

Deezer reports revenue growth of +6.5% in Q1 2023, at €115 million

- **Solid B2C performance (revenue up +7.2% vs. Q1 2022), especially in France reflecting continued subscriber growth (+9.8% vs. Q1 2022)**
- **Profitable B2B expansion (revenue up +9.8% vs. Q1 2022), with further acceleration in growth expected in H2 2023 from the ramp-up of new partnerships**
- **Other revenue (down 32.3% vs. Q1 2022) affected by a one-off in Q1 2022 and lower advertising sales resulting from the end of loss-making free funnel in long-tail countries**
- **Confirmation of 2023 outlook**
 - Double-digit revenue growth, in excess of 10% in 2023 compared to 2022
 - A further significant reduction in adjusted EBITDA loss in 2023 compared to 2022
 - On a path to generate a positive cash flow¹ in 2024 and achieve a positive adjusted EBITDA in 2025, while delivering double-digit annual revenue growth over the period

Paris, April 24, 2023, 17:45 CEST – Deezer (Euronext Paris: DEEZR; ISIN: FR001400AYG6), the global music streaming service, today published its consolidated revenue for the first quarter of 2023 (period ended on March 31, 2023).

Jeronimo Folgueira, Chief Executive Officer of Deezer, said:

“Our revenue performance in the first quarter of 2023 was in line with our expectations on the back of a strong first quarter of 2022. I am pleased with the continued expansion of our B2C subscriber base in France, the dynamism of our B2B business, where further growth acceleration is expected, as well as maintained ARPU improvements. We are satisfied with the progress of our business in the first quarter which gives us confidence that we will be able to continue to grow and significantly improve our adjusted EBITDA in 2023.”

¹ Cash flow pre-funding.

KEY FIGURES

Revenue breakdown by segment

<i>In € million</i>	Q1 2023	Q1 2022	Change (%)	Chg. at constant FX
Total revenue	115.2	108.2	+6.5%	+6.2%
B2C	81.7	76.3	+7.2%	+7.3%
B2B	30.8	28.1	+9.8%	+8.5%
Other	2.6	3.9	(32.2)%	(32.9)%

Revenue breakdown by geography

<i>In € million</i>	Q1 2023	Q1 2022	Change (%)	Chg. at constant FX
Total revenue	115.2	108.2	+6.5%	+6.2%
France	70.2	64.6	+8.6%	+8.6%
Rest of World	45.0	43.6	+3.3%	+2.6%

Performance indicators

	Q1 2023	Q1 2022	Change (%)
Total subscribers⁽¹⁾	9.3	9.5	(2.1)%
B2C	5.6	5.5	+2.3%
o/w France	3.5	3.2	+9.8%
o/w Rest of World	2.1	2.3	(8.1)%
B2B	3.6	4.0	(8.2)%
ARPU (in €)	4.1	3.8	+9.0%
B2C	4.8	4.5	+6.6%
B2B	2.8	2.4	+17.5%

⁽¹⁾ As of March 31, in million

KEY BUSINESS HIGHLIGHTS

- Continued progress on the execution of Deezer's strategy to drive profitable B2C growth on core markets
- Further acceleration of B2B expansion expected on the back of a new partnerships with Sonos
 - First major commercial deal with a highly recognized US brand
 - Long-term partnership to power Sonos Radio and Sonos Radio HD services in 16 countries worldwide and expand Sonos' music experience
 - Launched on April 20, 2023
- Ongoing implementation of new product vision to drive more differentiation and monetization on B2C
- Full commercial Launch of Zen by Deezer, our new wellbeing app, scheduled for June 1st 2023

CONSOLIDATED REVENUE

Consolidated revenue amounted to €115.2 million in the first quarter of 2023, an increase of 6.5% compared to the first quarter of 2022 (+6.2% at constant currency), reflecting solid B2C performance (+7.2%), especially in France, and ongoing profitable B2B expansion (+9.8%), offset in part by lower Other revenue (-32.2%).

Revenue by segment

B2C revenue amounted to €81.7 million in the first quarter of 2023 (c. 71% of consolidated revenue), up 7.2% compared to the first quarter of 2022 (+7.3% at constant currency). This revenue increase was primarily driven by a continued expansion of the group's subscriber base in France (+9.8%), which allowed for clearly offsetting a decline in the Rest of World (-8.1%) as a result of Deezer's strategy to focus on selected key markets. B2C ARPU also improved year-over-year (+6.6%), driven by a double-digit growth in the Rest of World on the back of the price increases and the positive impact of the group's refocus on key geographies, and despite the expected gradual end of the price increase effect implemented in France in January 2022.

B2B revenue amounted to €30.8 million in the first quarter of 2023 (c. 27% of consolidated revenue), up 9.8% compared to the first quarter of 2022 (+8.5% at constant currency), mainly as a result of the good performance of existing and new deals with large Telecom operators in France and Brazil and the progressive ramp up of the RTL partnership launched in Q3 2022.

