

# Year-end Report 2023

February 15, 2024

# Today's presenters



**Johannes Larcher**

CEO



**Peter Messner**

CFO

**2023 was a year of significant transformation for Storytel and we are well positioned for a successful 2024 and beyond**

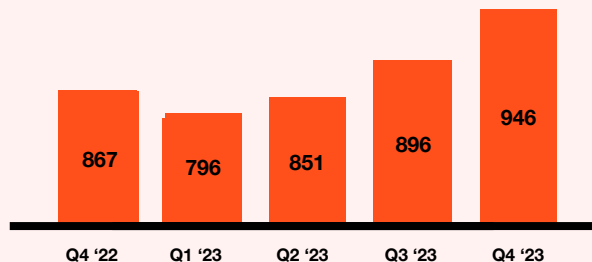
# Operational Highlights in 2023

- ARPU up 6.5% YoY driven by updated pricing and packaging in the Nordics
- Global paid churn is down 1.5 ppt YoY
- Positive CLV/SAC development throughout the year, and up 25% YoY in Q4
- Strong content/rights acquisitions in the year
- Entered into several distribution partnerships with telcos which contributed more than 10% of net paid subscriber additions during the year
- Launched the novel VoiceSwitcher feature through a strategic partnership with ElevenLabs
- Strengthened the Group Management Team with several recruitments

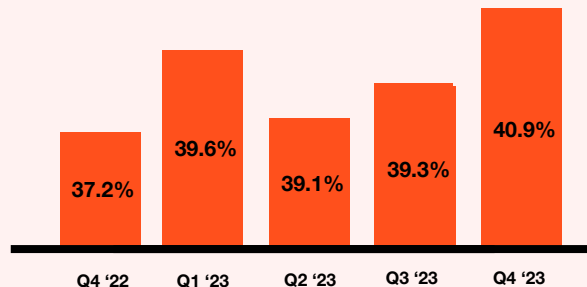
# Financial Highlights Q4 2023

## Group Revenue up 9% YoY

MSEK

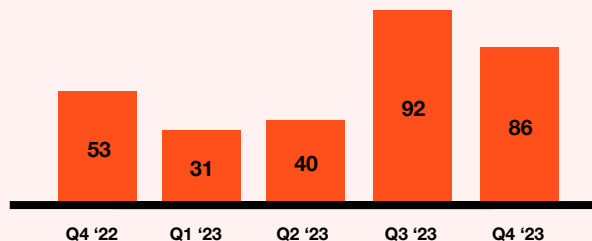


## Group Gross Profit Margin up 3.7ppt

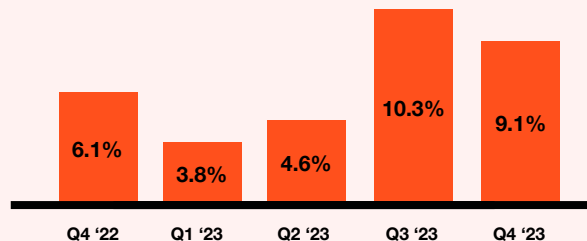


## Group EBITDA up 62% YoY

Adjusted EBITDA excl IAC, MSEK



## Group EBITDA Margin, excl IAC



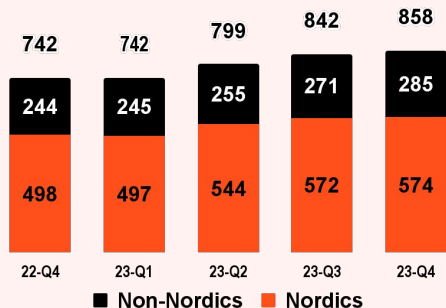
## Comments

Q4 2023 compared with Q4 2022

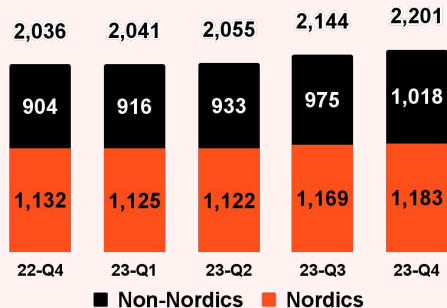
- Group net sales increased by 9% to 946 (867) MSEK
- Gross Profit margin 40.9% (37.2%)
- Adjusted EBITDA of 86 (53) MSEK, with a margin of 9.1% (6.1%)
- Operational cash flow amounted to 46 (12) MSEK
- Adjusted operating profit of -8 (-32) MSEK

