



Deezer FY23 Results:

Strong performance and momentum; reiterating financial targets for 2024 & 2025

2023 HIGHLIGHTS: DEEZER STRENGTHENS ITS BUSINESS POSITION WITH MAJOR MILESTONES ACHIEVED

- **DEEZER SUBSCRIBER BASE REACHING ALL-TIME HIGH**
 - 10.5 million subscribers, +1.1 million in 2023, on the back of strengthened market position in France & expansion of our global footprint through partnerships.
- **DRIVING VALUE FOR PARTNERS, ARTISTS & FANS**
 - New, renewed and expanded strategic partnerships across key markets;
 - Launch of Artist Centric Streaming Model designed to better monetize for artists;
 - Renewed contracts with key right holders, with improved terms;
 - Repositioning of Deezer brand plus new features for stronger customer engagement.

2023 FINANCIAL RESULTS: STRONG PERFORMANCE AND MOMENTUM

- **ACCELERATION OF REVENUE GROWTH IN Q4 AT +12.1%; FY REVENUE GROWTH AT +7.4% TO €484.7 MILLION, IN LINE WITH GUIDANCE**
 - Gaining traction in Q4 due to subscribers growth & ARPU increase across Direct and Partnerships segments.
- **REDUCED ADJUSTED EBITDA LOSS BY ALMOST HALF TO €(29) MILLION, WHILE CONTINUING STRATEGIC INVESTMENTS**
 - Solid adjusted Gross Margin improvement (+1.0pt) combined with strong impact of strict control of operating expenses lowered by €14.6 million vs 2022;
 - Efficient marketing investment to support growth and stronger customer engagement.
- **ROBUST CASH POSITION OF €63.6 MILLION, WELL ABOVE RESOURCES REQUIRED FOR 2024/2025 FINANCIAL TARGETS**

CONFIRMATION OF FINANCIAL TARGETS FOR 2024/2025

- **POSITIVE FREE CASH FLOW¹ IN 2024**
 - Acceleration of revenue growth compared to 2023, to reach 10% in 2024, driven by the development of Partnerships, subscriber growth and the impact of the latest round of price increases;
 - Another significant improvement of adjusted EBITDA, expected to be better than €(15) million in 2024, driven by a further increase of the adjusted Gross Margin and the continued strict management of the operating expenses.

- **POSITIVE ADJUSTED EBITDA IN 2025**
- ### KEY FINANCIAL INDICATORS

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



<i>In € million</i>	2023	2022	Change YoY	Change at constant FX
Total revenue	484.7	451.2	+7.4%	+7.6%
By Quarter				
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%
By segment				
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%
By geography				
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
Total revenue	484.7	451.2	+7.4%
Adjusted gross profit²	110.3	98.0	+12.6%
<i>In % of total revenue</i>	22.7%	21.7%	+1.0 pt
Adjusted EBITDA²	(28.8)	(55.7)	(48.4)%
<i>In % of total revenue</i>	(5.9)%	(12.4)%	+6.4 pts
Net loss	(59.6)	(168.5)	(64.6)%

<i>In € million</i>	31 December 2023	31 December 2022
Cash and cash equivalents	63.6	113.6
Financial debt	(21.0)	(28.3)
Net cash	42.6	85.3

	2023	2022	Change YoY
Total subscribers⁽¹⁾	10.5	9.4	+11.5%
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%
ARPU (in €/month excl. VAT)			
Direct	4.9	4.7	+3.9%
Partnerships	2.8	2.6	+11.0%

⁽¹⁾ As of 31 December, in million.

² Adjusted gross profit and Adjusted EBITDA are non-IFRS measures. See "Reconciliation of non-IFRS financial indicators" in appendix.



Paris, 28 February 2024, 17:45 CEST – Deezer (Euronext Paris: DEEZR; ISIN: FRO01400AYG6), the global music streaming service, published its consolidated results for the year ended 31 December 2023, approved today by its Board of Directors³.

