

Deezer reaches subscriber inflection point with +6.9% growth quarter over quarter and revenues of €120.7m in Q3 2023

- **9.9 million subscribers (+6.9% QoQ and +4.9% YoY)** driven by the ramp up of Partnership subscribers (+11.8% YoY) and the continued Direct subscriber growth in France (+7.3% YoY);
- **Continued ARPU increase from both Direct (+3.4% YoY) and Partnerships (+10.6% YoY)** ahead of a new wave of price increases recently implemented with impact starting in Q4 2023;
- **Consolidated revenue at €120.7 million in Q3 2023, up +4.8% vs. Q3 2022** (+5.5% at constant currency);
- **Consolidated revenue at €354.0 million in 9M 2023, up +5.8% vs. 9M 2022** (+6.1% at constant currency);
- **Acceleration of revenue growth expected for Q4 2023 and beyond**, driven by continuing ramp up of Partnerships and contribution of new wave of price increases;
- **Successful renewal of agreements with several key rights holders**, including Major labels, ahead of contractual date and with improved terms;
- **Confirmation of FY 2023 guidance on revenue growth and improvement of Adjusted EBITDA.**

Paris, 26 October 2023, 17:45 CEST – Deezer (Euronext Paris: DEEZR; ISIN: FR001400AYG6), the global music streaming service, today publishes its consolidated revenue for the third quarter and the first nine months of 2023 (period ended on 30 September 2023).

Commenting on the results, Jeronimo Folgueira, CEO of Deezer, said:

“I’m very proud of what we have achieved in Q3 2023. We are back to meaningful subscriber growth and secured top line acceleration starting in Q4 thanks to the implementation of a new wave of price increases, as well as the ongoing growth of new partnerships. Additionally, we once again lead an important change in music streaming with the introduction of the new Artist Centric model which will help create a healthier ecosystem and better reward artists and music, while enhancing fan experience. And finally, we have successfully renewed the majority of our contracts with key content providers, with improved terms ahead of time.”

In € million	Q3 2023	Q3 2022	Change YoY	Change at constant FX
Total revenue	120.7	115.2	+4.8%	+5.5%
By segment				
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)%
By geography				
France	71.7	69.7	+3.0%	+3.0%
Rest of World	49.0	45.6	+7.5%	+9.2%

	Q3 2023	Q3 2022	Change YoY
Total subscribers⁽¹⁾	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%
ARPU (in €/month excl. VAT)			
Direct	4.9	4.7	+3.4%
Partnerships	2.9	2.7	+10.6%

⁽¹⁾ As of 30 September, in million.

BUSINESS HIGHLIGHTS FOR Q3 2023

Artist-centric model: on September 6th, Deezer announced the launch of the first comprehensive artist-centric music streaming model, which started to be implemented in Q4 2023 in France and with additional markets to follow. Several labels announced their support for the artist centric approach and around half of Deezer streams are already running on the new model.

Price adjustment: on September 21st, Deezer adjusted prices in several markets (France, UK, Spain, Italy and the Netherlands) to better recognise the value of music streaming and to ensure the continuous improvement of product and fan experiences; the new prices will start to apply from end of October 2023 and progressively be rolled out to the whole Direct subscriber base; Since this announcement, the Group has seen minimal churn impact on its subscriber base, in line with prior pricing changes.

Partnership expansion: Deezer became the official music streaming partner for Mercado Libre's new subscription program Meli+, launched in August 2023, with very strong initial subscriber growth in Brazil and Mexico. RTL launched its new Multimedia App (including Video and Music) in August. Q3 2023 also marked the first full quarter managing the Sonos Radio service.

Contract renewals: The Company renewed several contracts with key rightholders, including with Major labels, ahead of contractual date and with improved terms which will positively impact profitability in 2024.

CONSOLIDATED REVENUE FOR Q3 2023

Consolidated revenue amounted to €120.7 million in Q3 2023, up 4.8% compared to Q3 2022 (+5.5% at constant currency), reflecting the execution of the strategy of the Group, with the ramp-up of the new Partnerships (including RTL+, Sonos and Mercado Libre), and continued Direct subscriber growth in France.

Partnerships revenue amounted to €34.2 million in Q3 2023, up 11.9% compared to Q3 2022 (+12.0% at constant currency), driven by the strong subscriber acquisition dynamic (+0.5 million or +11.8%). This performance reflects the success of the first few weeks of the Meli+ offering, exceeding our initial expectations, as well as the gradual build-up of the RTL partnership, with the launch of the Multimedia App (including Video and Music) at the end of Q3 2023, and the initial contribution of the Sonos partnership launched in Q2 2023. In the third quarter, the Partnership subscriber base increased from 3.7m to 4.3m compared to the end of June.

Direct revenue totaled €82.5 million in Q3 2023, up 3.3% compared to Q3 2022 (+4.1% at constant currency). Revenue growth is supported by the continued expansion of the Group's subscriber base in France (+7.3%), more than offsetting the expected decline in the Rest of World in line with the Group's strategy to focus on selected

key markets. ARPU growth of +3.4% (€4.9 per subscriber) is driven by an improved geo mix and reflects the end of the impact of the first wave of price increases. ARPU growth will further accelerate on the back of the new wave of price increases that were announced at the end of the third quarter.

