

Interim Report

Q3 2023

October 31, 2023

Today's presenters



Johannes Larcher

CEO



Peter Messner

CFO

Mission

To move the world through story

Combination of Content and Streaming businesses creates synergies and value

Content

NORSTEDTS
FÖRLAGSGRUPP

Story
Side

people's

LIND & CO

GUMMERUS

AULA & CO

Streaming

storytel

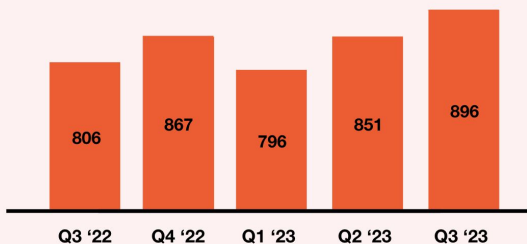
mofibo
a part of storytel

audiobooks.com

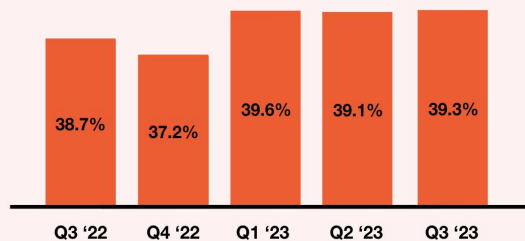
Financial Highlights Q3 2023

Group Revenue up 11% YoY

MSEK

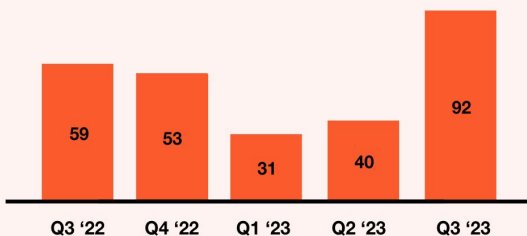


Group Gross Profit Margin

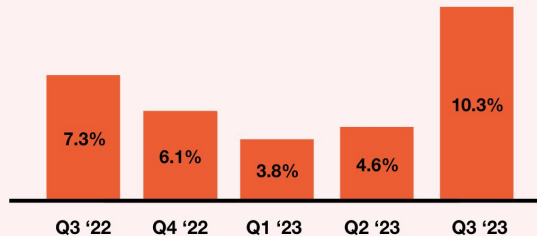


Group EBITDA up 55% YoY

Adjusted EBITDA, MSEK



Group EBITDA Margin, excl IAC



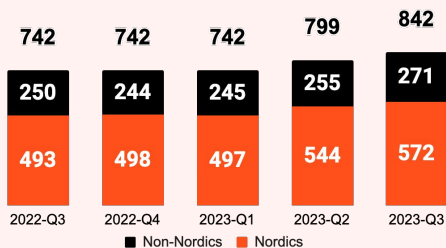
Comments

Q3 2023 compared with Q3 2022

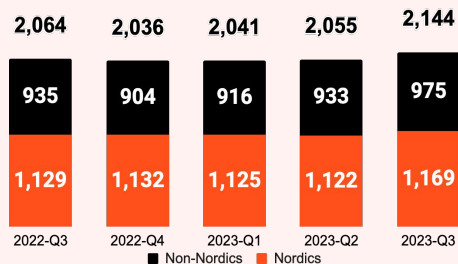
- Group net sales increased by 11% to 896 (806) MSEK
 - 12% excluding Russia
- Gross profit of 352 (312) MSEK
- Equal to a profit margin of 39.3% (38.7%)
- Adjusted EBITDA of 92 (59) MSEK
- Equal to an EBITDA margin of 10.3% (7.3%)
- Operational cash flow amounted to 56 (20) MSEK
- Operating profit of 15 (-21) MSEK

