

Year-End Report

Q4 2022

February 16, 2023



Today's presenters



Johannes Larcher

CEO



Susanne Ekblom

Interim CFO

Key highlights

Key events

- FY 2022 streaming revenue within the guided target range at 31%*
- Improved FY 2022 EBITDA target range met at 2.9%, driven by the strategic shift to focus on profitable growth
- Successful directed share issue raising gross proceeds of 400 MSEK
- Focus on defining strategic priority areas in order to accelerate profitable growth in coming years

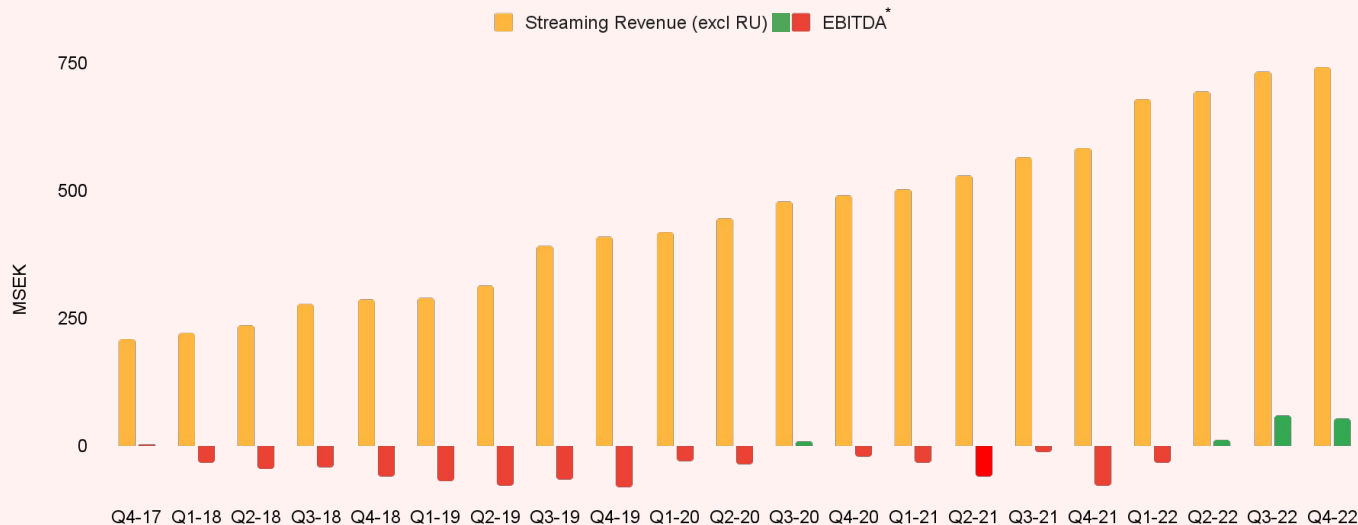
Financial highlights

- Streaming revenue up 23% from Q4 2021 to 742 (605) MSEK, 27% excluding Russia
- Group Net Sales increased by 17% from Q4 2021 to 867 (741) MSEK
- Items affecting comparability, IAC, totaling 15 MSEK in the quarter
- Gross profit of 322 (282) MSEK, equaling a 37.2% (38.1%) margin
- Excluding IAC, EBITDA of 53 (-86.2) MSEK equaling a 6.1% (-11.6%) margin

Actuals vs Q4 guidance

<i>KSEK</i>	Results	Q4 Guidance	Q4 Actuals
Total Streaming Revenue	In line	735,000-745,000	742,283
Streaming Nordics	Above	495,000-498,000	498,336
Streaming Non-Nordics	In line	240,000-247,000	243,947

2022 was a turnaround year



29% CAGR
Streaming revenue since Q4 '17

FY EBITDA margin**

2017
-5.6%

2018
-12.3%

2019
-15.7%

2020
-3.2%

2021
-6.0%

FY 2022
2.9%

Financial summary, adjusted for IAC

MSEK	Q4-22	Q4-21	Change, %
Net Sales	866.7	740.8	17
COGS	-544.3	-458.8	19
Gross profit/loss	322.4	282.0	14
Sales and marketing expenses	-206.3	-293.0	-30
Technology and development expenses	-69.8	-71.7	-3
General and admin. expenses	-86.1	-57.3	50
Other operating income	12.1	13.6	-11
Profit from participation in associates	-4.6	1.8	n/a
Operating profit	-32.2	-124.6	-74
Net financial items	-44.9	9.6	n/a
Profit/loss before tax	-77.2	-115.1	-33
Key metrics	Q4-22	Q4-21	Change
<i>Gross margin</i>	37.2%	38.1%	-0.9 p.p
<i>EBITDA margin</i>	6.1%	-11.6%	17.7 p.p

