

Interim Report

Q2 2022

August 5, 2022



Key highlights

Key events

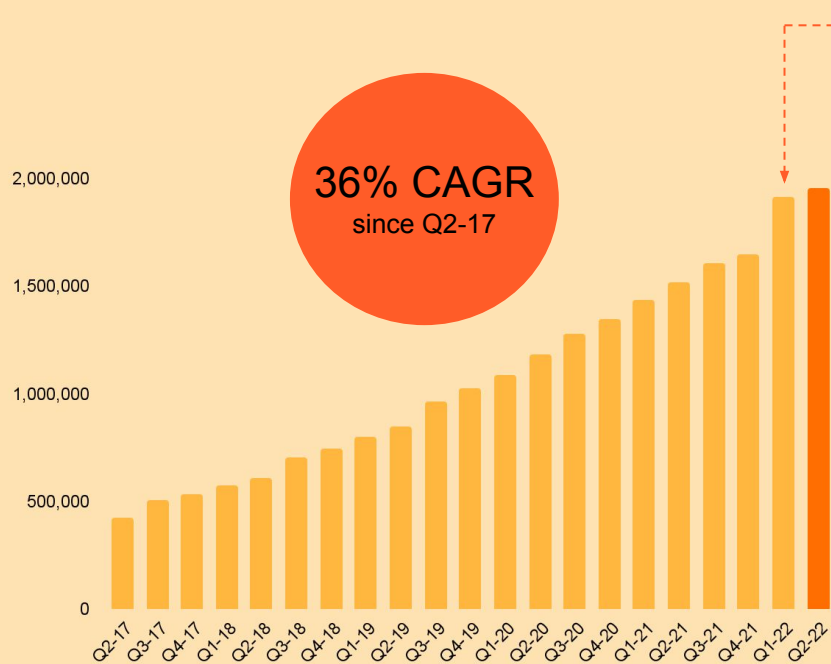
- Continued implementation across four strategic pillars including right-sizing
- Focused investments in priority markets
- Introduced limited-on-time subscription *Basic*
- Annual General Meeting held on May 4
- Letter of commitment to Science Based Targets initiative submitted

Financial highlights

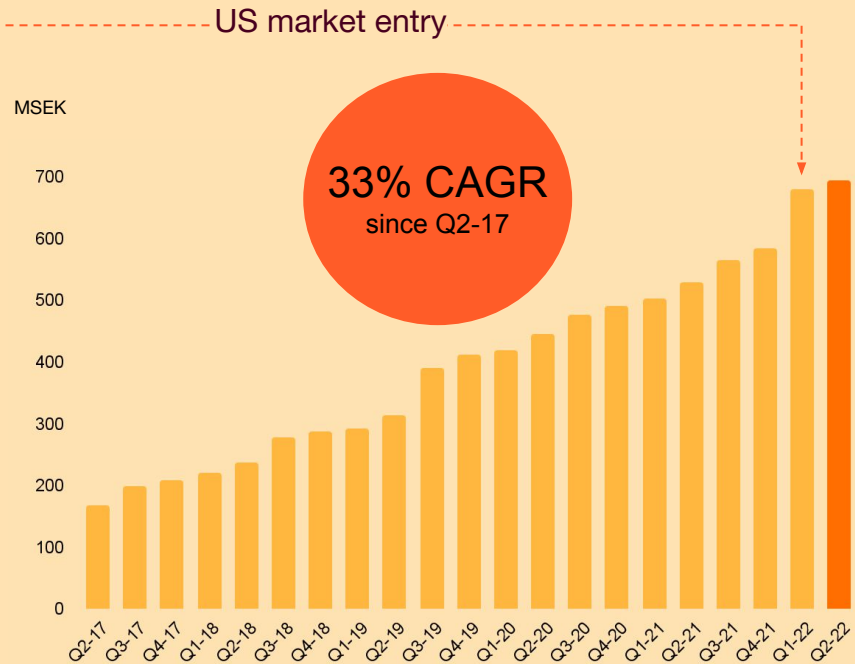
- Streaming revenue up 29% from Q2 2021 to 704 (545) MSEK, 31% excluding Russia
- Group Net Sales increased by 28% from Q2 2021 to 781 (611) MSEK
- Items affecting comparability, IAC, totaling 46 MSEK in the quarter
- Excluding IAC, Gross profit at 315 (232) MSEK
- Excluding IAC, EBITDA margin at 1.6% (-9.7%)

Subscriber and revenue growth

Subscribers



Streaming Revenue



Financial summary, excluding IAC

<i>MSEK</i>	Q2-22	Q2-21	Change, %
Net Sales	780.7	611.2	28
COGS	-465.8	-379.1	23
Gross profit/loss	314.9	232.1	36
<i>Gross margin</i>	40.3%	38.0%	2.3 pp
Sales and marketing expenses	-260.1	-235.5	10
Technology and development expenses	-58.0	-45.8	27
General and admin. expenses	-58.7	-72.3	-19
Other operating income	13.5	1.8	>100
Profit from participation in associates	-0.5	1.1	n/a
Operating profit	-48.9	-118.6	-59
Net financial items	31.5	-2.7	n/a
Profit/loss before tax	-17.4	-121.3	-86
Key metrics	Q2-22	Q2-21	Change, %
<i>EBITDA margin excluding IAC</i>	1.6%	-9.7%	11.3 p.p

