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# Storytel AB (STORY.B.SE)

Q4 2021 Earnings Call

## CORPORATE PARTICIPANTS

### Per Jonas Tellander

*Founder, Chief Executive Officer & Director, Storytel AB*

### Sofie Maria Zettergren

*Chief Financial Officer, Storytel AB*

### Ingrid Bojner

*Deputy Chief Executive Officer & Chief Commercial Officer, Storytel AB*

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## OTHER PARTICIPANTS

### Dennis Berggren

*Analyst, Carnegie Investment Bank AB*

### Derek Laliberté

*Analyst, ABG Sundal Collier AB*

### Stefan Wård

*Analyst, Pareto Securities AB*

### Joachim Gunell

*Analyst, DNB Markets*

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## MANAGEMENT DISCUSSION SECTION

### Per Jonas Tellander

*Founder, Chief Executive Officer & Director, Storytel AB*

Thank you for tuning in. Welcome to Storytel's year-end report for 2021 and also for the fourth quarter 2021. My name is Jonas Tellander. I'm still CEO and founder of Storytel and on my side I have...

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### Ingrid Bojner

*Deputy Chief Executive Officer & Chief Commercial Officer, Storytel AB*

Ingrid Bojner, Deputy CEO and CCO.

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### Sofie Maria Zettergren

*Chief Financial Officer, Storytel AB*

Yeah. Sofie Zettergren, CFO.

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### Per Jonas Tellander

*Founder, Chief Executive Officer & Director, Storytel AB*

Good. So, let's get started shall we? So, highlights in the report, streaming sales up 20% to SEK 605 million now in Q4 and streaming. And then the subscriber base a bit more, 24%. Storytel Books sales up 20% so that's in part thanks to the acquisition of Lind & Co. But also I think even more encouraging is the EBIT margin of our publishing houses. We'll get back to that soon.

Net turnover including Streaming and Books increased 17% year-on-year. And as you know, we have signed an agreement with – to acquire Audiobooks.com and enter the US market and this was completed now in the New Year. Richard Stern was elected new Director of the Board and Hans-Holger Albrecht became Chairman of the Board as Stefan Blom stepped down.

So, this is a graph showing the cumulative net add subscribers per month per year. And as you can see, we have over the years been able to get to a steeper and steeper slope every year. In 2021, we didn't. We were just shy of 2020 in numbers and north of 2019 in numbers. And, obviously, we aspire for 2022 to get back on the more positive slope.

So our top market is really what's driving our growth and we have a very strong trend there. As you can see, the contribution margin dropped a little bit in Q3 and Q4 as we invested more heavily in marketing in these markets.

And taking a look at the Storytel Books side, again, a very positive trend year-on-year here from 2017 to 2021. We can see that we have strong growth in part driven by acquisitions, but even more encouraging, as I said before, very, very strongly EBIT margins. We can say that digitization of book markets correlates very well with the profit margin for the publishing houses.

And I hand over to Sofie to walk us through the numbers.

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## Sofie Maria Zettergren

*Chief Financial Officer, Storytel AB*

Yeah. So some more details about the Q4 numbers in the Streaming segment. So as Jonas mentioned, we continue to grow our quarterly revenues up to SEK 605 million in the quarter, SEK 459 million coming from the Nordics segment, and SEK 146 million coming from the non-Nordics segment. We continue to have stable and also high ARPU level in the Nordics, SEK 146. And we saw a strong growth trajectory in the Nordics in Q4, but also for the full year in 2021.

We did increase our investments in Q4 in the top markets, including the Nordics. So we saw a slightly decline in the contribution margin, as Jonas just showed on the slides, but we do expect that to jump up to the sort of the levels where we have been during 2021, which is 30% and so forth for the next year.

And then in the non-Nordics segment, we came in at 737,000 paying subscribers, slightly increased actually in the ARPU level due to the geographical mix. And we invested more heavily in our top markets during both Q3 and Q4, and the top markets outside of the Nordic is Poland, Russia, Turkey, also Bulgaria showing very strong traction. And that has had a negative implication on the contribution margin in Q4. But as with the Nordics, we do expect that to climb up again in 2022 also

Yeah, I think I will pause there and I will leave back to Jonas, actually.