Comments

- Gross margin negatively affected by adverse development in the Books segment
- Sales and marketing expenses focused on profitable core - increase vs Q3 driven by winter campaign
- Net financial items negatively affected by ~-33 MSEK - USD denominated commitment derived from Audiobooks.com acquisition
- Excluding IAC, EBITDA at 53 MSEK, equivalent to a 6.1% margin
- Excluding IAC, FY EBITDA at 2.9% which is within the guided range

Financial summary, reported figures

MSEK	Q4-22	Q4-21	Change, %
Net Sales	866.7	740.8	17
COGS	-544.3	-458.8	19
Gross profit/loss	322.4	282.0	14
Sales and marketing expenses	-207.4	-293.0	-29
Technology and development expenses	-71.4	-71.7	<i>unch</i>
General and admin. expenses	-97.8	-57.4	70
Other operating income	12.1	13.6	-11
Profit from participation in associates	-4.6	1.8	<i>n/a</i>
Operating profit	-46.8	-124.6	-62
Net financial items	-44.9	9.6	<i>n/a</i>
Profit/loss before tax	-91.7	-115.1	-20
Key metrics	Q4-22	Q4-21	Change
<i>Gross margin</i>	37.2%	38.1%	-0.9 p.p
<i>EBITDA margin</i>	4.4%	-11.6%	16.0 p.p

Comments

- Continued solid revenue growth driven by the ten prioritized markets
- Gross margin drop affected by seasonality as well as unfavorable cost development in the Books segment
- Total IAC in Q4 of 15 MSEK in connection with organizational restructuring

Balance sheet overview

<i>MSEK</i>	Q4-22	Q3-22	Q2-22	Q4-21
Intangible assets	2,622.4	2,755.1	2,633.6	1,063.1
Tangible assets	29.0	28.9	30.3	27.7
Right-of-use assets	112.4	116.7	118.7	131.4
Non-current financial assets	87.7	95.8	104.5	46.1
Inventory	102.1	121.5	106.8	65.7
Current receivables	658.6	643.9	676.1	768.8
Cash and cash equivalents	776.3	457.4	447.9	905.9
Total assets	4,388.5	4,219.3	4,117.9	3,008.7
Equity	2,192.9	1,973.3	1,821.0	1,910.6
Non-current liabilities	866.4	915.6	965.2	256.6
Current liabilities	1,329.2	1,330.5	1,331.7	841.5
Total equity and liabilities	4,388.5	4,219.3	4,117.9	3,008.7
<i>Available RCF</i>	<i>250</i>	<i>250</i>	<i>250</i>	<i>850</i>
<i>Total available liquidity</i>	<i>1,026.3</i>	<i>707</i>	<i>698</i>	<i>1,756</i>

Comments

- Cash level increased due to directed share issue
- No further utilization of the RCF in Q4
- Total available liquidity slightly at ~1 SEK bn
- 500 MSEK bridge loan to be replaced with 200 MSEK term loan at the of Q1-23

Improved profitability and cash flow

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

Comments

- Effects from strategic delivery resulting in solid Q/Q improvements:
 - Reported EBITDA at 38.5 MSEK
 - EBITDA excl IAC at 53 MSEK
- Adjustments for non-cash items primary driven by:
 - Depreciation
 - FX effects

Cash flow overview

<i>MSEK</i>	Q4-22	Q3-22	Q2-22	Q1-22
Cash flow from operating activities	-19.6	73.5	-64.2	-90.2
Cash flow from investing activities	-57.4	-63.4	-69.8	-950.7
Cash flow from financing activities	382.7	-8.8	139.8	571.8
<i>of which RCF financing</i>	-	-	150	450
Cash flow for the period	305.6	1.2	5.8	-469.1
Available funds at the beginning of the period	457.4	447.9	447.6	905.9
Cash flow for the period	305.6	1.2	5.8	-469.1
Translation differences	13.2	8.3	-5.5	10.8
Available funds at the end of the period	776.3	457.4	447.9	447.6