Streaming Development Q3 2023

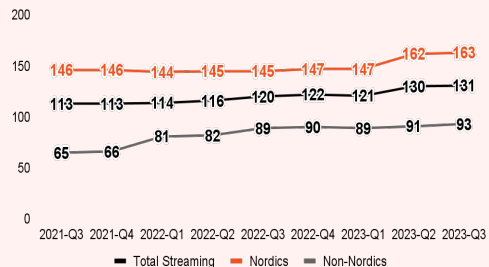
Streaming Revenue, MSEK



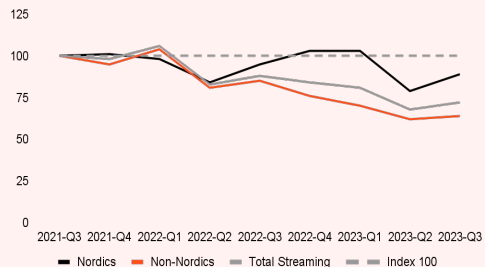
Average Paybase, 000'



ARPU, SEK



Churn Trend, Index



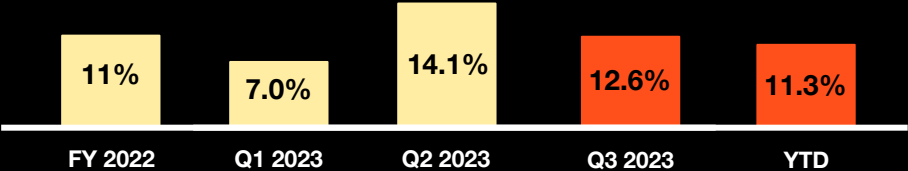
Comments

Q3 2023 compared with Q3 2022

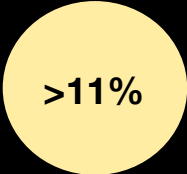
- Streaming revenue up 13% to 842 (742) MSEK,
 - 15% excluding Russia
- Streaming revenue in the Nordics increased by 16%
- Average number of subscribers increased by 80,000
 - Of which 40,000 in the Nordics
 - Our four growth markets* increased by 25%
- Continued focus on average CLV relative to the acquisition cost
- ARPU and churn developed well and are at healthy levels

