Interim Report

Q1 2023

May 3, 2023

storytel

Today's presenters

Johannes Larcher

CEO

Susanne Ekblom

Interim CFO

Financial and Operational Highlights Q1

Continued progress

- Streaming revenue up 6.2% from Q1 2022 to 742 (699) MSEK, 9.2% excluding Russia
- Group net sales increased by 6.6% from Q1 2022 to 796 (747) MSEK
- Gross profit of 316 (288) MSEK, equaling a 39.6% (38.6%) margin
- EBITDA, excluding IAC, of 30.5 (-32.8) MSEK equaling a 3.8% (-4.4%) margin
- Operational cash flow was -7.9 (-121.6) MSEK
- Average number of subscribers increased by 5,000 during the first quarter - focus on quality and LTV

Building a foundation for profitable growth

- Updated pricing and packaging model launched in the Nordics - early indications are positive
- Content is the road to success
  - Improved content differentiation and content economics
- Increased focus on partnerships
  - Carplay (Google/Apple) launched
  - Finnish audiobook service Suomalainen Plus merged
  - Partnership signed with A1 in Bulgaria
- An Organization and Culture fit for our mission
  - Oleg Nesterenko appointed as CMO as of May
  - Peter Messner to assume the position as CFO
- Strategic roadmap to sustainable and profitable growth as well as new mid-term financial targets will be presented at our CMD, June 13 in Stockholm

Serving and fueling the passion of our subscribers

+40%

of paying subscribers listen to Storytel everyday

+900k

Paying subscribers listen to at least one book* per month

82%

Read more often since subscribing to Storytel

200k

User votes at Storytel Awards

* Equivalent to more than 10 hours per month

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New pricing and packaging launched in Sweden, Denmark and Finland

Always with Storytel

- ✓ Over 300.000+ titles
- ✓ Download and enjoy titles offline
- ✓ Exclusive titles + Storytel Originals
- ✓ Child-safe environment (Kids mode)
- ✓ It's easy to cancel anytime

Basic

For those who listen and read from time to time.

9.99 € / month

- ✓ 1 account
- ✓ 20 hours / month

Try 14 days for free

Premium

For those who listen and read frequently.

14.99 € / month

- ✓ 1 account
- ✓ 100 hours / month

Try 14 days for free

Unlimited

For those who want to listen and read without limits.

22.99 € / month

- ✓ 1 account
- ✓ Unlimited access

Try 14 days for free

Family

For those who want to share stories with family and friends.

from 20.98€ / month

- ✓ 2–6 accounts
- ✓ 100 hours / month each account

You + 1 family member
2 accounts
20.98€ / month

Try 14 days for free

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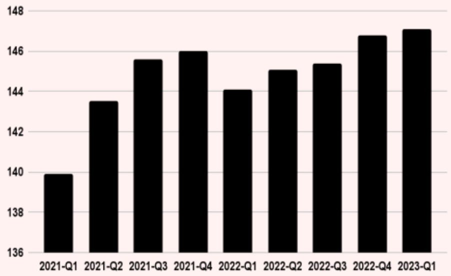
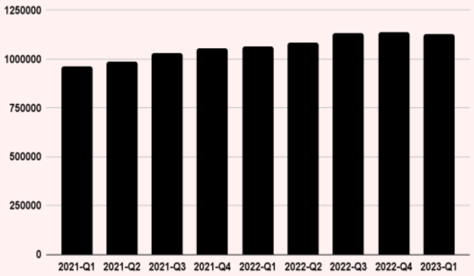
New pricing and packaging delivers higher value from stable base