Comments

- Cash flow from operations significantly improved in line with strategic shift and reorganization
- No further utilization of RCF in the quarter
- Successful share issue with gross proceeds of 400 MSEK

Operational cash flow

<i>MSEK</i>	Q4-22	Q3-22	Q2-22	Q1-22
EBITDA excluding IAC	53.0	59.2	12.8	-32.9
Operational capex	-57.4	-63.4	-69.8	-96.2
Operational cash flow	-4.4	-4.2	-57.0	-129.1

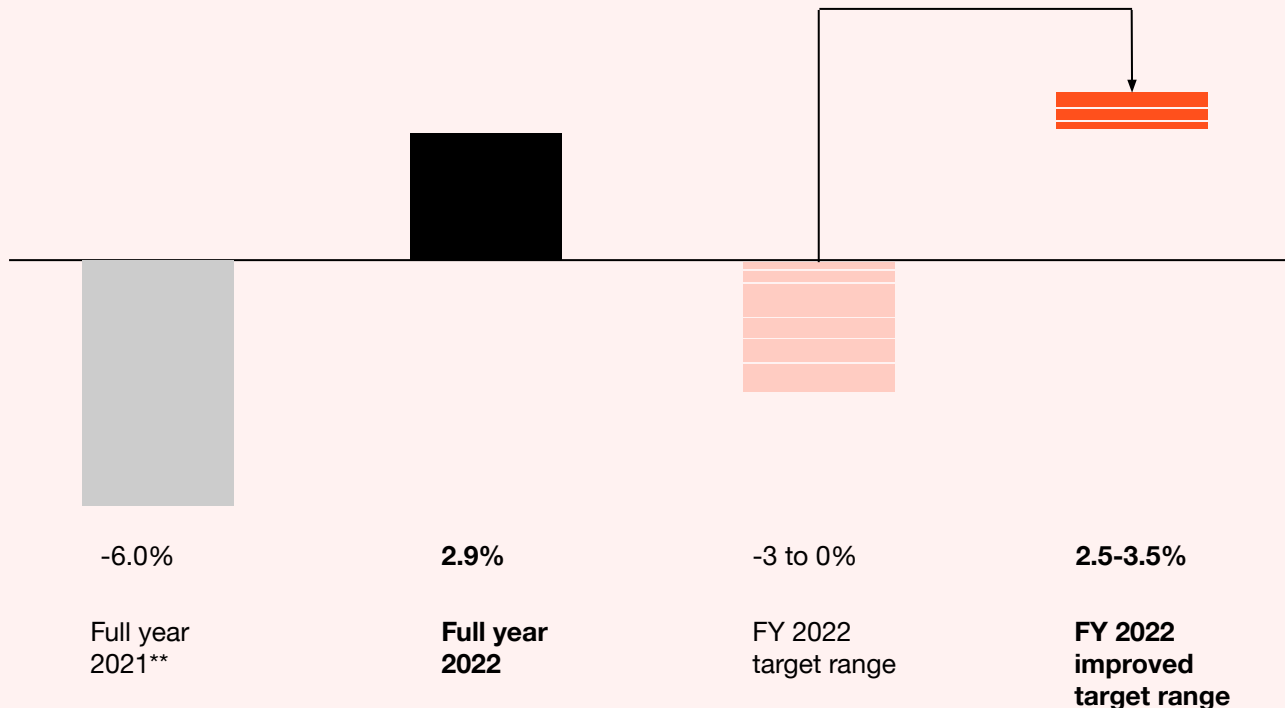
Comments

- Improved EBITDA in line with strategic shift
- Continuous investments in tech and content
- Underlying operational cash flow solid in H2 2022

Earnings turnaround in 2022

EBITDA margin, excluding IAC

*Revised FY EBITDA target**



Comments

- Strategic shift ahead of plan - meeting revised FY EBITDA margin target of 2.5-3.5% (original target of -3-0%)

Key focus areas in 2023

- **The Road to success leads through Great Content**
- **Mastering the Digital Playbook**
- **Prioritised Approach to Geographic Footprint**
- **An Organization Fit for our Mission**