We are on track to exceed our full year 2023 financial targets

Organic streaming revenue growth with CER



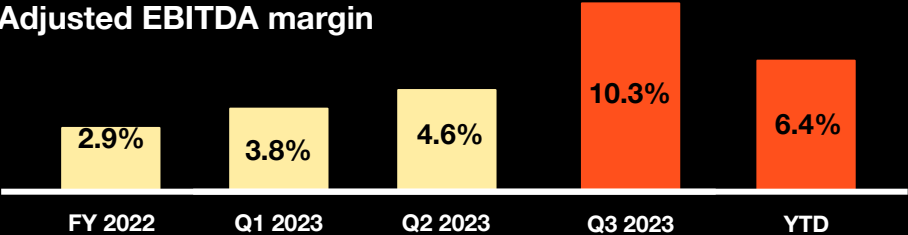
Previous Guidance



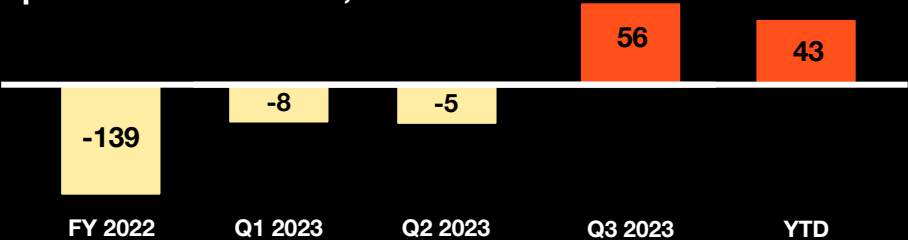
New Guidance



Adjusted EBITDA margin



Operational cash flow*, MSEK



* Adjusted EBITDA less operational capex

Continuous improved EBITDA margin

<i>MSEK</i>	Q3-23	Q3-22	<i>Change, %</i>	Q2-23
Net Sales	895.8	805.8	11	851.1
COGS	-543.9	-493.9	10	-517.9
Gross profit/loss	351.9	311.9	13	333.2
Sales and marketing expenses	-192.6	-174.7	10	-218.8
Technology and development expenses	-63.3	-82.8	-24	-63.9
General and admin. expenses	-91.5	-83.0	10	-95.6
Other operating income	5.7	2.8	103	13.8
Profit from participation in associates	4.8	4.9	-2	2.0
Operating profit	15.0	-20.9	<i>n/a</i>	-29.4
Net financial items	-14.3	25.1	<i>n/a</i>	11.4
Profit/loss before tax	0.7	4.3	-84	-18.0
Key metrics	Q3-23	Q3-22	Change	Q2-23
<i>Gross margin</i>	39.3%	38.7%	0.6p.p	39.1%
<i>EBITDA margin</i>	10.3%	7.3%	3.0p.p	4.6%

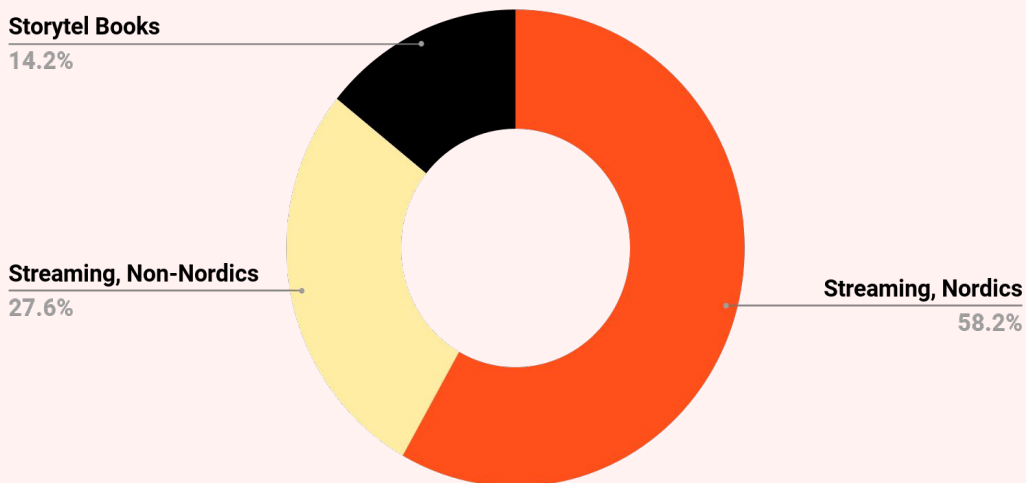
Comments

- Net sales for the quarter grew by 11% to 896 (806) MSEK
- Gross profit up by 13% to 352 (312) MSEK; margin of 39.3% (38.7%)