Other revenue, which is mainly made up of advertising and ancillary revenue, amounted to €2.6 million in the first quarter of 2023, down 32.2% compared to the first quarter of 2022 which included a one-off revenue from a hardware company partnership. This decline also reflected lower advertising revenue as Deezer decided to shut down its loss-making freemium service in long-tail countries.

Revenue by geography

In **France**, revenue totaled €70.2 million in the first quarter of 2023 (c. 61% of consolidated revenue), up 8.6% compared to the first quarter of 2022, mainly reflecting the continued expansion of the group's B2C subscriber base (+9.8%).

In the **Rest of World**, revenue was €45.0 million in the first quarter of 2023 (c. 39% of consolidated revenue), up 3.3% compared to the first quarter of 2022 (+2.6% at constant currency), as a double-digit growth in ARPU allowed to 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.

Subscriber base

Deezer's **total number of subscribers** reached 9.3 million as at March 31, 2023 compared to 9.5 million as at March 31, 2022, representing a decrease of 2.1%. The continued B2C subscriber growth in France allowed to partly offset a subscriber decline recorded in the Rest of World.

In **B2C**, the group's number of subscribers totaled 5.6 million as at March 31, 2023, recording an increase of 2.3% compared to March 31, 2022. In France, the B2C subscriber base continued to grow at a dynamic pace, reaching 3.5 million subscribers as at March 31, 2023 (+9.8%). In the Rest of World, the number of B2C subscriber declined to 2.1 million at end March 2023 (-8.1%) as the group's strategy to focus on selected key markets led to a significant reduction of unprofitable spend, thus impacting new B2C subscriber acquisitions throughout 2022.

In **B2B**, the group's number of subscribers stood at 3.6 million as at March 31, 2023, recording a decrease of 8.2% compared to March 31, 2022, mainly as a result of a decline of the subscriber base in the Rest of World. This decline was driven by a legacy hard-bundled offer in Brazil not included anymore for new customers, with limited impact on revenue given low ARPU.

ARPU

ARPU stood at €4.1 in the first quarter of 2023 compared to €3.8 in the first quarter of 2022, representing an increase of 9.0%, with growth across both B2C (+6.6%) and B2B (+17.5%) segments, which underscores the relevance and successful execution of the group's strategy to improve business economics.

2023 OUTLOOK CONFIRMED

In 2023, the group will continue to execute on its profitable growth strategy with the following priorities:

- New feature development in the product to fuel differentiation and further monetization;
- Further acceleration of profitable B2B expansion on the back of recently announced partnerships such as Sonos (US), RTL (Germany) and DAZN (Italy);
- Ramp-up of New Verticals to reach breakeven as of H2 and drive profitability improvement;
- Strict management of cost base to keep staff and G&A expenses flat.

Consequently, Deezer expects for 2023:

- Double-digit revenue growth, in excess of 10% compared to 2022, mainly driven by the further expansion of the B2B segment;
- A further significant reduction in adjusted EBITDA loss compared to 2022.

Given its focus on profitable growth, Deezer confirms it remains on a path to generate a positive cash flow² in 2024 and achieve a positive adjusted EBITDA in 2025, while delivering double-digit annual revenue growth over the period.

POST CLOSING EVENT

² Cash flow pre-funding.



On April 4, 2023, Deezer announced that its major shareholders have reached an agreement³ under the terms of which they undertake until April 5, 2024 to coordinate any upcoming sale of their shares on the market (but not off-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 Deezer, 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.

CONFERENCE CALL AND WEBCAST

Jeronimo Folgueira, CEO and Stéphane Rougeot, Deputy CEO and CFO will host a live conference call and webcast for analysts and investors, including a Q&A session, on **Tuesday, April 25, 2023 at 9.30 am (Paris time, CEST) / 8.30 am (London time, BST)**.

Connect to the **live webcast** by clicking on the following link:

https://channel.royalcast.com/deezer-en/#!/deezer-en/20230425_1

Conference call dial-in details:

- **France:** +33 (0) 1 7037 7166
- **UK-wide:** +44 (0) 33 0551 0200
- **US:** +1 786 697 3501

Password: "Deezer" *(to be communicated verbally to the operator)*

The presentation and a replay of the webcast will be made available to the public after the live event and can be consulted in the "Financial information" section on Deezer's IR website at www.deezer-investors.com.

FINANCIAL CALENDAR

- 31 May 2023: Annual General Meeting
- 2 August 2023: H1 2023 Results (press release to be published after market close)
- 26 October 2023: Q3 2023 Revenue (press release to be published after market close)

³ For more information, refer to the press release published by Deezer on April 4, 2023.