Other revenue, which is mainly made up of advertising and ancillary revenue, totaled €4.1 million in Q3 2023 compared to €4.9 million in Q3 of 2022. The segment was impacted by an unfavorable comparison basis (€1.1m one-offs in 2022) as well as by the weak performance of Driift.

CONSOLIDATED REVENUE FOR 9M 2023

In € million	9M 2023	9M 2022	Change YoY	Change at constant FX
Total revenue	354.0	334.6	+5.8%	+6.1%
By segment				
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)%
By geography				
France	213.7	202.0	+5.8%	+5.8%
Rest of World	140.2	132.6	+5.8%	+6.6%

	9M 2023	9M 2022	Change YoY
Total subscribers⁽¹⁾	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%
ARPU (in €/month excl. VAT)			
Direct	4.9	4.7	+4.3%
Partnerships	2.9	2.5	+13.1%

⁽¹⁾ As of 30 September, in million.

Consolidated revenue amounted to €354.0 million for the first 9 months of 2023, up 5.8% compared to the first 9 months of 2022 (+6.1% at constant currency). As for Q3 2023, this revenue increase is mainly driven by:

- The ongoing profitable expansion in Partnerships (+9.7%), thanks to the contribution of new and existing deals with large Telecom operators in France and Brazil and the progressive ramp up of the RTL partnership launched in Q3 2022 (Germany), the Sonos partnership launched in Q2 2023 (US) and the Mercado Libre partnership launched in Q3 2023 (Brazil and Mexico);
- Direct performance (+4.9%), mainly driven by the continued growth of the subscribers base in France as well as ARPU increase



PERSPECTIVES FOR 2023: REVENUE GROWTH AND ADJUSTED EBITDA IN LINE WITH GUIDANCE

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.

In Q4 2023, the Group expects a significant acceleration of its revenue growth, benefiting from the increased contribution of recently signed Partnerships, including Mercado Libre, and the impact of new price increases which are being progressively rolled out to the entire Direct subscriber base from end of October.

In light of the above, the Group confirms its guidance to achieve 7 to 10% revenue growth for FY 2023 vs. FY 2022 and confirms it is on track to achieve another significant reduction in adjusted EBITDA loss in H2 2023, compared to H2 2022.

FINANCIAL CALENDAR

- 28 February 2024: 2023 annual results (press release to be published after market close)

CONFERENCE CALL AND WEBCAST

Jeronimo Folgueira, CEO and Stéphane Rougeot, Deputy CEO and CFO will host a conference call and webcast for analysts and investors, including a Q&A session, on **Friday, 27 October 2023 at 9.30 a.m. CEST**.

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

https://channel.royalcast.com/landingpage/deezer-en/20231027_1/

Conference call dial-in details:

- **France:** +33 (0) 1 70 37 71 66
- **UK-wide:** +44 (0) 33 0551 0200
- **US:** +1 786 697 3501

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

The related presentation and a replay of the webcast will be made available on www.deezer-investors.com in the Financial Information section after the live event.

FORWARD LOOKING STATEMENTS

This press release contains certain forward-looking statements relating to the business of Deezer, which shall not be considered per se as historical facts, including the ability to manufacture, market, commercialize and achieve market acceptance for specific projects developed by Deezer, estimates for future performance and estimates regarding anticipated operating losses, future revenues, capital requirements, needs for additional financing. In addition, even if the actual results or development of Deezer are consistent with the forward-looking statements contained in this press release, those results or developments of Deezer may not be indicative of their future.

In some cases, you can identify forward-looking statements by words such as "could," "should," "may," "expects," "anticipates," "believes," "intends," "estimates," "aims," "targets," or similar words. Although the management of Deezer believes that these forward-looking statements are reasonably made, they are based largely on the current expectations of Deezer as of the date of this press release and are subject to a number of known and unknown risks and uncertainties and other factors that may cause actual results, performance or achievements to be materially different from any future results, performance or achievement expressed or implied by these forward-looking statements. In particular, the expectations of Deezer could be affected by, among other things, risks and uncertainties developed or identified in any public documents filed by Deezer with the French financial market authority (the Autorité des marchés financiers – the “AMF”), included those listed in the universal registration document approved by the AMF on 28 April 2023 under number R.23-023. In light of these risks and uncertainties, there can be no assurance that the forward-looking statements made in this press release will in fact be realized. Notwithstanding the compliance with article 223-1 of the General Regulation of the AMF (the information disclosed must be “accurate, precise and fairly presented”), Deezer is providing the information in this press release as of 2 August 2023, and disclaims any intention or obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

ABOUT DEEZER

Deezer is one of the largest independent music streaming platforms in the world, with more than 200 million pieces of content available in 180 countries, providing access to lossless HiFi audio, innovative recommendation technology and industry defining features. As the home of music, Deezer brings artists and fans together on a scalable and global platform, to unlock the full potential of music through technology. Founded in 2007 in Paris, Deezer is now a global company with a team of over 600 people based in France, Germany, UK, Brazil and the US, all brought together by their passion for music, technology and innovation. Deezer is listed on the Professional Segment of Euronext Paris (Ticker: DEEZR. ISIN: FR001400AYG6) and is also part of the newly-created Euronext Tech Leaders segment, dedicated to European high-growth tech companies, and its associated index.

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