- Sales and marketing expenses increased by 10% to -193 (-175) MSEK. The comparison is affected by organizational changes since last year
- General and administrative expenses totaled -92 (-83) MSEK. The change is mainly due to an increased centralization of certain functions and of the management team.
- Operating profit improved to 15 (-21) MSEK, as a result of strategic shift to focus on profitable growth
- EBITDA improved to 92 (59) MSEK and the EBITDA margin to 10.3% (7.3%)

Q3 Segments performance

Revenue split, Q3 2023

(100% = 896 MSEK)



Comments

Q3 2023 compared with Q3 2022

Streaming, Nordics

- Reported revenue growth of 16%, and 13% in constant currency
- Gross margin increased to 42.2% (38.4%)
- ARPU increased by 12% to 163 (145) SEK
- Avg. paying subscribers increased by 40,000 during Q3 with continued focus on LTV

Streaming, Non-Nordics

- Reported revenue growth of 8%, and 13% excluding Russia
- Gross margin decreased to 46.3% (47.3%)
- ARPU increased by 4% to 93 (89) SEK
- Avg. paying subscribers grew by 40,000
- The Netherlands, Poland, Bulgaria, and Turkey grew paying subscribers with 25%

Books

- Reported external revenue decline by 5%, while internal revenue increased by 25%
- Higher share of digital sales
- Gross margin decreased to 46.5% (55.6%)