Nordics

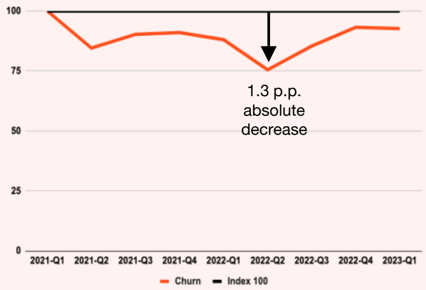
ARPU Development



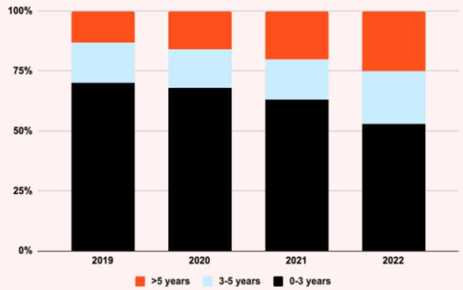
Paybase Development



Churn Trend



Increasing share of mature cohorts



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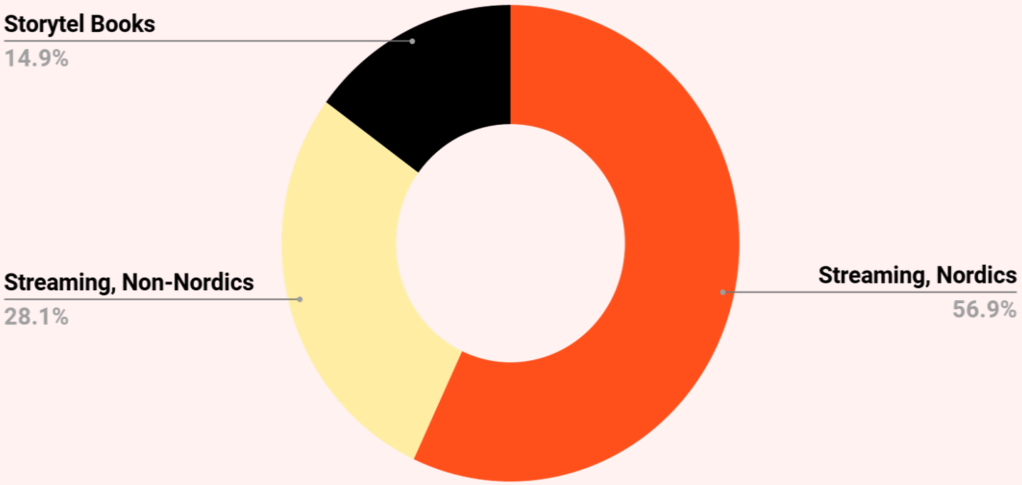
Q1 Group Performance Summary

Revenue split, Q1 2023
(100% = 796 MSEK)



Comments

Streaming, Nordics
- Reported growth of 8.3%
- ARPU improved to 147 (144) SEK
- Avg. paying subscribers declined by 7,000 during Q1

Streaming, Non-Nordics
- Reported growth of 2.3% corresponding to 11.0% excluding Russia
- ARPU improved to 89 (81) SEK
- Avg. paying subscribers grew by 12,000 during Q1

Books
- Reported growth of -12.9%
- Higher share of digital sales

Storytel Group
- Reported growth of 6.6%
- ARPU improved to 121 (114) SEK

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Financial summary, reported figures

MSEK	Q1-23	Q1-22	*Change, %*
Net Sales	796.3	747.2	*7*
COGS	-480.8	-458.7	*5*
Gross profit/loss	**315.5**	**288.5**	**9**
Sales and marketing expenses	-205.7	-294.5	*-30*
Technology and development expenses	-69.5	-96.3	*-28*
General and admin. expenses	-97.1	-129.7	*-25*
Other operating income	5.3	6.0	*-12*
Profit from participation in associates	3.5	-0.9	*n/a*
Operating profit	**-48.0**	**-226.9**	***n/a***
Net financial items	-16.2	-6.4	*n/a*
Profit/loss before tax	**-64.3**	**-233.3**	***n/a***

Key metrics	**Q1-23**	**Q1-22**	***Change***
Gross margin	*39.6%*	*38.6%*	*1.0 p.p*
EBITDA margin	*3.8%*	*-19.9%*	*23.7 p.p*

Comments

- Continued solid net sales growth of 6.6% Y/Y, driven by Streaming Nordics. Lower net sales vs Q4 due to seasonal effects in Books segment
- Gross profit increased to 316 (288) MSEK and the gross margin to 39.6% (38.6%), representing a sequential improvement from 37.1% in Q4
- EBITDA improved to 30.5 (-148.4) MSEK and the EBITDA margin to 3.8% (-19.9%)
- Operating profit improved to -48.0 (-226.9) MSEK, as a result of strategic shift to focus on profitable growth
- No reported IAC in Q1 versus -133.5 MSEK Q1 last year