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## Per Jonas Tellander

*Founder, Chief Executive Officer & Director, Storytel AB*

Yes. So last night, we released the press release that I'm stepping down as CEO. So the quote on the release is 13 years ago, I stood in front of the investors in the Swedish public service broadcaster SVT's adaption of Dragon's Den, Draknästet, trying to convince them that Storytel and audiobooks in the mobile phone would be big one day. Today, all my wildest dreams about Storytel have come true. The audiobook has also helped the book industry grow which makes me extra proud. It's time for new leadership at Storytel. 17 years of full focus on Storytel has taken its toll. The team is now stronger than ever and will, under Ingrid's leadership, take big steps this year. I look forward to continuing to create value in Storytel as an owner and board member.

Yeah, it's, of course, sad, but for me it's a joy. I really have given Storytel everything I can for these years. And for those of you who have been in a leading operating role, it's you know, total focus on what you're doing. And right now, I feel in my life I'd like to bring some other parts into the equation as well.

And again, feel very proud for what I've been a part of creating in these years that the audiobook would become the leading format in the book industry was something I was dreaming about, but quite didn't really believe in, to be honest, because it was so far away. But now, we're there. On the Nordic market, we're there and hopefully the rest of the world will see this and we will be the driving force in that evolution.

So, yeah, welcome, Ingrid. You are now, in a couple of hours, the newest CEO of Storytel. There's a search process that started and, obviously, Ingrid is one of the candidates there, but we will see what happens during the springtime and what the board eventually decides.

So, I hand over the remote to you, Ingrid.

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## Ingrid Bojner

*Deputy Chief Executive Officer & Chief Commercial Officer, Storytel AB*

Thank you. It's very symbolic. Thank you so much. So, it's big shoes to fill for us in the management team and for myself. But I feel that we are very strong as a team and we have a good strategy in place. We have pivoted the strategy over the last year moving more towards mature audiobook markets.

So, I think you're in good hands or you're leaving it in good hands.

So, just iterating which market we're in and what's really happening in that market, we are definitely in a growing market in the audiobook world and we took a very big step, the fall, which came in now in January, our acquisition, Audiobooks.com. So, now we are also present, Storytel, at the biggest, largest market for audiobooks in the US.

So, we're very proud to do – to be there and, of course, this is going to be one of the pillars for us to continue the growth towards the percentage market share that we expect that we can have in 2030.

And, of course, focusing going forward, we have a fantastic product and we have lots of customers enjoying our product every day. And throughout the world, we have plenty of subscribers and we believe that we will get even more, capitalizing on the growth that is there.

So, accelerating growth is, of course, super important for us. We will continue to focus on the top markets and, of course, the more mature audiobook markets. So, we will pivot a bit of the investments towards those markets and continue to invest heavily in content because that's, of course, how we grow. We both need a very good app and then UX experience, user experience, but we, of course, also need the content. So we will also continue to do investments in proprietary content catalog. It's very important for us, including, of course, also Books segment.

So last but not least, of course, we have to build a scalable organization and ensure that we do this in a smart way, so that we can scale and that we are efficient and that we have high performers and that comes together as a team and do this. And so, that is also in the plans and to ensure that we have smooth and lean and mean operations for us going forward.

So what will this then mean? Well, basically, we will continue on our growth journey and trajectory. That has been something of a stronghold for Storytel ever since Jonas started it. These are numbers from 2016 and we've had

basically a CAGR of 30% since. We also want to remind that we were profitable at that time. So, we have a solid and sound profitability in our core markets. And over the past years, we've done heavily investments, both, of course, in marketing and spreading our brand, but of course, also in content. And we see that pivoting our investment strategy towards the larger markets where we have a good traction, this will also lead to that this negative continuation of the EBITDA will stop and rather go up to the neutral.