Commenting on the results, Jeronimo Folgueira, CEO of Deezer, said: *"2023 was a great year for Deezer, we have delivered record results and positioned the company well for a strong 2024. Our revenue and subscriber growth substantially accelerated in Q4 and our continued improvements in profitability pave the way for us to achieve cash flow breakeven this year. Our partnership strategy is bearing fruit, driving our overall growth and helping us win market share outside France. Additionally, 2023 was a key year for the music industry thanks to the introduction of our new Artist Centric Payment System, the first major change to royalty payments since the inception of streaming. It's a change that has been extremely well received and that will protect and reward the artists that create valuable content. And last but not least, in 2023 we have also embraced our new brand identity, fresher and bolder, to position Deezer as the innovator where artists, fans and partners can be and belong".*

2023 BUSINESS HIGHLIGHTS, RESULTS & OUTLOOK FOR 2024

2023 BUSINESS HIGHLIGHTS: DEEZER REINFORCES POSITION AS CATALYST FOR INDUSTRY TRANSFORMATION

In November 2023, Deezer revealed its new brand identity reinventing itself as an experience services platform, with expression and connection as guiding principles to help artists, fans and partners to be and belong through music. To highlight the transformation and recharge people's emotional connection to the brand, Deezer refreshed its visual identity and launched an updated communication platform around a new tagline "Live the Music".

Expansion of our global business footprint through Partners

Expansion: Since April 2023, content and key services on Sonos Radio and Sonos Radio HD are delivered by Deezer, and the two companies collaborate to achieve continued innovation for the Sonos music experience. In August, RTL launched its new Multimedia App (including Video and Music empowered by Deezer). Last but not least, also in August, Deezer became the official music streaming partner for Mercado Libre's new subscription program Meli+, with very strong initial subscriber growth in Brazil and Mexico.

Renewals: The Company renewed several major partnerships, with Orange in July 2023 and with TIM and FNAC Darty in the beginning of 2024, confirming the mutual benefits for both Deezer & Partners.

New CCO: In January 2024, Deezer appointed Ivana Kirkbride as CCO to lead a growth strategy to scale Deezer's footprint and drive major commercial partnerships across key markets worldwide.

Coming soon: The value of music to engage, build loyalty, and generate recurring revenues are more relevant than ever and will drive an ocean of opportunities in the future, to bring music services to new partners, geography, and verticals, to expand the penetration of music streaming.

Enhance the Value of Artist

³ Audit procedures have been carried out on the financial statements. The statutory auditors' report will be issued after examination of the management report and completion of procedures required for the filing of the Universal Registration Document.



Artist-centric model: Deezer announced the launch of the first comprehensive artist-centric music streaming model. Several labels announced their support for the artist-centric approach, as well as Sacem, the world leader in the collective management of creator's and publisher's rights.

Price increase: Deezer adjusted prices in several markets (France, UK, Spain, Italy, & the Netherlands) since September 21st, to better recognize the value of music streaming and to ensure the continuous improvement of product and fan experiences. Since this announcement, the Group has seen minimal churn impact on its subscriber base, in line with prior pricing changes.

Contract renewals: The Company renewed several contracts with key rightsholders, including with Major labels, ahead of the contractual date and with improved terms which strengthened their relationships and will positively impact profitability from 2024.

Coming soon: As a pioneer in the Music industry, Deezer will continue to enhance the value of artists through breakthrough innovations that expand the music industry footprint overall.

New features to enrich experiences for fans

New feature development: During the year, the Group launched breakthrough innovative features, confirming its evolution from a music streaming platform to an experience services platform. The introduction of Shaker, which connects friends on different music apps and the next generation *Flow*, the AI-powered music discovery feature, were the highlights of the year. These innovative features fueled further differentiation and engagement.

2023 RESULTS: RECORD PERFORMANCE, STRONG MOMENTUM

Annual revenue up 7.4%, in line with guidance

Consolidated revenue amounted to €484.7 million in 2023, up 7.4% compared to 2022 (+7.6% at constant currency), reflecting the execution of the Group's strategy directing efforts towards attractive, large markets, mainly through partnerships. The continuing ramp up of recent Partnerships (including RTL+, Sonos & Mercado Libre) and the contribution of the new wave of price increases and strong subscriber growth in France on the Direct segment were the major factors contributing to Deezer growth in 2023.