# Streaming Development Q4 2023

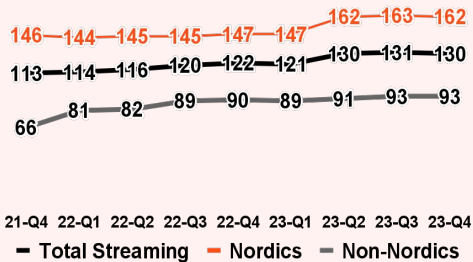
## Streaming Revenue up 16% YoY



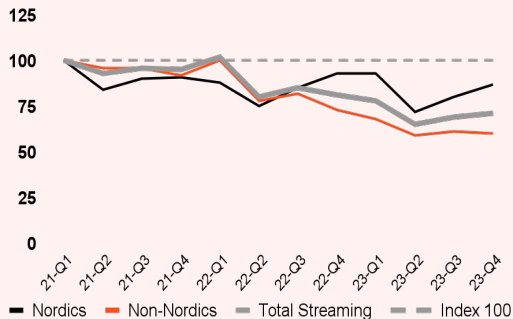
## Average Paybase, 000'



## ARPU, SEK



## Churn Trend, Index



## Comments

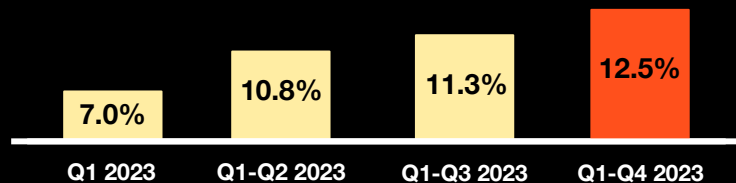
Q4 2023 compared with Q4 2022

- Streaming revenue increased by 16% to 858 (742) MSEK,
  - 14% at constant exchange rates
  - 15% in the Nordics
- Average number of subscribers increased by 165,000
  - Of which 51,000 in the Nordics
  - Storytel's four non-Nordic 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

**Strong end-of-year performance -  
surpassing guidance**

# Exceeding full year 2023 financial targets

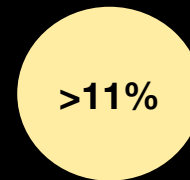
## Organic streaming revenue growth with CER



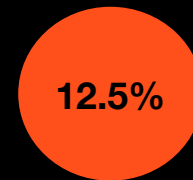
Original  
FY Guidance



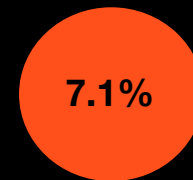
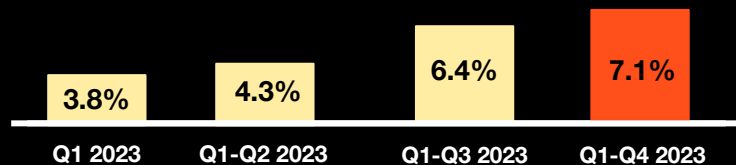
Updated  
FY Guidance