So, what does that mean in terms of total 2021? I'll leave to you, Sofie, and also our guiding for 2022.

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## Sofie Maria Zettergren

*Chief Financial Officer, Storytel AB*

Thank you so much, Ingrid. Yeah. So, for 2021, I think we came out strong or ended the year strong. The subscriber base we reached 1.81 million subscriber, which was just below the latest forecasts. I think mainly we did have higher expectations in some countries during the year, I think especially India, to mention one country which would contribute a lot to the volume, but not so much to the revenue given the low ARPU level. But on the streaming revenue side, we did reach our target of SEK 2.25 billion. Also on the EBITDA level, we came in spot on our latest forecast of minus 6%.

And then if we look a little bit more ahead in the future, starting in the near-term future with Q1 2022, we have decided to discontinue the subscriber base forecast, mainly due to the number of countries we have, more than 25 countries and also a lot of different subscription models, making it more complex. And really what we steer the company towards is to increase our streaming revenue. That is what creates value for the company and that's what we want to continue also to forecast. Of course, we will continue to provide subscriber base numbers on a quarterly basis as well.

So, the streaming revenue is expected to grow with 34% to 35% in Q1, 31% to 32% using constant exchange rates. The split between the Nordics and the non-Nordics, if you say the Nordics is pretty much on the same level as in Q4 which is a typical trend for us given that Q1 has fewer days in the quarter, so that has an effect of approximately 2%.

So, adjusting for that, we would see an increase. And then in the non-Nordics, what's really driving the increase there is, of course, the acquisition of Audiobooks.com. So, we're growing the revenues with almost SEK 100 million from Q4. And then the full year 2022 targets, same as with the quarterly forecast, no subscriber target but the streaming revenue target is set to 30% to 34% and we feel really confident in that number that we will be able to reach it.

It only includes the organic growth and the acquisition of Audiobooks.com. So no other revenues that we can't really control, such as Spotify agreement is included. And then on the profitability side, as Ingrid said, pivoting our strategy and also focusing more on operational excellence and just making sure that we are as lean and mean as possible, we do expect the EBITDA trend to shift towards a more positive level. So, we expect it to land at between minus 3% to 0% for the full year.

And with that, we will hand over to or move over to Q&A with our analysts.

## QUESTION AND ANSWER SECTION

**Sofie Maria Zettergren**

*Chief Financial Officer, Storytel AB*

A

I see – don't see – I see some hands there. Dennis – do you want to go first – of Carnegie?

**Dennis Berggren**

*Analyst, Carnegie Investment Bank AB*

Q

Thank you very much and good morning, everyone. So, could we start with discussing the situation with Spotify just to be clear. Is the review initiated from your side, and if so, why would you decide to not continue with the partnership?

**Ingrid Bojner**

*Deputy Chief Executive Officer & Chief Commercial Officer, Storytel AB*

A

So who should do that?

**Per Jonas Tellander**

*Founder, Chief Executive Officer & Director, Storytel AB*

A

It's a – I mean, we are informing about it now. It is under review. We want to continue the dialogue, I think, from both sides and see how a partnership could be constructed. I think that's all we can say right now.

**Sofie Maria Zettergren**

*Chief Financial Officer, Storytel AB*

A

Yeah. And I mean and for us, we just want to be very clear that it's not included in our guidance given that it is a partnership, and in the partnership you need to be two sides and we can only control our side, of course. And given that we provided the announcement of the partnership already in May last year, it has taken longer time than we expect from the beginning, but we're still – I mean, the last communication that it will be launched in half year on, we don't have any more updates except for that is – it is under review.

So it's not that we will not do it. It's not then so to say, but we want to be or make it a less more important pillar of our strategy because we believe that we will not be reliant on Spotify to grow next year rather on our organic – focusing on our organic growth and the acquisition of Audiobooks.com.

**Dennis Berggren**

*Analyst, Carnegie Investment Bank AB*

Q

Right. And concerning your organic growth and also with the addition from Audiobooks, how should we think about the full year and 30% to 34% streaming growth target? I mean what needs to happen for you to reach the higher end of that range?