The Group recorded a sharp acceleration in growth in Q4 2023 (+12.1% vs Q4 2022) on the back of the ramp-up in Partnerships (revenues +28.6% vs Q4 2022) & first impact of the new price increase on Direct.

Direct revenue totaled €331.1 million in 2023, up 4.4% compared to 2022 (+4.8% at constant currency). This growth is underpinned by the 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. At the same time, this 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 revenue amounted to €135.7 million in 2023, up 14.5% compared to 2022 (+14.0% at constant currency), driven by strong subscriber acquisition (+1.1 million or +28.9%), essentially from the success of the first months of the Meli+ offering in Brazil and Mexico, and the ARPU increase of +11.0% mainly due to improved geographical mix. This performance was also backed by 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.

Other revenue, which is mainly made up of advertising and ancillary revenue, totaled €17.8 million in 2023, with a growth of +15.4% compared to 2022.



Reducing adjusted EBITDA loss by almost half to €(29) million, while continuing strategic investments

Adjusted Gross Profit increased by 12.6% compared to 2022, to reach €110.3 million in 2023, mainly due to a higher level of activity, and the positive impact of the optimization of the Group's freemium service, partly offset by increased publishing rates.

As a result, Adjusted Gross Margin increased by 100 basis points and reached 22.7% in 2023 compared to 21.7% in 2022.

Adjusted EBITDA improved by €26.9 million to €(28.8) million in 2023, compared to €(55.7) million in 2022, mainly driven by higher adjusted gross profit and optimized marketing expenses as a result of the Group's strategy to focus on Partnerships and selected key markets for Direct subscription. In addition, staff and G&A costs were kept under strict control in 2023.

Operating loss totaled €(64.4) million in 2023 compared to €(166.7) million in 2022, reflecting the improvement in Adjusted EBITDA as well as some non recurring items that affected the results in 2022.

Net loss totaled €(59.6) million in 2023 compared to €(168.5) million in 2022, mainly reflecting the improvement in Operating Loss.

Robust cash position of €63.6 million, well above resources required for 2024/2025 financial targets

Free cash flow totaled €(44.3) million in 2023 compared to €(43.6) million in 2022. This change mainly reflected the reduction of adjusted EBITDA loss, offset by lower generation of working capital as compared to 2022, as well as higher other cash items (one-off items including the impact of tax regularizations).

Change in Working Capital totaled €12.5 million in 2023, reflecting the higher level of activity, despite the acceleration of our Partnerships growth in Q4 which led to an increase of our Trade Receivables at the end of December 2023.

2024 FINANCIAL OUTLOOK: POSITIVE FREE CASH FLOW THROUGH ACCELERATED REVENUE GROWTH & CONTINUED SIGNIFICANT IMPROVEMENT IN ADJUSTED EBITDA

In 2024, the Group targets to reach 10% revenue growth, driven by the development of Partnerships, subscriber growth and the impact of the latest round of price increases.

The Group aims to achieve an adjusted EBITDA loss better than €(15) million in 2024, another significant reduction compared to €(29) million in 2023. This improvement will be driven by a further increase of the adjusted gross margin, the operating leverage from revenue growth and continued strict cost control, while continuing to invest strategically in our brand.

Finally, given the strong profitability improvements achieved in 2023 and the expected revenue and profitability momentum in 2024, Deezer confirms its ambition to achieve positive free cash flow in 2024 and positive adjusted EBITDA in 2025.



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 Thursday, 29 February 2024 at 9.30 a.m. CET.**

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

https://channel.royalcast.com/deezer-en/#!/deezer-en/20240229_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.

FINANCIAL CALENDAR

- 29 April 2024: Q1 2024 Revenue (press release to be published after market close)

- 30 July 2024: H1 2024 Results (press release to be published after market close)

- 30 October 2024: Q3 2024 Revenue (press release to be published after market close)

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.