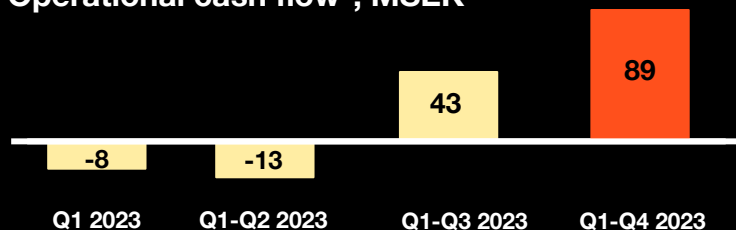
FY23 Result



## Adjusted EBITDA margin



## Operational cash flow\*, MSEK



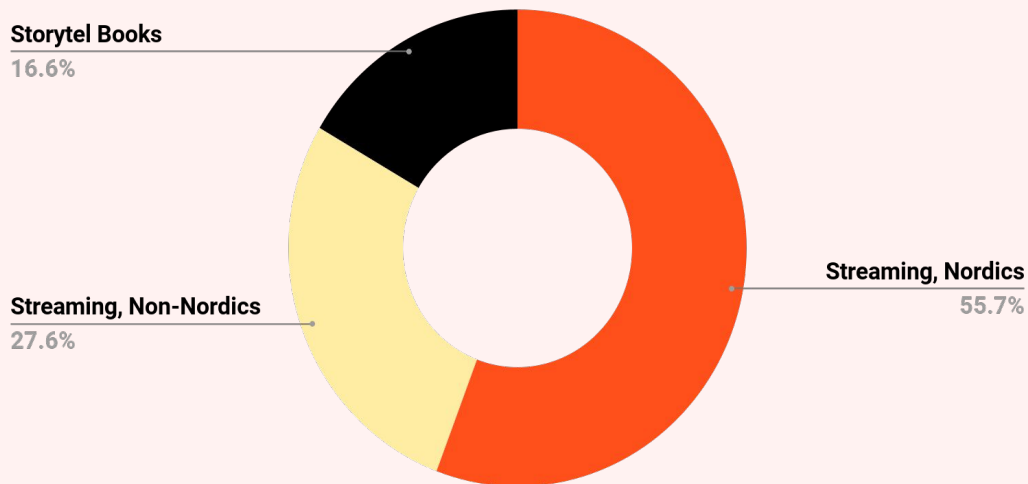
\* Operational Cash Flow: Adjusted EBITDA less operational capex



# Q4 Segments performance

## Revenue split, Q4 2023

(100% = 1,029 MSEK)



## Comments

Q4 2023 compared with Q4 2022

### Streaming, Nordics

- Reported revenue growth of 15%
- Adjusted Gross margin of 42.4% (37.1%)
- ARPU increased by 10% to 162 (147) SEK
- Avg. paying subscribers increased by 51,000

### Streaming, Non-Nordics

- Reported revenue growth of 17%
- Adjusted Gross margin of 45.8% (49.1%)
- ARPU increased by 3% to 93 (90) SEK
- Avg. paying subscribers grew by 114,000

### Books

- Reported external revenue decline by 11%
- Internal revenue increased by 27%
- Higher share of digital sales
- Gross margin increased to 55.5% (44.1%)

# Continuous improved EBITDA margin

Table is adjusted for IACs

<b>MSEK</b>	<b>Q4-23</b>	<b>Q4-22</b>	<b>Change, %</b>	<b>Q3-23</b>
Net Sales	946.1	866.7	9	895.8
COGS	-558.9	-544.3	3	-543.9
<b>Gross profit/loss</b>	<b>387.2</b>	<b>322.4</b>	<b>20</b>	<b>351.9</b>
Sales and marketing expenses	-219.5	-206.3	6	-192.6
Technology and development expenses	-72.1	-69.8	3	-63.3
General and admin. expenses	-106.9	-86.1	24	-91.5
Other operating income	-2.2	12.1	n/a	5.7
Profit from participation in associates	5.0	-4.6	n/a	4.8
<b>Operating profit</b>	<b>-8.4</b>	<b>-32.2</b>	<b>n/a</b>	<b>15.0</b>
Net financial items	-45.9	-44.9	2	-14.3
<b>Profit/loss before tax</b>	<b>-77.2</b>	<b>-94.6</b>	<b>-18</b>	<b>0.7</b>
<b>Key metrics</b>	<b>Q4-23</b>	<b>Q4-22</b>	<b>Change</b>	<b>Q3-23</b>
Gross margin	40.9%	37.2%	3.7p.p	39.3%
EBITDA margin	9.1%	6.1%	3.0p.p	10.3%