We will continue:

- **Our commitment to "unlimited"**
- **To innovate on pricing, packaging, promotions**
- **To build product leadership through user experience, personalisation and features**
- **But...**

...our single strongest differentiator and most defensible business model component is content

Attract

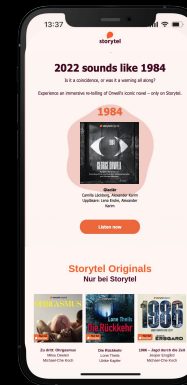
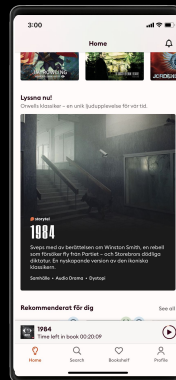
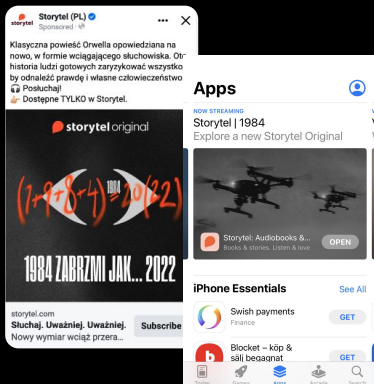
Engage

Retain

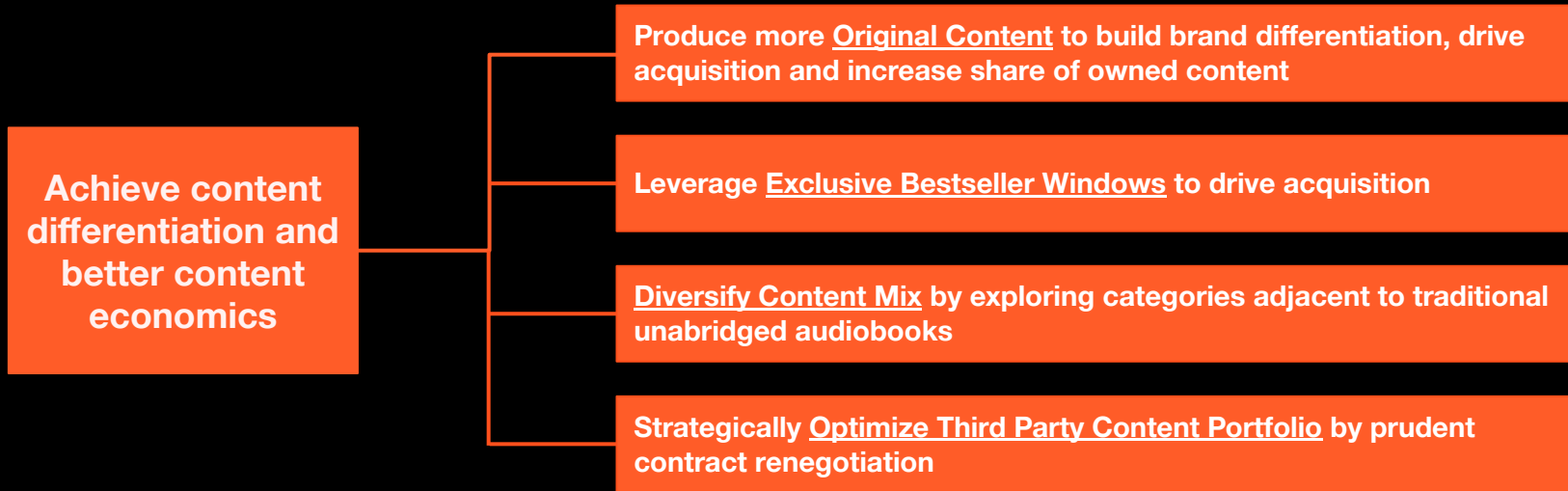
Strong titles to build awareness and drive paid acquisition...

...highlighted on individual basis to drive first listening and engagement...

... and personalized in CRM to drive retention and re-acquisition



...and differentiation with improved economics is key



2022 was a productive year in Content...