**Sofie Maria Zettergren**

*Chief Financial Officer, Storytel AB*

A

Yeah. I mean we, as you know for 2021, we have been growing at approximately 20% with organic growth. And on top of that, we will add Audiobooks.com. So, that's basically where we think we can end, in the mid or higher

range with those two pillars. And then, of course, our ambition is to grow as much as possible, but this is what we see right now, and we don't want to overpromise anything, but rather be very, very short on what we can deliver.

**Ingrid Bojner**

*Deputy Chief Executive Officer & Chief Commercial Officer, Storytel AB*

A

And I think pivoting our strategy towards the main market where we also have a higher ARPU is of course in that number. So, it's important for us to have our top markets performing as expected, and what we have in the plans. So, that is an important factor in the growth.

**Dennis Berggren**

*Analyst, Carnegie Investment Bank AB*

Q

Perfect. And then finally from my side, what are you anticipating regarding Audiobooks here in 2022? And I'm talking about Audiobooks.com. Now that it has been consolidated, would you be able to provide any more comments with regards to, I mean, growth profile or growth expectations for 2022 contribution margins? And in general, just a view on the growth profitability balance during the year.

**Ingrid Bojner**

*Deputy Chief Executive Officer & Chief Commercial Officer, Storytel AB*

A

So, we've had Audiobooks.com indoors so to speak for approximately one-plus month. So, we're working together with them to have a very good plan in place, and just continue the momentum that they currently have. So, we're not going to give you any more details on that, but maybe come back to that more later during the year.

**Dennis Berggren**

*Analyst, Carnegie Investment Bank AB*

Q

Got it. Thank you.

**Sofie Maria Zettergren**

*Chief Financial Officer, Storytel AB*

A

Thank, Dennis. So, Stefan from Pareto.

**Stefan Wård**

*Analyst, Pareto Securities AB*

Q

Okay. Thanks. Can you give some color on this performing non-Nordic markets, Poland, Netherlands, Russia? How the subscribing take is, what type of gross margin profitability level? Will – you have communicated that you are profitable in the Netherlands. Is it close in any of the other mature markets?

**Sofie Maria Zettergren**

*Chief Financial Officer, Storytel AB*

A

Yeah. Very good question, Stefan. And I mean we do have communicated that we want our markets to turn profitable after five years, and there are some markets that is sort of in that timeframe. And of course, there's some markets such as Poland, Russia that is very closed. But that – and that actually was positive – EBITDA-positive during the year. Poland is one example. But as we have communicated now several times, we increased investments in the top markets during the second half-year, which means that Poland is not profitable on the total level.

But I think Poland is a very strong market, one of our strongest outside of the Nordics together with the Netherlands. And in terms of margin structure, let us come back to maybe some more details regarding that. But the gross margin profile is pretty similar in our top markets as it is in the Nordics. So, we have a strong gross margin profile of more – over 40% at least. And then, on the EBITDA level, it's the Netherlands, as you said, that is positive.

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**Stefan Wård**

*Analyst, Pareto Securities AB*

Q

Thanks. Can I just follow-up also on the question regarding India? There were some issues with the payment structure and that could have sort of a temporary character and you said that churn increased over the second half. And so, can you give any sort of color on what the situation is today or now? I mean do you have a strong catalog or is this something that could be sort of improved, the situation could improve over 2022 or how should we think about that market?

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**Ingrid Bojner**

*Deputy Chief Executive Officer & Chief Commercial Officer, Storytel AB*

A

India is a fantastic market and the color of a lot of different languages. So we have a strong catalog, as you said, which is great. That's a good starting point in any market. And there's also some positive trends in the consumer segment around audiobooks. What we experienced last year was really something on the payment side and recurring payment was something that we couldn't really do. And we have solved that problem. So, that has come back.