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ABOUT DEEZER

Deezer is one of the world's largest independent music experiences platforms, connecting fans with artists and creating ways for people to *Live the music*. The company provides access to a full-range catalog of high-quality music, lossless HiFi audio and industry-defining features on a scalable platform available in 180+ countries. Founded in 2007 in Paris, Deezer is now a global company with over 600 people based in France, Germany, UK, Brazil and the US, all brought together by their passion for music, technology and innovation. By building strategic partnerships in key markets across Europe and the Americas, Deezer keeps delivering brand value and end-user engagement across a wide variety of industries, including telecommunications, media, audio hardware and e-retail. As an industry thought leader, Deezer was the first platform to introduce a new monetization model since the inception of music streaming, designed to better reward the artists, and the music that fans value the most. Deezer is listed on Euronext Paris (Ticker: DEEZR. ISIN: FR001400AYG6) and is also part of the Euronext Tech Leaders segment, dedicated to European high-growth tech companies, and its associated index.

Deezer – Live the music

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APPENDICES

Free cash flow

<i>In € million</i>	2023	2022
Adjusted EBITDA	(28.8)	(55.7)
Change in working capital requirement	12.5	24.4
Capital expenditure	(2.0)	(3.0)
Leases ⁴	(3.9)	(6.1)
Others	(22.2)	(3.1)
Free cash flow	(44.3)	(43.6)

Adjusted gross profit

<i>In € million</i>	2023	2022	Change (%)
Adjusted gross profit	110.3	98.0	+12.6%
<i>In % of total revenue</i>	22.7%	21.7%	+1.0pt
Direct	80.1	76.5	+4.8%
<i>In % Direct revenue</i>	24.2%	24.1%	+0.1pt
Partnerships	28.2	24.5	+15.2%
<i>In % of Partnerships revenue</i>	20.8%	20.6%	+0.1pt
Other	2.0	(3.0)	(167.4)%

RECONCILIATION OF NON-IFRS FINANCIAL INDICATORS

Adjusted gross profit

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

Adjusted EBITDA

<i>In € million</i>	2023	2022
Operating loss	(64.4)	(166.7)
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
Adjusted EBITDA	(28.8)	(55.7)

⁴ Including repayment of lease liabilities and net interest paid (including finance leases).



CONSOLIDATED STATEMENT OF INCOME

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

<i>(in thousands of euros)</i>	Twelve months ended 31 December	
	2023	2022
Net loss per share attributable to owners of the parent		
Basic	(0.47)	(1.55)
Diluted	(0.47)	(1.55)
Weighted-average ordinary shares		
Basic	121,508,524	108,475,324
Diluted	121,508,524	108,475,324



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>(in thousands of euros)</i>	31 December 2023	31 December 2022
Assets		
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
Total non-current assets	35,260	49,681
Trade and other receivables	70,362	47,713
Other current assets	25,769	23,051
Cash and cash equivalents	63,605	113,610
Total current assets	159,736	184,374
Total assets	194,996	234,055
Equity and liabilities		
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)
Equity attributable to owners of the parent	(226,922)	(184,687)
Non-controlling interest reserves	940	2,866
Total equity	(225,982)	(181,821)
Provision for employee benefits	500	692
Lease liabilities	15,097	19,040
Financial liabilities	13,933	23,288
Total non-current liabilities	29,530	43,020
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
Total current liabilities	391,448	372,856
Total liabilities	420,978	415,876
Total equity and liabilities	194,996	234,055



CONSOLIDATED STATEMENT OF CASH FLOWS

	Twelve months ended 31 December	
	2023	2022
<i>(in thousands of euros)</i>		
Operating activities		
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)
Net cash flows from/(used in) operating activities	(39,994)	(48,778)
Investing activities		
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
Net cash flows used in investing activities	(1,977)	279,076
Financing activities		
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)	-
Net cash flows from/(used in) financing activities	(8,426)	(152,501)
Effect of foreign exchange rate changes on cash and cash equivalents	392	716
Change in net cash position	(50,005)	78,513
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
Change in net cash position	(50,005)	78,513