Top 7 SOs
2022



1,500 Storytel
Original
audiobooks in
our library

Top 7
Bestsellers
2022



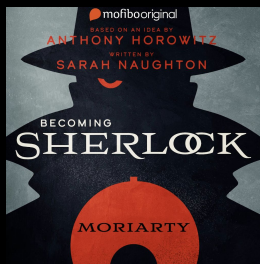
+150 Storytel
Original
audiobooks
released in 2022

...and more exciting titles to come in 2023



The Woman who scammed the world by *Nikolay Stoyanov*

Documentary / True story, 2023/2024



Becoming Sherlock - The Red Circle by *Anthony Horowitz & Sarah J. Naughton*

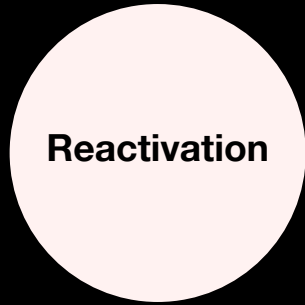
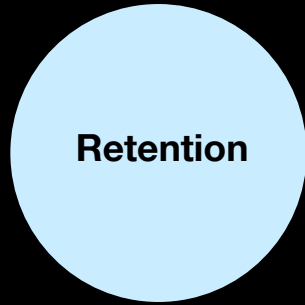
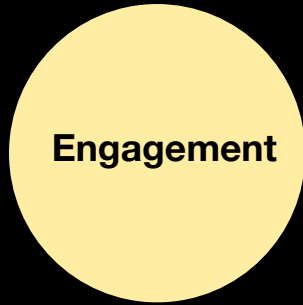
Crime fiction, Q4 2023



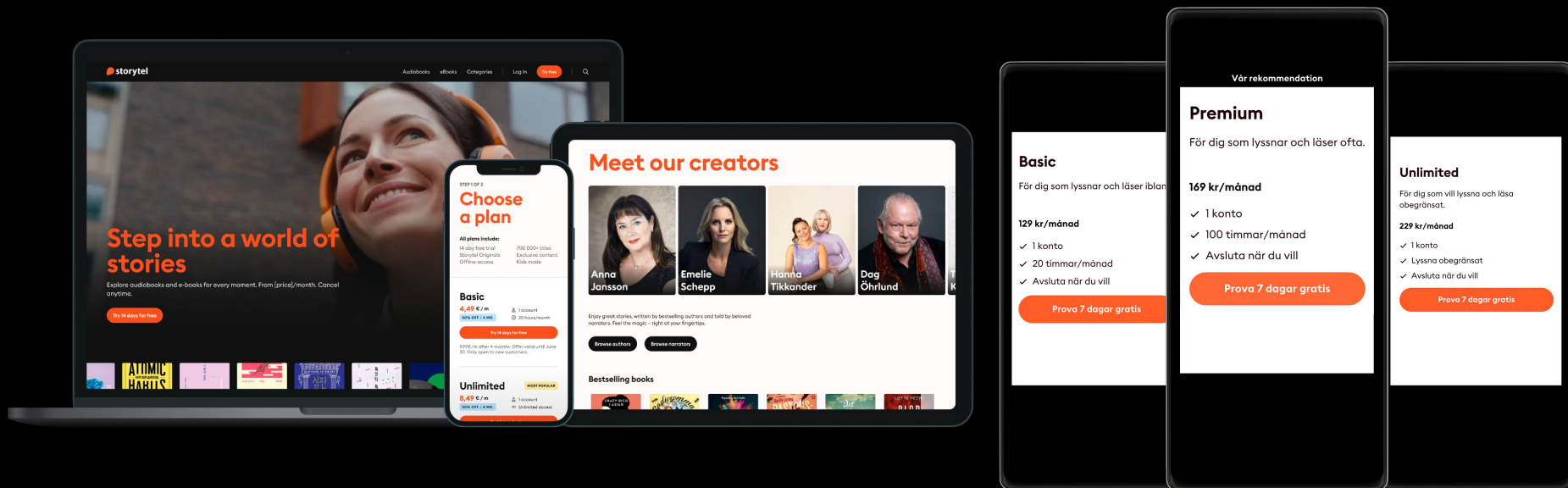
Blood Queen by *Anna Lea*

Historical fiction / Romance, Q4 2023

Mastering the digital playbook



Improving the customer journey and catering to all wallet sizes



Impactful and highly promoted winter campaigns

Juuri nyt alkaen
4,99€ / kk

storytel
6 kuukautta
-50%

Just nu från
64,50 kr

storytel
50% rabatt
i 6 månader

mofibo
a part of storytel

50% rabatt
i 6 månader

Lige nu fra 44,5
kr./md.

storytel
50% korting
- 6 maanden

Nu vanaf
€ 6,49
/ 30 dagen.