What we did during the time was to elaborate with longer-subscribing periods since the recurring monthly payment was something that we couldn't do and that was also one of the factors why it got a little bit up and down and up and down, because of six-month subscriptions at the end stopped and then some people came back and some did not. So, the churn also was a reflection of that.

So now, it's solved and then it has to do with how we decide to continue our investment there and et cetera. So...

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**Stefan Wård**

*Analyst, Pareto Securities AB*

Q

Many thanks.

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**Sofie Maria Zettergren**

*Chief Financial Officer, Storytel AB*

A

Derek from ABG, please go ahead.

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**Derek Laliberté**

*Analyst, ABG Sundal Collier AB*

Q

Hello and thank you very much. And I'd like to start off by asking you, you, Jonas. I mean I must say, of course, this decision of yours was – is quite a bit unfortunately, but certainly understandable. And I'm glad that you will continue to be active in the company. I was just wondering, can you elaborate a bit more on why you felt that now is the right time for you to hand over? And also, you as a continued member of the board, what you're looking for, for type of aspects or other characteristics in the next sort of permanently whatever you decide on basically what type of profile in terms of skills and experience that you're looking for? Thank you.



**Per Jonas Tellander**

*Founder, Chief Executive Officer & Director, Storytel AB*

A

Yeah. I mean there's never a good time to leave, really. So, you just have to dig deep inside yourself and see what your motivation level is and whether you think that you can give the energy and devotion and effort that's required really to take us to the next step. I mean I've been able with the team to take us to this level and I'm incredibly proud of that.

And then, I just asked myself what's the next 5 or 10 years going to look like? And realized that I think I can make a really, really strong impact as a main shareholder and as a very strong force on the board side and also participating in whatever potential M&As or partnership discussions, et cetera, that I can do with my background.

So, I think it's just a decision I landed in and that I feel very comfortable with and very happy about. I don't want to comment on the CEO process. It's going to be a search process that's being kicked off now and we'll just see how that plays out.

**Derek Laliberté**

*Analyst, ABG Sundal Collier AB*

Q

Thank you for that clarity and, yeah, that's really understandable about the candidates. And so, just one more here right now, if I may, and if – I mean, organic growth clearly has come down a bit and we now have the guidance for this year. Whilst you maintain the 2023 target, I was just wondering here that at least from my initial calculations, it seems that you're basically guiding for about 17% organic growth or so this year if we exclude the Audiobooks acquisition and we still need quite a bit of a ramp-up in 2023, probably mid-30% growth or more. So, I was just looking how is this plan looking? Will it continue to be acquisition-driven in order to reach that target or are you expecting rather a meaningful ramp-up in the existing markets? Thank you.

**Per Jonas Tellander**

*Founder, Chief Executive Officer & Director, Storytel AB*

A

Just a final comment from my side maybe. I mean what we're looking at is a book market that is in transition and where the Audiobooks is taking over more and more. We can also say that there's a very positive correlation between the publishing side of the business and the digitization of streaming side and Audiobooks side.

So, we have the eyes on the long goal. I mean what we're looking at is a combination of organic growth and M&A-driven growth and we've historically proven that we're very good at spotting and also acquiring companies in this space. So, I think you should expect going forward and up until the SEK 30 billion mark that we're shooting out for 2030 for this to be a combination of M&A-driven growth and organic growth.

**Derek Laliberté**

*Analyst, ABG Sundal Collier AB*

Q

All right. Great. Thank you for that.

**Sofie Maria Zettergren**

*Chief Financial Officer, Storytel AB*

A

Thank you, Derek. So, should we go to Joachim from DNB? Please go ahead.

**Joachim Gunell**

*Analyst, DNB Markets*

Q

Thank you. Good morning, guys.

**Sofie Maria Zettergren**  
*Chief Financial Officer, Storytel AB*

A

Good morning.

**Joachim Gunell**  
*Analyst, DNB Markets*

Q

So, could you please – yeah, just provide your thoughts on what you see as the main barriers to achieve your 2022 target in terms of growth as you know?