Balance sheet

<i>MSEK</i>	Q3-23	Q2-23	Q1-23	Q4-22	Q3-22
Intangible assets	2,642.7	2,668.6	2,583.8	2,622.4	2,755.1
Tangible assets	19.6	22.5	27.0	26.0	28.9
Right-of-use assets	97.7	109.9	115.5	115.4	116.7
Non-current financial assets	85.6	81.0	75.1	87.7	95.8
Inventory	89.1	94.6	103.4	102.1	121.5
Current receivables	634.8	618.0	618.5	658.6	643.9
Cash and cash equivalents	540.6	531.3	540.4	776.3	457.4
Total assets	4,110.1	4,126.0	4,063.7	4,388.5	4,219.3
Equity	2,161.0	2,165.4	2,122.3	2,193.0	1,973.3
Non-current liabilities	946.9	952.9	991.9	831.3	915.6
Current liabilities	1,002.2	1,007.7	949.5	1,364.2	1,330.5
Total equity and liabilities	4,110.1	4,126.0	4,063.7	4,388.5	4,219.3
<i>Available RCF</i>	<i>150</i>	<i>150</i>	<i>150</i>	<i>250</i>	<i>250</i>
<i>Total available liquidity</i>	<i>691</i>	<i>681</i>	<i>690</i>	<i>1,026</i>	<i>707</i>

Comments

- Intangible assets decreased by 26 MSEK vs Q2 as a net result of investments, amortization and fx effects
- Non-current financial assets increased by 6 MSEK, net of movements in pension provision, bonus provision and leasing liabilities
- The equity-to-asset ratio was 53% (47%) at the end of the third quarter
- Bank debt includes 150 MSEK term loan (current) and 700 MSEK utilized RCF (non-current)
- Cash and cash equivalents were 541 MSEK, and total available liquidity, including 150 MSEK of unutilized RCF, was 691 MSEK at the end of the quarter

Improved profitability and cash flows

MSEK	Q3-23	Q2-23	Q1-23	Q4-22	Q3-22
EBITDA (incl. IAC)	91.6	39.6	30.5	38.5	59.2
Depreciation and amortization	-81.4	-71.0	-82.0	-80.7	-85.0
Profits from participation in associates	4.8	2.0	3.4	-4.6	4.9
Net financial items	-14.3	11.4	-16.2	-44.9	25.1
Profit before tax	0.7	-18.0	-64.3	-91.7	4.3
Adjustments for non-cash items	88.2	53.0	84.2	113.1	61.0
<i>of which, reversal depreciation and amortisation</i>	81.4	71.0	82.0	80.7	85.0
<i>of which, change in capital gains/losses</i>	-1.9	-3.5	-4.6	5.7	-2.2
<i>of which change in FX gains/losses</i>	-9.8	-23.1	0.0	33.2	-36.7
<i>of which, change in provisions</i>	21.1	8.3	6.9	-5.3	16.5
<i>of which, change in other non-cash items</i>	-2.5	0.2	0.0	-1.2	-1.5
Taxes paid	-10.0	-10.7	-2.2	-9.3	-5.1
Cash flow from operating activities before change in working capital	78.9	24.3	17.8	12.1	60.2
Change in working capital	41.0	12.1	3.9	-31.7	13.3
Cash flow from operating activities	119.9	36.4	21.7	-19.6	73.5

Comments

- Effects from strategic delivery and cost reduction resulting in solid Y/Y improvements:
 - Reported EBITDA at 92 (-59) MSEK
 - Operating profit at 15 (-21) MSEK
- Adjustments for non-cash items are primarily driven by:
 - Depreciation and amortization
 - Currency exchange movements
 - Changes in provisions
- Cash flow from operating activities increased to 120 (73) MSEK
- Cash flow from investing activities was -46 (-63) MSEK, cash flow from financing activities was -59 (-9) MSEK, and
- Total cash flow for the period was 14 (1) MSEK

Operational cash flow

<i>MSEK</i>	Q3'23	Q2'23	Q1'23	Q4'22	Q3'22
EBITDA excluding IAC	91.6	39.6	30.5	53.0	59.2
Operational Capex *	-35.9	-44.7	-38.3	-41.1	-39.7
Operational cash flow	55.7	-5.1	-7.9	12.0	19.5

*Operational capex consist of tech investments and investments into audiobook productions. Due to the redefinition of Operational capex in Q1 2023, the 2022 figures differ as compared to the presented figures in the 2022 year-end report.