## Comments

Q4 2023 compared with Q4 2022

- Net sales for the quarter grew by 9% to 946 (867) MSEK
- Adjusted Gross profit up by 20% to 387 (322) MSEK; margin of 40.9% (37.2%)
- Adjusted Sales and marketing expenses increased by 6% to -220 (-206) MSEK
- Adjusted Technology and development expenses increased 3% to -72 (-70) MSEK
- Adjusted General and administrative expenses increased by 24% and totaled -107 (-86) MSEK
- Adjusted Operating profit improved to -8 (-32) MSEK
- Adjusted EBITDA improved to 86 (53) MSEK and the EBITDA margin to 9.1% (6.1%)

# Write downs and Items Affecting Comparability

A total of 672 MSEK of Items Affecting Comparability (IAC) recognized in Q4 2023:

- Further emphasis on profitability and reduced growth investments in certain markets
- 465 MSEK non-cash impairment charges on goodwill attributed to Audiobooks.com
- 168 MSEK non-cash write downs, mainly concentrated on content assets in expansion markets
- 39 MSEK relate to restructuring charges in personnel and other operational expenditures

# Balance sheet

<b>MSEK</b>	<b>Q4-23</b>	<b>Q3-23</b>	<b>Q2-23</b>	<b>Q1-23</b>	<b>Q4-22</b>
Intangible assets	1,902.3	2,642.7	2,668.6	2,583.8	2,622.4
Tangible assets	17.8	19.6	22.5	27.0	26.0
Right-of-use assets	84.1	97.7	109.9	115.5	115.4
Non-current financial assets	76.4	85.6	81.0	75.1	82.8*
Inventory	59.8	89.1	94.6	103.4	102.1
Current receivables	564.1	634.8	618.0	618.5	602.3*
Cash and cash equivalents	436.1	540.6	531.3	540.4	776.3
<b>Total assets</b>	<b>3,140.7</b>	<b>4,110.1</b>	<b>4,126.0</b>	<b>4,063.7</b>	<b>4,327.3*</b>
Equity	1,273.2	2,161.0	2,165.4	2,122.3	2,131.8*
Non-current liabilities	246.0	946.9	952.9	991.9	831.3
Current liabilities	1,621.5	1,002.2	1,007.7	949.5	1,364.2
<b>Total equity and liabilities</b>	<b>3,140.7</b>	<b>4,110.1</b>	<b>4,126.0</b>	<b>4,063.7</b>	<b>4,327.3*</b>
<i>Available RCF</i>	<i>200</i>	<i>150</i>	<i>150</i>	<i>150</i>	<i>250</i>
<i>Total available liquidity</i>	<i>636</i>	<i>691</i>	<i>681</i>	<i>690</i>	<i>1,026</i>

\*Restated amount, see Note 1 in the Year-end report

## Comments

- Intangible assets decreased by 740 MSEK vs Q3 as a net result of investments, amortization, fx effects, and the IAC write downs
- The equity-to-asset ratio was 40.5% (49.3%)
- During the quarter, 100 MSEK in bank debt have been repaid, reducing financial debt to 750 MSEK
- The 650 MSEK utilized RCF has been reclassified and is included with the 100 MSEK term loan in current liabilities
- Cash and cash equivalents were 436 MSEK
- In February, Storytel extended the RCF until 2 April 2025 and reduced the total facility by 100 MSEK to 750 MSEK, at otherwise unchanged terms