**Sofie Maria Zettergren**  
*Chief Financial Officer, Storytel AB*

A

Yeah. I can start. I mean, I think Ingrid said it very well. I mean, it is the top markets that really needs to deliver on what we have – the targets that we have set up, basically. But I mean, we do feel confident that we will be able to defend our market share in the Nordics. We have seen a very strong growth trajectory in 2021.

And then outside of the Nordic, it is the markets that we have already touched upon, the Netherlands, Poland, Russia, Turkey, Bulgaria. And then of course, the Audiobooks.com acquisition will be a big contributor outside of the Nordics, but we will come back with some more details I think on the strategy there, and some more details on the numbers.

And then I think the other markets, it's not that we are not focusing or not doing anything in those markets, but it's rather that those markets will contribute more on the long term the SEK 30 billion target that we have in 2030. But the subscribers that we have there will of course continue to enjoy the service, and we will focus more our strategy on product-led growth, content-led growth. And of course, partnership is something that we want to focus more on in the future.

**Ingrid Bojner**  
*Deputy Chief Executive Officer & Chief Commercial Officer, Storytel AB*

A

I think we can add to the fact that we are in some of the more international countries where the audiobook industry is still fairly immature. We want to go back a little bit to where – back-to-basic, basically, and do whatever we did back in the days when audiobook revolution started here in the Nordics. So, be more entrepreneurial and less driven out of heavy marketing investments. So, I think that's the shift, and that will, of course, take a little bit longer time in terms of revenues since the ARPU is relatively lower.

**Joachim Gunell**  
*Analyst, DNB Markets*

Q

Understood. And I mean today since that you are, I mean, slightly flirting with the, call it, somewhat of a new segment structure talking about the top 10 markets as opposed to the, call it, Nordics, non-Nordics, will it make sense to perhaps move to a reporting structure setting more light on, yeah, call it the top 10 markets? And in particular, I mean, in the Nordics, to be more granular on the fact that, okay, hey, this is actually a streaming business that is a free cash flow positive, etcetera. So what's the trade-offs from your part there?

**Sofie Maria Zettergren**  
*Chief Financial Officer, Storytel AB*

A

Yeah. I mean, let us come back to that. I think what we can say is that we are planning to have strategy after the Strategy Day in the near-term future. We haven't set an exact date yet, so I think we will come back with some more flavor on the different segments that we have. And as you are alluding to, Joachim, we have different segments, which we can really show that we are highly profitable in some of our markets. If we also include the Book segment, as Jonas said, which is growing both on the top line and the EBIT margin, is improving as the digitalization continues. We see very high profit margins in those region. Then, we have the sort of investment or the countries where we invest a lot in. So, yes, let us come back and try to be very clear in how we create value and how that looks in the different segments.

**Joachim Gunell**  
*Analyst, DNB Markets*

Q

That's very clear. And, yeah, just a final one from me and just from a broader perspective, what's your thoughts on like M&A? You're operating a platform company that tends to benefit from this type of flywheel effect, getting bigger – it gets bigger and you can offer better – a better product to your customers. With that in mind, how come you are not growing faster than, call it, the overall audiobook market in the Nordics?

**Ingrid Bojner**  
*Deputy Chief Executive Officer & Chief Commercial Officer, Storytel AB*

A

I think we have been focusing quite a lot on expansion and building a very solid content catalog. Those are things that we have been really good at. We have also operated [ph] fairly a (00:29:41) complex environment with different payment systems in different parts of the world in order to make our product, also have a local product market fit.

What I do think is now in the making, with our Head of Tech and Head of Product, is a much more cleaner way of looking at how we operate. And, of course, also building a very scalable model, so I think all the different departments and that's why I was saying that we have a strong team, I think we have a strong team at Storytel in all the different departments in order to actually execute on this and make the – all of the different parts move together even better, as you said in the flywheel. So, we need to do some investments, but we will continue to work and develop an even better, both tech platform, but also on the content side.

**Joachim Gunell**  
*Analyst, DNB Markets*

Q

Thank you for that, Ingrid. That's all for me.