Comments

- 55% Y/Y improvement in EBITDA in line with strategic shift
- Continuous investments in product/tech and content
- Improvement of operational cash flow as compared to Q2, and overall positive trend
- Targeting more than 80 MSEK operational cash flow for 2023

Mid-term Financial targets - Storytel in 2026

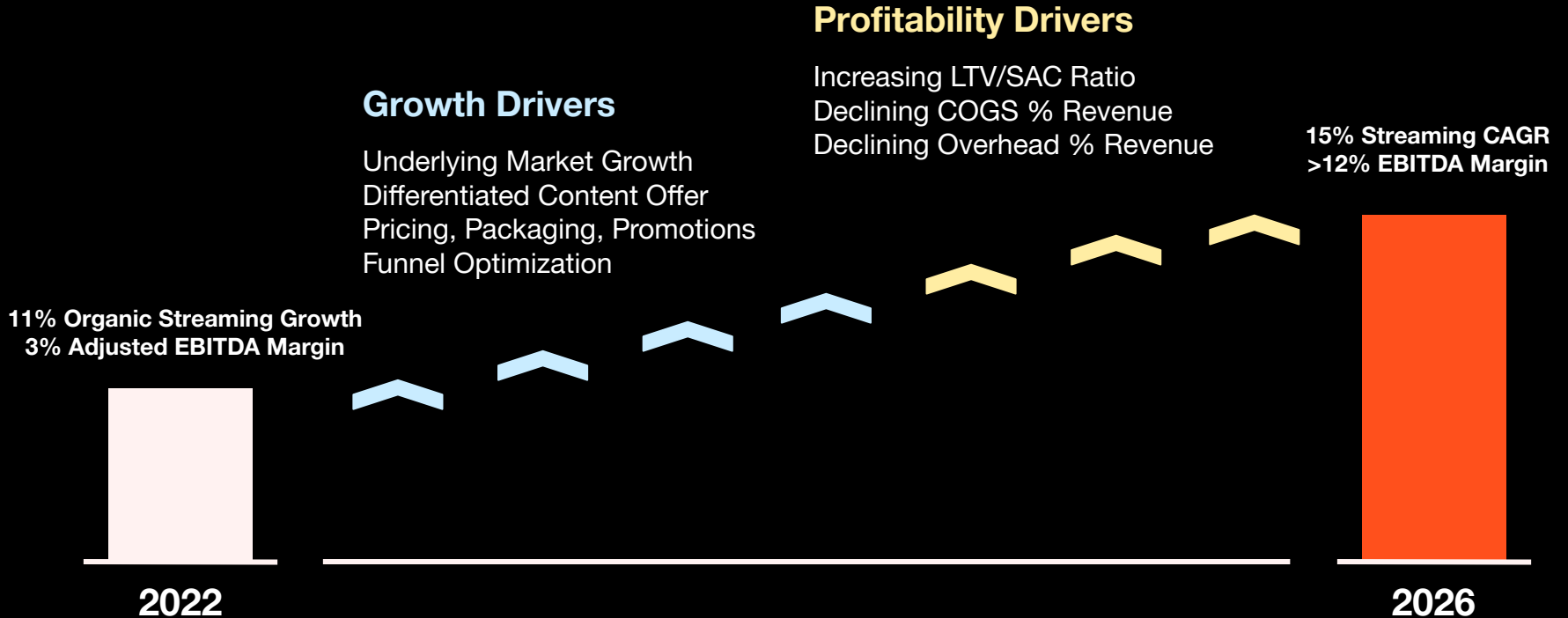
> 5 BSEK
Group Revenue

15%
Streaming
Revenue CAGR

> 12%
EBITDA Margin

Strong
Operational Cash
Flow

Key Drivers for Sustainable Profitable Growth



Balanced Profitable Growth Across Our Regions

	10 Core Markets		3-5 Priority Markets	
	Nordics	USA	Growth Netherlands, Turkey, Poland and Bulgaria	Expansion
Strategic Role	Generate Substantial Profitability & Cash Flow		Accelerate Revenue Growth	Develop the Next Growth Markets
Growth Ambition (%)	10%		20%	30%

A Strong Competitive Position

Audiobooks Streaming Pioneer

Well-established **brand** synonymous with high quality audio experiences in our Core Markets.

Know-how in offering a best-in-class engine for discovery and enjoyment of audiobook content.

100% focus on audio stories.

Localized and Unique Business Model

Proven business model that has established Storytel as one of the leading audiobook streaming services, with more than **1.4 million titles** from more than **1,400 publishers** and in **41 different languages**.

Audiobook consumption is **highly local**, with more than 85% of consumption taking place in the local language from works by local authors.




High synergy strategy of operating both D2C Streaming services and **leading publishing houses**, combined with investments in **differentiating and original audio-story content**.

Loyal, Highly Engaged and Well-Served Subscriber Base

Solid demand, **high engagement and low churn** despite a challenging macroeconomic environment in Scandinavia and several other core markets.

Our consistent and improving performance bears testimony not only to the resilience of the audiobook market, but also to **how well we serve our customers**.

Key Takeaways

-  Strong improvements of operational and financial performance through disciplined execution of our profitable growth strategy
-  Showcasing last-line profitability and cash generation through healthy subscriber growth, higher ARPU and more disciplined cost management
-  Solid progress towards our mid term financial targets and in a good position going into 2024

Updated Near Term Guidance for 2023



Organic streaming revenue growth in line with previous year (11%*)