Financial summary, adjusted for IAC

MSEK	Q1-23	Q1-22	*Change, %*
Net Sales	796.3	747.2	*7*
COGS	-480.8	-447.7	*7*
Gross profit/loss	**315.5**	**299.5**	**5**
Sales and marketing expenses	-205.7	-275.0	*-25*
Technology and development expenses	-69.5	-53.1	*30*
General and admin. expenses	-97.1	-70.0	*39*
Other operating income	5.3	6.0	*-12*
Profit from participation in associates	3.4	-0.9	*n/a*
Operating profit	**-48.0**	**-93.4**	**49**
Net financial items	-16.2	-6.4	*n/a*
Profit/loss before tax	**-64.3**	**-99.9**	**32**

Key metrics	**Q1-23**	**Q1-22**	***Change***
Gross margin	*39.6%*	*40.1%*	*-0.5 p.p*
EBITDA margin	*3.8%*	*-4.4%*	*8.2 p.p*

Comments

- Sales and marketing expenses focused on profitable core - flat vs Q4
- Technology and development expenses higher due to lower share of capitalized expenses
- General and admin. expenses higher due to one-off effects
- EBITDA, excluding IAC last year, increased to 30.5 (-32.8) and the EBITDA margin was 3.8% (-4.4%)
- Net financial items negatively affected by higher interest costs and an unrealized negative FX effect of 3.4 MSEK from a USD de-nominated commitment (Audiobooks.com)

Balance sheet overview

MSEK	Q1-23	Q4-22	Q3-22	Q2-22	Q1-22
Intangible assets	2,583.8	2,622.4	2,755.1	2,633.6	2,537.1
Tangible assets	27.0	29.0	28.9	30.3	30.0
Right-of-use assets	115.5	112.4	116.7	118.7	122.4
Non-current financial assets	75.1	87.7	95.8	104.5	93.6
Inventory	103.4	102.1	121.5	106.8	83.0
Current receivables	618.5	658.6	643.9	676.1	718.9
Cash and cash equivalents	540.4	776.3	457.4	447.9	447.6
Total assets	**4,063.7**	**4,388.5**	**4,219.3**	**4,117.9**	**4,032.5**
Equity	2,122.3	2,192.9	1,973.3	1,821.0	1,705.7
Non-current liabilities	991.9	866.4	915.6	965.2	888.7
Current liabilities	949.5	1,329.2	1,330.5	1,331.7	1,438.1
Total equity and liabilities	**4,063.7**	**4,388.5**	**4,219.3**	**4,117.9**	**4.032.5**
Available RCF	*150*	*250*	*250*	*250*	*400*
Total available liquidity	*690*	*1,026*	*707*	*698*	*848*

Comments

- The equity-to-asset ratio was 52.1% (42.3%) at the end of the quarter
- 100 MSEK of the RCF utilized in the first quarter, 150 MSEK remaining
- Total available liquidity at ~0.7 SEK bn
- 500 MSEK bridge loan replaced by a 200 MSEK term loan at the end of the first quarter

Improved profitability and cash flow

MSEK	Q1-23	Q4-22	Q3-22	Q2-22	Q1-22
EBITDA	30.5	38.5	59.2	-5.7	-148.4
Depreciation and amortization	-82.0	-80.7	-85.0	-88.3	-77.6
Profits from participation in associates	3.5	-4.6	4.9	-0.5	-0.9
Net financial items	-16.2	-44.9	25.1	31.5	-6.4
Profit before tax	-64.3	-91.7	4.3	-62.9	-233.3
Adjustments for non-cash items	84.2	113.1	61.0	13.5	101.0
of which, reversal depreciation and amortisation	82.0	80.7	85.0	88.3	77.6
of which, change in capital gains/losses	-4.6	5.7	-2.2	-3.1	-2.2
of which change in FX gains/losses	0.0	33.2	-36.7	-45.3	0.2
of which, change in provisions	6.9	-5.3	16.5	-20.9	20.1
of which, change in other non-cash items	0.0	-1.2	-1.5	-5.4	5.4
Taxes paid	-2.2	-9.3	-5.1	-5.3	-2.9
Cash flow from operating activities before change in working capital	17.8	12.1	60.2	-54.7	-135.2
Change in working capital	3.9	-31.7	13.3	-9.5	45.0
Cash flow from operating activities	21.7	-19.6	73.5	-64.2	-90.2

Comments

- Effects from strategic delivery and cost reduction resulting in solid Y/Y improvements:
  - Reported EBITDA at 30.5 MSEK
- Adjustments for non-cash items primary driven by:
  - Depreciation
  - Change in provisions