# Improved profitability and cash flows

<b>MSEK</b>	<b>Q4-23</b>	<b>Q3-23</b>	<b>Q2-23</b>	<b>Q1-23</b>	<b>Q4-22</b>
<b>EBITDA (incl. IAC)</b>	<b>-11.7</b>	<b>91.6</b>	<b>39.6</b>	<b>30.5</b>	<b>35.6*</b>
Depreciation and amortization	-672.6	-81.4	-71.0	-82.0	-80.7
Profits from participation in associates	4.3	4.8	2.0	3.4	-4.6
Net financial items	-45.9	-14.3	11.4	-16.2	-44.9
<b>Profit before tax</b>	<b>-725.9</b>	<b>0.7</b>	<b>-18.0</b>	<b>-64.3</b>	<b>-94.6*</b>
<b>Adjustments for non-cash items</b>	<b>709.5</b>	<b>88.2</b>	<b>53.0</b>	<b>84.2</b>	<b>116.0*</b>
<i>of which, reversal depreciation and amortisation</i>	687.5	81.4	71.0	82.0	80.7
<i>of which, change in capital gains/losses</i>	-2.1	-1.9	-3.5	-4.6	5.7
<i>of which change in FX gains/losses</i>	23.1	-9.8	-23.1	0.0	33.2
<i>of which, change in provisions</i>	1.0	21.1	8.3	6.9	-5.3
<i>of which, change in other non-cash items</i>	0.0	-2.5	0.2	0.0	1.7*
Taxes paid	-9.0	-10.0	-10.7	-2.2	-9.3
<b>Cash flow from operating activities before change in working capital</b>	<b>-25.4</b>	<b>78.9</b>	<b>24.3</b>	<b>17.8</b>	<b>12.1</b>
Change in working capital	89.5	41.0	12.1	3.9	-31.7
<b>Cash flow from operating activities</b>	<b>64.1</b>	<b>119.9</b>	<b>36.4</b>	<b>21.7</b>	<b>-19.6</b>

\*Restated amount, see Note 1 in the Year-end report

## Comments

- Positive effects from strategic delivery and cost reduction during 2023
- Profit before tax and Adjustments for non-cash items impacted by IACs
- Cash flow from operating activities increased to 64 (-20) MSEK
- Cash flow from investing activities was -47 (-57) MSEK and cash flow from financing activities was -105.2 (382) MSEK
- Total cash flow for the period was -88 (306) MSEK

# Operational cash flow

<i><b>MSEK</b></i>	<b>Q4'23</b>	<b>Q3'23</b>	<b>Q2'23</b>	<b>Q1'23</b>	<b>Q4'22</b>
EBITDA excluding IAC	86.0	91.6	39.6	30.5	53.0
Operational Capex *	-39.2	-35.9	-44.7	-38.3	-41.1
<b>Operational cash flow</b>	<b>46.8</b>	<b>55.7</b>	<b>-5.1</b>	<b>-7.9</b>	<b>12.0</b>

## Comments

- 62% Y/Y improvement in EBITDA in line with strategic shift
- Continuous investments in product/tech and content
- Targeting an operational cash flow of at least 7% of revenue for 2024

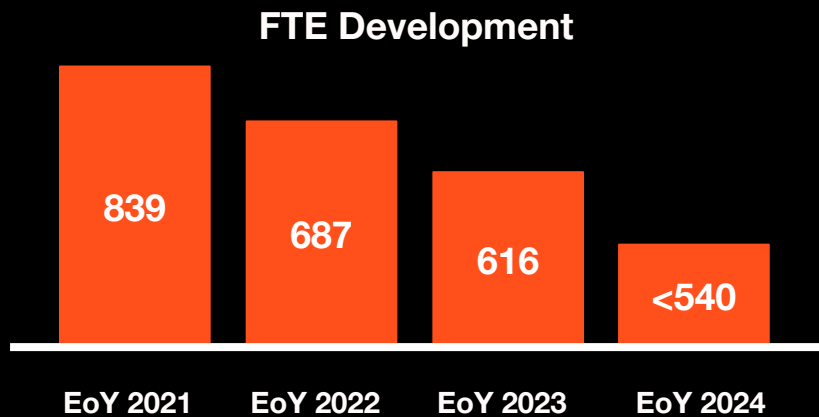
\*Operational capex consist of tech investments and investments into audiobook productions. Due to the redefinition of Operational capex in Q1 2023, the 2022 figures differ as compared to the presented figures in the 2022 year-end report.