Full Year EBITDA margin well above 6.4% (previously above 2.9%)**

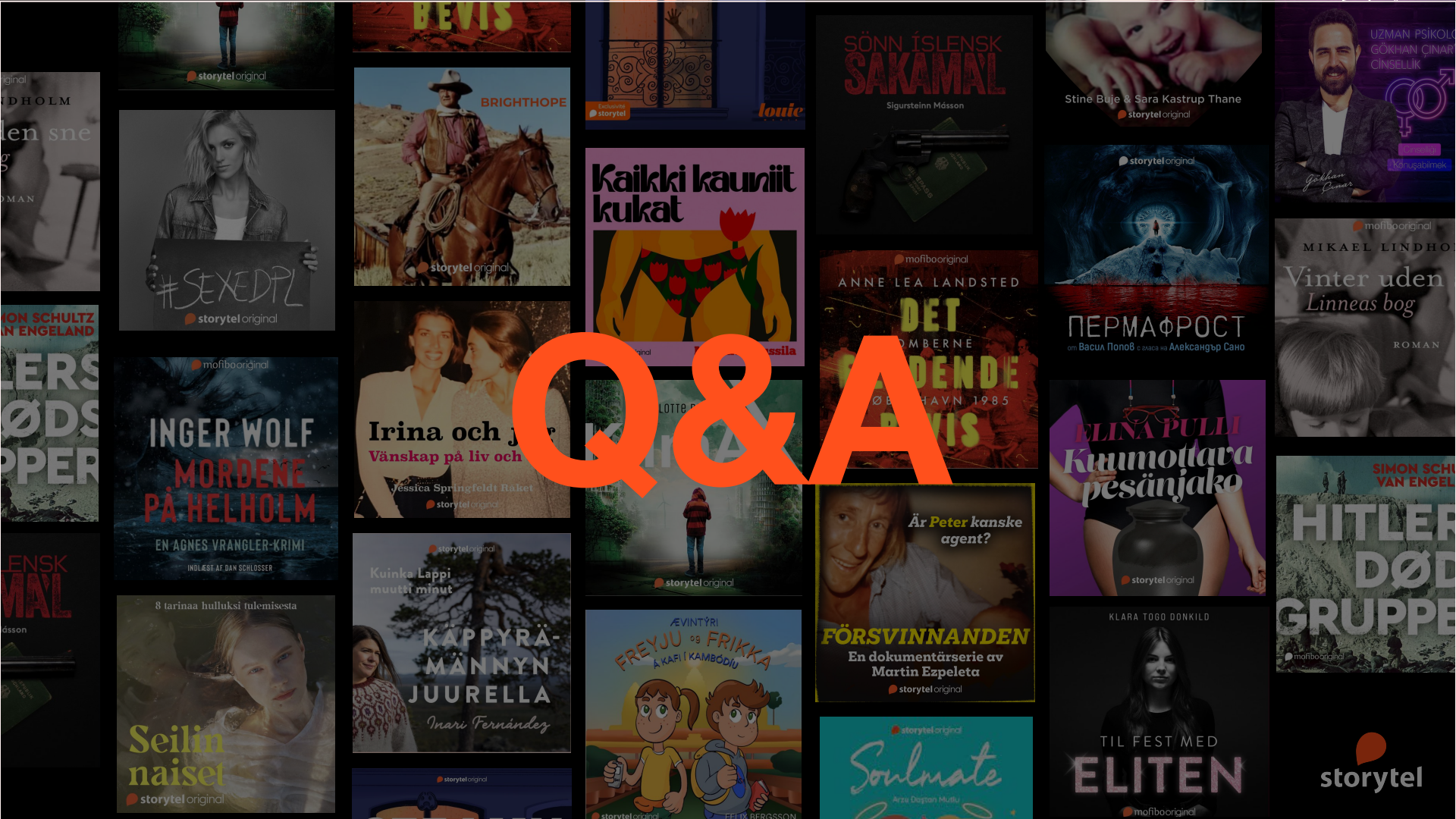


Operational cash flow* of at least 80 MSEK (previously break-even)**

*2022 streaming revenue growth excluding Audiobooks.com, Russia and with constant exchange rates

** EBITDA excluding items affecting comparability

*** Operational cash flow = EBITDA excluding items affecting comparability less operational capex



Q&A

storytel original

BEVIS

louie

SÖNN ÍSLENSK SAKAMÁL

Sigursteinn Mðsson

Stine Buje & Sara Kastrup Thane

UZMAN PSIKOLÓGI
GÖKHAN ÇINAR
CİNSELİK

Joohan Çinar

#SEXEDPL

storytel original

BRIGHTHOPE

storytel original

Kaikki kauniit kukat

ANNE LEA LANDSTED

DET RØDBERNE

ØBENHAVN 1985

PERMAΦΡΟΣΤ

with Βασίλ Παπαβ - ΓΑΡΑΦΑ by Αλεξάνδρος Σαχο

MIKAEL LINDHOLM

Vinter uden Linneas bog

ROMAN

INGER WOLF

MORDENE PÅ HELHOLM

EN AGNES VRANGLER-KRIMI

INDLEST AF DAN SCHLOSSER

Irina och Jessica

Vänskap på liv och död

Jessica Springfield Raket

storytel original

LOTTE

Är Peter kanske agent?

ELINA PULLI

Kinimottava pesänjako

SIMON SCHULZ
VAN ENGEL

HITLER DØD GRUPPE

8 tarinaa hulluksi tulemisesta

Seilin naiset

storytel original

KÄPPYRÄ-MÄNNYN JUURELLA

Marri Fernández

EVINTYRI
FREYJU OG FRIKKA
I KAFÉ I KAMBODJIA

FÖRSVINNANDEN

En dokumentärserie av Martin Espeleta

storytel original

KLARA TOGO DONKILD

TIL FEST MED ELITEN

storytel