Operational cash flow

MSEK	Q1'23	Q4'22	Q3'22	Q2'22	Q1'22
EBITDA excluding IAC	30.5	53.0	59.2	12.8	-32.9
Operational Capex	-38.3	-41.1	-39.7	-61.7	-88.7
Operational cash flow	**-7.9**	**12.0**	**19.5**	**-48.9**	**-121.6**

*Operational capex has been redefined to give a more accurate value for monitoring and analyzing the business. The operational capex consists of tech investments and investments in audiobook productions
**Due to the redefinition of Operational capex, the historical figures differ compared to presented figures in Q4 2022 report

Comments

- Y/Y improvement in EBITDA in line with strategic shift
- Continuous investments in tech and content
- Underlying operational cash flow solid in the past three quarters, despite negative seasonal effect in Q1

2023 Priorities

The Road to Success Leads through Great Content	Master the Digital Playbook	Apply Prioritized Approach to Geographic Footprint	Create An Organization and Culture fit for our Mission
Deliver unique, personalized and highly relevant content offer for every user, every time; expand original and exclusive content and achieve enhanced content economics	Achieve sustained, efficient and profitable growth based on strong marketing practice and improved technology	Build a strong, defensible and profitable leadership position in our core profitable markets; set the stage for future expansion into targeted priority markets from 2024	Establish an efficient world-class organization and culture that attracts and retains the best talent

Step by step progress on operational execution and efficiency

Mid-term profitable growth plan to be presented at our Capital Markets Day on June 13

The Road to Success Leads through Great Content

Storytel Originals

Strong quarter for Storytel Originals in the Nordics
#1 on each local toplist

Storytel Awards 2023
7 markets
+200k votes

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Mastering the Digital Playbook
Early wins in Partnership arena

Distribution Partnerships (closed)

S+ Acquisition of Suomalainen+, reflecting a stronger collaboration with Otava Group

A1 Increasing our presence and growth in the Bulgarian market

IAP Partnerships

- Strong focus on CarPlay (Google/Apple) → Optimized journey to enable listening wherever and whenever
- Rollout of Google IAP in Sweden and USA → Increasing growth through support for more methods of payment
- Apple placement deals → Reaching new high quality customers through widespread visibility

Distribution Partnerships (pipeline)

- Telco Bundles
- Telco Resale Agreements
- eCommerce Partnerships
- Media Partnerships

OEM Partnership

- Strong pipeline in the works to partner with Earphones, Sound Bards and Car System brands
- Increased brand awareness, revenues and engagement via OEM deals

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Prioritized Approach to Geographic Footprint

Focus on value in core profitable markets

Core Profitable Markets			Expansion Markets
Nordics	**Growth Markets** Netherlands, Poland, Turkey, Bulgaria	**USA**	**Other markets**
Recently launched tiering and price increases New promotional strategy (dedicated campaign price over free trial) Partner-based growth	Selected markets with potential for strong subscriber inflow Continued investment, strong commitment Partner-based growth	Optimization of organic performance to grow with the market Maximize cash-flow generation Leverage the ABC’s platform in the context of international expansion	Strategy reassessment Selective investments with minimum costs and risks i.e Global Store and partner-led growth

Create An Organization and Culture fit for our mission

Oleg Nesterenko

Chief Marketing Officer

Peter Messner

Chief Financial Officer

Talent

Bringing proven talent into the company

Senior leadership team almost complete

Organizational structure

Restructured the Streaming organization in a matrix

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Current trading

Continued strong growth in spoken-word audio entertainment

Solid demand and high engagement for our services despite weaker consumer purchasing power

Progress on efficiencies and building more scalable operations to accelerate future growth

Stronger focus on partnerships with positive response from different stakeholders

Continued positive development reducing content cost; strong pipeline of SOs

Near term guidance

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

Full Year EBITDA margin** better than previous year

Break-even operational cash flow***

*2022 streaming revenue growth excluding Audiobooks.com, Russia and with CER (constant exchange rates)
** EBITDA excluding items affecting comparability
*** Operational cash flow = EBITDA excluding items affecting comparability - operational capex

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Closing remarks

- Huge untapped potential, low worldwide audiobook market penetration compared to other streaming media

- Continued progress on executing our playbook to create a scalable foundation for the next phase of profitable growth

- Roadmap to sustainable and profitable growth and new mid-term financial targets will be presented on a CMD, June 13 in Stockholm

Thank you!

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