**50% zniżki
przez 6 miesięcy**

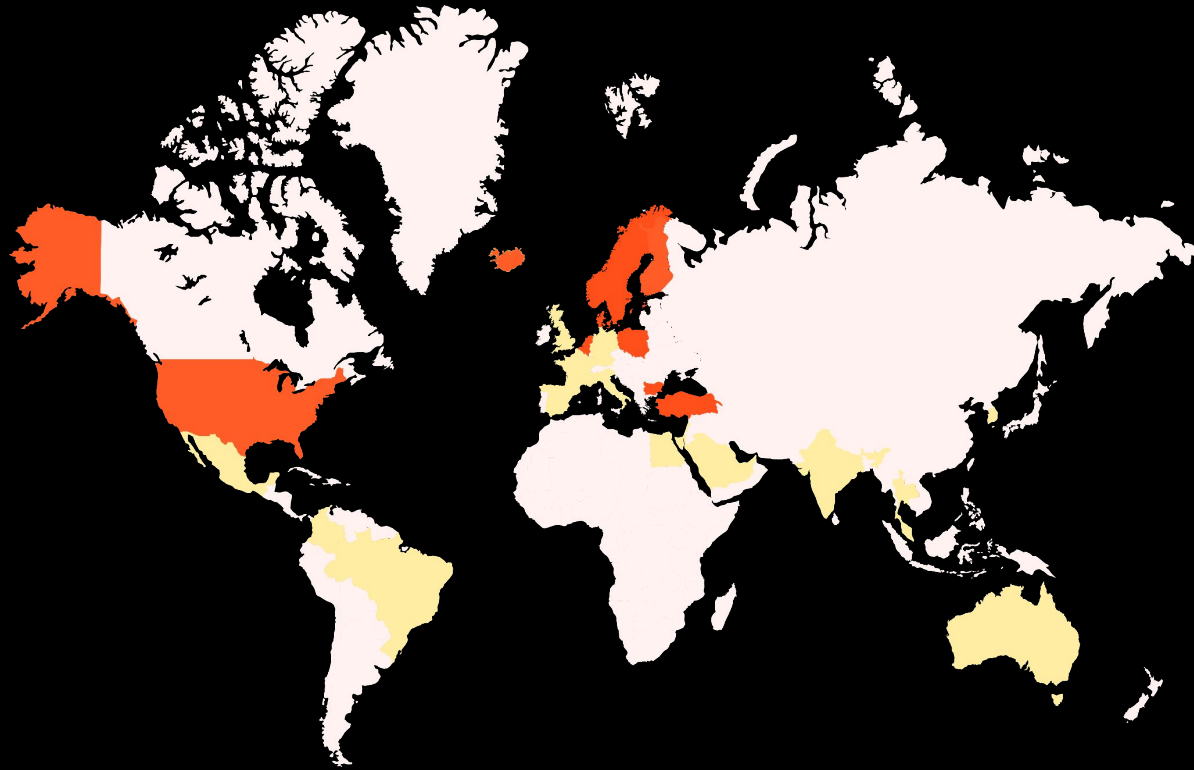
Teraz
od 17,45
zł/mies.

storytel

storytel
50%
отстъпка за
6 месеца

Само сега:
6,50
лв./месец

Global footprint with focus on profitable core



Profitable Markets

Nordics

Defend and grow market share; build competitive moats

Profitable Core Markets

Continued investment, strong commitment

Growth Markets

Selective investments

Partner-based growth

Strategy reassessment and business model experimentation

Building an organization fit for our mission



Kristin Widell

Chief People Officer



Anna Etzler

SVP Operations



Peter Messner

Chief Financial Officer

Current trend and near term guidance



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



Full Year EBITDA margin better than previous year**



Breakeven operational cash flow***

Closing remarks

**2022 a year of transformation,
ending the year with strong
EBITDA-margins and cash flow**

**Strategic implementation well
underway**

**Looking forward to our prospects
in market poised for profitable
growth**



Q&A

Thank you!