# Efficiency optimization initiative and 2024 guidance

13% reduction in workforce

- A reduction of approximately 80 FTEs
- Implemented in the first quarter of 2024
- Will reach full run-rate in the second half 2024
- Related one-off cost will be recognized in Q1

Continued focus on efficiencies in marketing and other expenses



	Preliminary FY23 Result	2024 FY Guidance
Group revenue growth	9.0%	~10%
Adjusted EBITDA margin	7.1%	>12%
Operational cash flow*	2.5%	>7%

\* Operational Cash Flow: Adjusted EBITDA less operational capex, in % of revenue

# Updated mid-term financial targets Storytel in 2026

**~4.5 BSEK**  
Group Revenue

**10-12%**  
Streaming  
Revenue CAGR

**>15%**  
EBITDA Margin

**>10%**  
Operational Cash  
Flow\*




\* Operational Cash Flow: Adjusted EBITDA less operational capex, in % of revenue



# Balanced Profitable Growth Across Our Regions

	10 Core Growth Markets			15 Markets
	Nordics	USA	Netherlands, Turkey, Poland, and Bulgaria	Expansion
Strategic Role	Generate Substantial Profitability & Cash Flow			Preserve Growth Potential
Growth Ambition	~10%		~20%	±0%

# Key Takeaways

-  Strong improvements of operational and financial performance through disciplined execution of our strategy
-  Showcasing profitability and cash generation through healthy subscriber growth, higher ARPU and more disciplined cost management
-  Upgraded mid term financial targets and well-positioned for 2024