Comments

- Solid net sales growth and gross margin expansion
- Operating profit improving due to strategic shift
- Excluding IAC, EBITDA of 12.8 MSEK, equivalent to a 1.6% margin

Financial summary, reported figures

<i>MSEK</i>	Q2-22	Q2-21	<i>Change, %</i>
Net Sales	780.7	611.2	28
COGS	-490.4	-379.1	29
Gross profit/loss	290.4	232.1	25
<i>Gross margin</i>	37.2%	38.0%	-0.8 p.p
Sales and marketing expenses	-266.1	-235.5	13
Technology and development expenses	-72.1	-45.8	57
General and admin. expenses	-59.6	-72.3	-18
Other operating income	13.5	1.8	>100
Profit from participation in associates	-0.5	1.1	n/a
Operating profit	-94.5	-118.6	-20
Net financial items	31.5	-2.7	n/a
Profit/loss before tax	-62.9	-121.3	-48
Key metrics	Q2-22	Q2-21	Change, %
<i>EBITDA margin</i>	-0.7%	-9.7%	9.0 p.p

Comments

- Total IAC in Q2 of 46 MSEK, vs no IAC in Q2-21:
 - 23 MSEK - Restructuring costs in connection with strategic shift
 - 21 MSEK - Russian operations being phased out
 - 2 MSEK - Transaction fees related to acquisition of Audiobooks.com
- Reported EBITDA of -5.7 MSEK, equivalent to a -0.7% margin

Balance sheet overview

<i>MSEK</i>	Q2-22	Q1-22	Q4-21
Intangible assets	2,633.6	2,537.1	1,063.1
Tangible assets	30.3	30.0	27.7
Right-of-use assets	118.7	122.4	131.4
Non-current financial assets	104.5	93.6	46.1
Inventory	106.8	83.0	65.7
Current receivables	676.1	718.9	768.8
Cash and cash equivalents	447.9	447.6	905.9
Total assets	4,117.9	4,032.5	3,008.7
Equity	1,821.0	1,705.7	1,910.6
Non-current liabilities	965.2	888.7	256.6
Current liabilities	1,331.7	1,438.1	841.5
Total equity and liabilities	4,117.9	4,032.5	3,008.7

Comments

- Total available liquidity of ~700 MSEK
- On track to reaching FY EBITDA margin target

Cash flow overview

<i>MSEK</i>	Q2-22	Q1-22
Cash flow from operating activities	-64.2	-90.2
Cash flow from investing activities	-69.8	-950.7
Cash flow from financing activities	139.8	571.8
<i>of which RCF financing</i>	<i>150</i>	<i>450</i>
Cash flow for the period	5.8	-469.1
Available funds at the beginning of the period	447.7	905.9
Cash flow for the period	5.8	-469.1
Translation differences	-5.5	10.8
Available funds at the end of the period	447.9	447.6

Comments

- Q1-22 largely affected by acquisition of Audiobooks.com
- Q2-22 cash flow from financing driven by additional 150 MSEK RCF utilization
- In total, slightly positive cash flow in the second quarter
- Available funds unchanged vs end of Q1-22

Strategic focus

- **Focus** investments and growth in top markets
- Scale through **product led innovation**
- Invest in **proprietary content catalogue**
- Accelerate a **high-performing organisation and operations**



Accelerate **Profitable** Growth



Product Leadership



Content Powerhouse

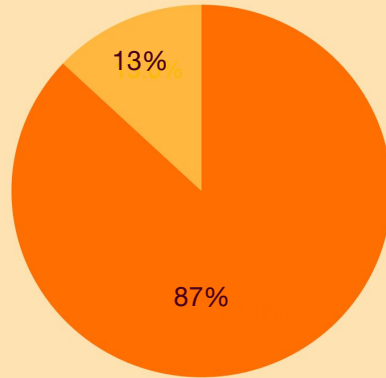


Scalable Organisation

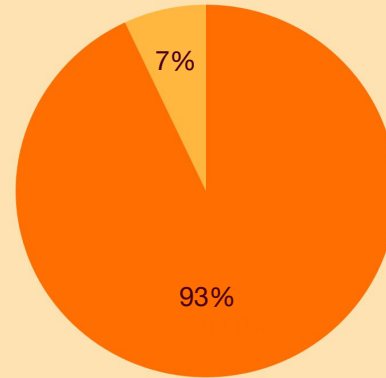


Focus on priority markets

Subscribers



Revenue



Priority
Pioneering

Market leader in
7/10 market*

Avg market
penetration at
~25%**

Note: Excluding Russia

* In terms of app downloads

** Share of population having downloaded an audiobook app (App Annie)

Strategy in play



Product

- Introduced limited-on-time subscription *Basic* to complement *Unlimited* and *Family*
- Improved recommendations - increased book completion rate
- Enhanced home screen and trailers to better promote stories - improved in-app engagement and book shelving