**Sofie Maria Zettergren**  
*Chief Financial Officer, Storytel AB*

A

Thank you, Joachim. [ph] Mathias (00:30:43) from Kepler. Do you have a question? Kepler Cheuvreux.

Q

I'm happy with the answers provided. Thank you very much.

**Sofie Maria Zettergren**  
*Chief Financial Officer, Storytel AB*

A

Okay. You're happy. So, I think have maybe some hands up from Stefan from Pareto.

**Stefan Wård**

*Analyst, Pareto Securities AB*

Q

Thanks. It's a follow-up, I guess so, yeah. On the strategy, it sounds like you will have a CMD event in the near term and probably will clarify some things, but it looks quite – it doesn't fit the old strategy that it should be in plus 40 market, doesn't fit at all with the points that you communicate today. Can we sort of conclude that you will not go for being – expanding into 40 markets-plus by the end of 2023?

**Ingrid Bojner**

*Deputy Chief Executive Officer & Chief Commercial Officer, Storytel AB*

A

I think we don't want to comment on that guiding, but what we will do is to build a scalable operating model that can help us to go to the countries that we think are the most important for us. And the expansion strategy is really to pivot towards the market where we have more mature or it's not mature, but when you say that it feels like it's not growing that much, but it's actually a really healthy underlying growth in mature market as well. So that was what we will do. And if we grow to the 40 or the 50s or the 30s, it's more about really making a dent in the markets we are in and focus it on being scalable.

**Stefan Wård**

*Analyst, Pareto Securities AB*

Q

A follow-on question there. The print – the Books segment has surprised quite positively over the past couple of years. Is that something that you will consider maybe acquiring publishing houses outside the Nordics or how should we think about that?

**Per Jonas Tellander**

*Founder, Chief Executive Officer & Director, Storytel AB*

A

Yeah. I mean, definitely, there's no reason why we would be restricted to the Nordic region on that front. I mean we can say that we have been very successful with the Nordic publishing houses. I mean, take Norstedts as an example with pretty stable revenue numbers. The average profit for the last two years has basically doubled above where we started a couple of years ago. And we see that trend even more strongly and some smaller publishing houses like Lind & Co. for instance. So we're definitely looking at very broadly on publishing houses signing, in particular, in markets where we believe we can be a good force in driving digitization as well on the consumer side.

**Stefan Wård**

*Analyst, Pareto Securities AB*

Q

Yeah. Thanks. And then, a final question for me just [ph] at the occasional charter (00:33:25). Can you give some information about potential partnerships? How that could look? What sort of partnerships should we consider that you are looking for?

**Ingrid Bojner**

*Deputy Chief Executive Officer & Chief Commercial Officer, Storytel AB*

A

Yeah. We're actually building up our capabilities stronger in that area internally right now. We have and we still enjoy a good partnership agreement with Telia in the Nordics which has been a good source of energy for both companies. And I think that could be a very good way of launching or growing in more long-tailed countries where we still are not so mature.

So, telecom operators – then, of course, there are so many different partnerships that you can do. But I think it's important to say that we will look for partners that would benefit both of us. We know that a lot of people enjoy Storytel while driving or while working out or walking or running. So, of course, there might be interesting partnerships for us in those type of industries.

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**Per Jonas Tellander**

*Founder, Chief Executive Officer & Director, Storytel AB*

A

Yeah. I mean I think we have a product – reading is an activity everybody loves. I mean there's no parent in the world that doesn't want their kids to read more and we just see that we can be a good force for good. And that's something that attracts companies that we speak to that we can be – add that flavor to their brand and to their business and also do something good for society.

But at the same time, partnerships takes time. Telia, we've been working with them for eight years and it has built up a pretty decent amount of revenues over these years, but it requires also an integration and a business model where payments are being made and the customers are being acquired as part of that partnership. So, that's what we are looking for really is to extend our reach and go the other platforms. But it will be one-by-one rather than being 10 or 20 partnerships at a go, because you need technical integration and you need to handle the relationship in a good way.