## Updated Near Term Guidance for 2024



Group revenue growth of around 10%



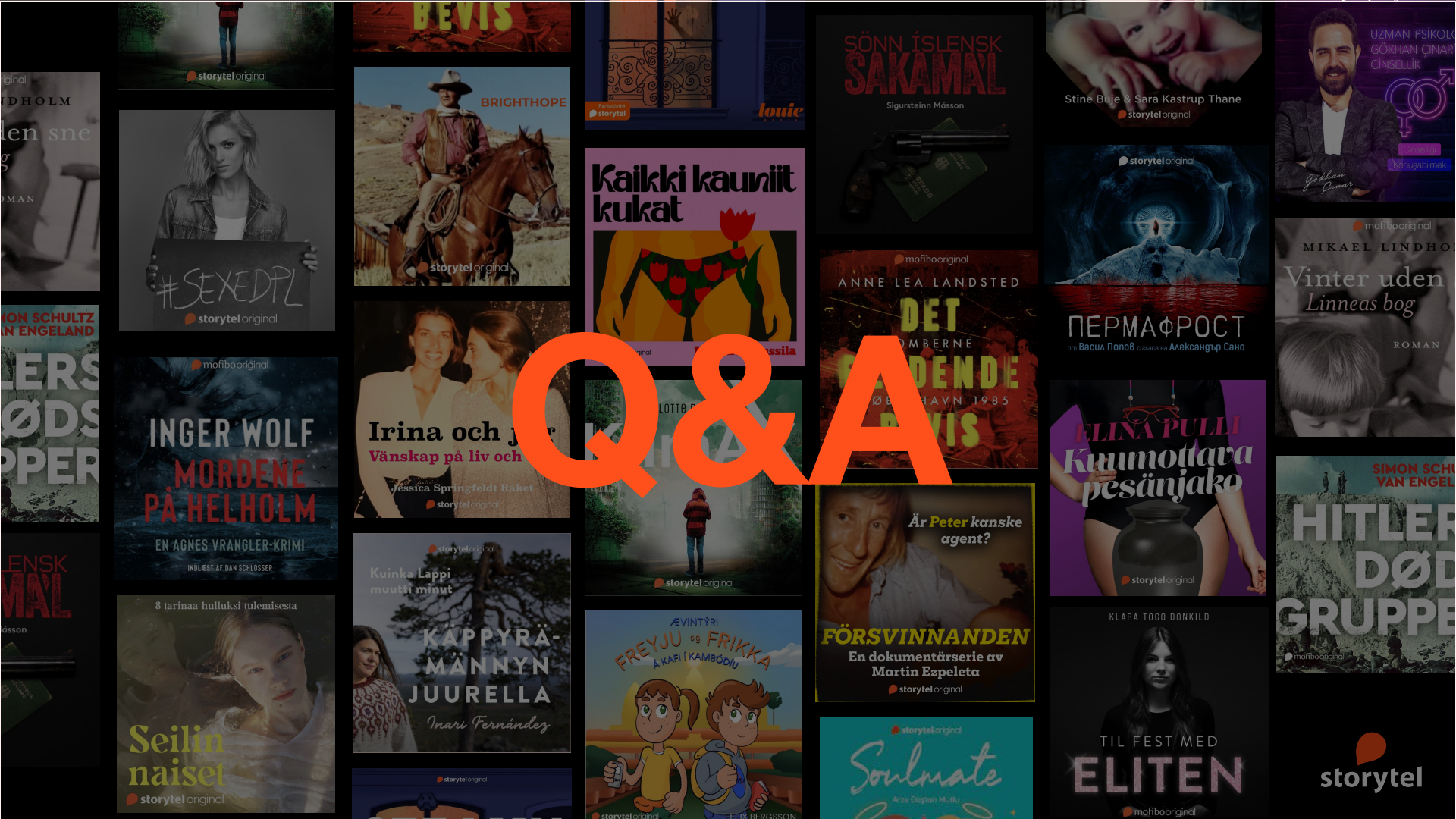
Full Year EBITDA margin of at least 12%\*



Operational cash flow\*\* of at least 7%

\* 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

storytel original

UZMAN PSIKOL  
GÖKHAN ÇINAR  
CİNSELİK

Joohan Çinar

#SEXEDPL

storytel original

BRIGHTHOPE

storytel original

Kaikki kauniit kukat

ANNE LEA LANDSTED

DET

ØBERHAVN 1985

MOFIBO ORIGINAL

PERMAΦΡΟΣΤ

ROMAN

MIKAEL LINDHÖ

Vinter uden  
Linneas bog

ROMAN

MOFIBO ORIGINAL

INGER WOLF

MORDENE  
PÅ HELHOLM

EN AGNES VRANGLER-KRIMI

INDLEST AF DAN SCHLOSSER

MOFIBO ORIGINAL

Irina och Jessica

Vänskap på liv och

Jessica Springfield Raket

storytel original

LOTTE

storytel original

Är Peter kanske agent?

FÖRSVINNANDEN

En dokumentärserie av Martin Espeleta

storytel original

ELINA PULLI

Kinimottava pesänjako

storytel original

SIMON SCHULZ  
VAN ENGEL

HITLER  
DØD  
GRUPPE

MOFIBO ORIGINAL

8 tarinaa hulluksi tulemisesta

Seilin naiset

storytel original

KÄPPYRÄ-MÄNNYN JUURELLA

Mari Fernández

storytel original

EVINTYRI  
FREYJU OG FRIKKA  
A KAFI KAMBODIU

storytel original

FELIX BERGSSON

Soulmate

Arzu Dogan Mutlu

storytel original

KLARA TOGO DONKILD

TIL FEST MED  
ELITEN

MOFIBO ORIGINAL

storytel