Content

- Consumption amounting to 138 million hours in Q2-22
- ~15 thousand hours of audio content was released
- 1 million unique ISBNs as of the second quarter
- 1984 audio drama to be released in August

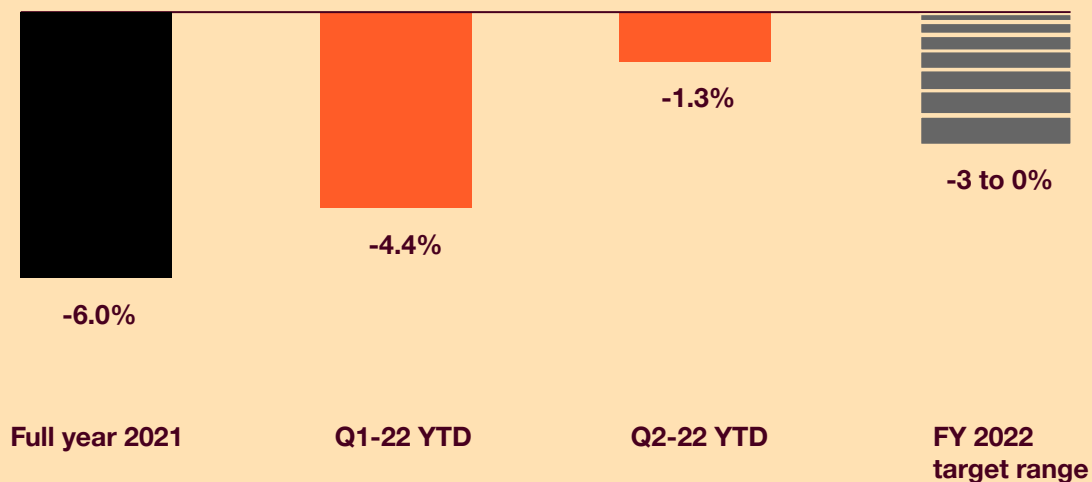


Scalable organisation

- Strategic shift with focus on priority markets and centralized key functions
- Global store version launched - “one-size-fits-all” solution
- Restructuring of streaming organisation in Q1 - ~100 employees affected (primarily in global functions)
- Q2 included continued right-sizing in local functions

On track to deliver on FY target range

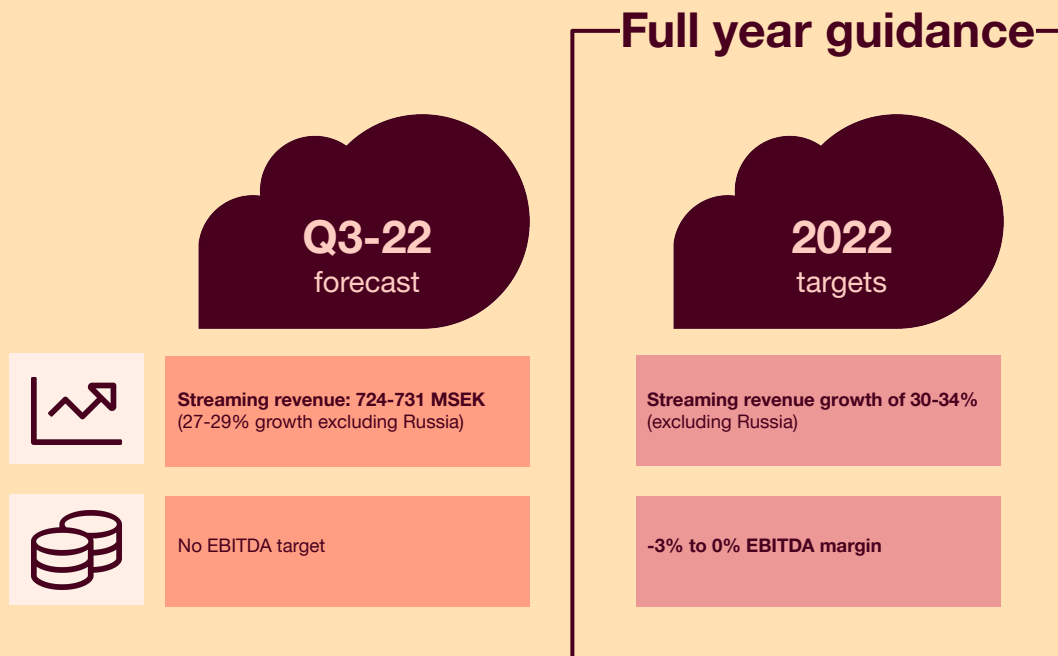
EBITDA margin, excluding IAC



Comments

- Strategic shift and restructuring on track
- Solid trend towards FY 2022 target range

Financial targets



Continued focus on strategy

- **Focus** investments and growth in top markets
- Scale through **product led innovation**
- Invest in **proprietary content catalogue**
- Accelerate a **high-performing organisation and operations**



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Product Leadership



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Scalable Organisation

Q&A

Thanks.