



## Storytel exceeds forecast for Q2 2019

**Storytel had 887,500 paying subscribers<sup>1</sup> on average in Q2 2019, which is an increase of 53,200 customers compared to Q1 2019. Storytel therefore surpasses the forecast of 880,000 paying subscribers and further solidifies its position as a market leader for subscribed digital services for audiobooks and e-books in the Nordic region and northern Europe. Streaming revenue for Q2 2019 was 320 MSEK, compared to the forecast of 313 MSEK. Annual revenue growth is therefore 37%.**

The average number of paying subscribers in Q2 2019 in the Nordic region amounted to 669,200, which corresponds to 9,200 paying subscribers more than the forecast. Customer intake for the service on the Nordic markets has been strong, and Storytel's Family subscription, which was launched at the end of 2018, has also exceeded expectations. Streaming revenue in the Nordic markets was 276 MSEK, compared to a forecast of 270 MSEK. ARPU is rising because the Family subscription price level is now normal compared to the first quarter, when it was offered at a reduced price. Annual subscriber growth in the Nordic region amounted to 26%.

*"We have seen strong growth in number of subscribers during the quarter - not least in the Nordic market - and our new Family subscription has been well received. Starting in July, VAT on digital books will be reduced in Sweden, Norway and Finland, which presents opportunities for us to further develop our customer offering and at the same time, thanks to our revenue-share model with the publishers, improve earnings for authors," says Storytel CEO Jonas Tellander.*

There were 218,300 subscribers in the Non-Nordic segment on average in Q2 2019, which corresponds to an increase of around 30,000 paying subscribers compared to Q1 2019 and is very close to the previously published forecast of 220,000. Annual subscriber growth amounted to 140%. In the Non-Nordic segment, streaming revenue amounted to approximately 44 MSEK in Q2 2019, which is in line with the forecast.

During the quarter, Storytel launched in Germany, its 17th market, and announced plans to launch in Brazil and South Korea in 2019. In Sweden, the Ztory app was introduced on 14 June as part of Storytel's strong customer offering and adds access to digital subscriptions to more than 700 popular newspapers and magazines.

"We are pleased and humbled by the strong growth in subscriptions, at the same time as the Storytel universe of reading and listening experiences is expanding. By exceeding the forecast for the period, Storytel is entering into the third quarter with both strength and

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<sup>1</sup> *Paying Subscribers* refers to customers who paid for the service. For Family subscriptions, each standard stream (not so-called Kids Mode) is considered one paying customer.



speed, a quarter that from a business perspective is the strongest period of the year for our industry,” says Jonas Tellander.

### Key performance indicators for Storytel Streaming

| Currency: thousand SEK              | Q1 2018 | Q2 2018 | Q3 2018 | Q4 2018 | Q1 2019 | Q2 2019  | Q2 2019 |
|-------------------------------------|---------|---------|---------|---------|---------|----------|---------|
| <b>Streaming Total</b>              |         |         |         |         |         | Forecast | Actual  |
| <i>Revenue</i>                      | 222,133 | 239,139 | 279,979 | 291,315 | 295,994 | 313,000  | 320,034 |
| <i>Contribution Profit</i>          | 24,079  | 25,045  | 22,063  | 30,444  | 31,372  |          |         |
| <i>Contribution Margin</i>          | 10.8%   | 10.5%   | 7.9%    | 10.5%   | 10.6%   |          |         |
| <i>Paying Subscribers</i>           | 577,900 | 621,200 | 720,900 | 768,700 | 834,300 | 880,000  | 887,500 |
| <i>ARPU<sup>2</sup> (SEK/Month)</i> | 128     | 128     | 129     | 126     | 118     | 119      | 120     |
| <b>Streaming Nordic<sup>3</sup></b> |         |         |         |         |         |          |         |
| <i>Revenue</i>                      | 205,987 | 218,714 | 253,081 | 259,256 | 258,288 | 270,000  | 276,347 |
| <i>Contribution Profit</i>          | 56,584  | 57,986  | 62,327  | 82,645  | 75,329  |          |         |
| <i>Contribution Margin</i>          | 27.5%   | 26.5%   | 24.6%   | 31.9%   | 29.2%   |          |         |
| <i>Paying Subscribers</i>           | 503,200 | 530,200 | 595,400 | 616,300 | 645,500 | 660,000  | 669,200 |
| <i>ARPU (SEK/Month)</i>             | 136     | 138     | 142     | 140     | 133     | 136      | 138     |
| <b>Streaming Non-Nordic</b>         |         |         |         |         |         |          |         |
| <i>Revenue</i>                      | 16,146  | 20,424  | 26,898  | 32,059  | 37,706  | 43,000   | 43,687  |
| <i>Contribution Profit</i>          | -32,505 | -32,941 | -40,264 | -52,200 | -43,957 |          |         |
| <i>Contribution Margin</i>          | -201.3% | -161.3% | -149.7% | -162.8% | -116.6% |          |         |
| <i>Paying Subscribers</i>           | 74,700  | 91,000  | 125,500 | 152,400 | 188,800 | 220,000  | 218,300 |
| <i>ARPU (SEK/Month)</i>             | 72      | 75      | 71      | 70      | 67      | 65       | 67      |

<sup>1</sup> Contribution Profit is defined as streaming revenue minus costs for content (licensed content and in-house productions) and marketing. Storytel Reader is not included in Streaming.

<sup>2</sup> ARPU = Average Revenue Per User (Subscriber) per month. In Q1 2019, Storytel released Family subscription and a discounted campaign has been run, lowering the ARPU. The lowering ARPU is also explained by Q1 having fewer days (90) and growth in low priced markets.

<sup>3</sup> Storytel Norway included in figures @ 100%. In the consolidated group accounts Norway is reported according to the principle of proportional consolidation.

### For more information please contact:

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*This information is such that Storytel AB (publ) is obliged to disclose in accordance with the EU Market Abuse Regulation. The information was provided, through the agency of the above contact person, at the time stated in this press release.*



### **About Storytel**

Storytel is Northern Europe's leading audiobook and e-book streaming service and offers unlimited listening and reading of more than 200 000 titles on a global scale. Our vision is to make the world a more empathetic place with great stories to be shared and enjoyed by anyone, anywhere and anytime. Storytel is a digital platform provider as well as a comprehensive publishing group. The streaming business area offers subscriptions for audiobooks and e-books under the Storytel and Mofibo brands. Storytel's publishing business area is carried out through the publishing houses Norstedts, Massolit, StorySide, Printz Publishing, People's Press, Rabén & Sjögren, B.Wahlströms and Norstedts Kartor. Ztory - a subscribed digital read-all-you-can streaming service for newspapers and magazines, is part of Storytel since January 2019. Storytel operates in 16 markets around the globe and is headquartered in Stockholm, Sweden.