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**Stefan Wård**

*Analyst, Pareto Securities AB*

Q

Thank you very much.

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**Sofie Maria Zettergren**

*Chief Financial Officer, Storytel AB*

A

Thank you, Stefan. Derek, do you have another question?

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**Derek Laliberté**

*Analyst, ABG Sundal Collier AB*

Q

Thank you. Yeah, just one more. I was wondering if you could give any comment around the balance sheet. I mean, clearly, you have quite a bit of cash left, and you also have clearly some flexibility with the RCF and the new bridge loan here. But, I mean, how are you looking at this in terms of your investment plans coming on – coming up here and also given that you have a pretty elevated CapEx, also, if you could comment on what we should expect there going forward, if it should continue to rise and anything – if there are any covenants or anything, how this is impacting your view or sort of planning for investments and where the EBITDA should land. Thank you.

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**Sofie Maria Zettergren**

*Chief Financial Officer, Storytel AB*

A

Yes. So, as you alluded to, Derek, we have a strong funding in our cash right now. We ended the year with about SEK 1 billion in cash, and then we have the SEK 500 million bridge loan and the SEK 850 million RCF from Swedbank. And then, of course, we did pay for Audiobooks.com in the beginning of the year, but that still stands us or still leaves us with a solid cash. So, we don't have any pressure, I think, to go to the stock market to raise any cash, and we do have a, yeah, a strong relationship with Swedbank, and there is no risk of breaching any covenants, of course.

What I can say about the EBITDA, I mean, as we mentioned, we are sort of breaking the trend with the increasing negative losses, but we have the CapEx, as you say. So we do have a negative cash flow that we need to fund, but I don't see any risk of not being able to fund the organic growth during 2022.

**Derek Laliberté**

*Analyst, ABG Sundal Collier AB*

Q

All right. That's very clear. Thanks for that.

**Per Jonas Tellander**

*Founder, Chief Executive Officer & Director, Storytel AB*

A

Good. So if no other questions, shall we round off?

**Sofie Maria Zettergren**

*Chief Financial Officer, Storytel AB*

A

I think Joachim...

**Per Jonas Tellander**

*Founder, Chief Executive Officer & Director, Storytel AB*

A

Joachim has one, so final one.

**Sofie Maria Zettergren**

*Chief Financial Officer, Storytel AB*

A

Joachim has one final question.

**Joachim Gunell**

*Analyst, DNB Markets*

Q

Just a final breath on, in terms of the original content slate. Now with Audiobooks.com acquisition and the broad quality with presence and the recent releases with regards to the Conan Doyle as well as the Pottermore, would it make sense to really, I mean, accelerate investments into an English – I mean, a solid English original content slate or will you continue to really emphasize this localized approach that you have in the past?

**Ingrid Bojner**

*Deputy Chief Executive Officer & Chief Commercial Officer, Storytel AB*

A

I think now when we are in the US, English is also a local language. So I think that's my first answer to your question. And how we invest in our catalogue in different languages, I don't think we usually talk about that so much, but we want to invest in catalogue in all the markets where we are.

**Joachim Gunell**

*Analyst, DNB Markets*

Q

Thank you.

**Per Jonas Tellander**

*Founder, Chief Executive Officer & Director, Storytel AB*

Good. So shall we leave it by that. I say goodbye for now from my end and you'll see more of, at least, Ingrid in a couple of months.

## Ingrid Bojner

*Deputy Chief Executive Officer & Chief Commercial Officer, Storytel AB*

Yes. So see you next quarter.

## Sofie Maria Zettergren

*Chief Financial Officer, Storytel AB*

See you next quarter.

## Per Jonas Tellander

*Founder, Chief Executive Officer & Director, Storytel AB*

Yes. Bye-bye.

## Ingrid Bojner

*Deputy Chief Executive Officer & Chief Commercial Officer, Storytel AB*

Bye.

## Sofie Maria Zettergren

*Chief Financial Officer, Storytel AB*

Bye.

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