
Proceeds from the disposal of intangible and tangible assets	16	22
Proceeds from the disposal of non-current financial assets	102	12
Impact of changes in the scope of consolidation	-	7,220
<b>Net cash flows used in investing activities</b>	<b>(1,977)</b>	<b>279,076</b>



# Consolidated statement of cash flows (2/2)

<i>FYE 31-December; In € thousands</i>	2023	2022
<b>Financing activities</b>		
Increase in share capital and share premium (net of costs)	-	105,165
Repayments on short-term debt	(5,164)	(251,569)
Repurchases of ordinary shares	(44)	(390)
Proceeds from issuance of long-term debt	747	422
Repayment of lease liabilities	(5,190)	(4,512)
Net interest paid (including finance leases)	1,317	(1,617)
Other cash flows relating to financing activities	(92)	-
<b>Net cash flows from/(used in) financing activities</b>	<b>(8,426)</b>	<b>(152,501)</b>
Effect of foreign exchange rate changes on cash and cash equivalents	392	716
<b>Change in net cash position</b>	<b>(50,005)</b>	<b>78,513</b>
Cash and cash equivalents at the beginning of the period	113,610	35,097
Cash and cash equivalents at the end of the period	63,605	113,610
<b>Change in net cash position</b>	<b>(50,005)</b>	<b>78,513</b>