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# Storytel AB (STORY.B.SE)

Q3 2022 Earnings Call

## CORPORATE PARTICIPANTS

**Johannes B. Larcher**

*Chief Executive Officer, Storytel AB*

**Susanne Maria Ekblom**

*Interim Chief Financial Officer, Storytel AB*

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## OTHER PARTICIPANTS

**Joachim Gunell**

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**Derek Laliberté**

*Analyst, ABG Sundal Collier AB*

**Dennis Berggren**

*Analyst, Carnegie Investment Bank AB*

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## MANAGEMENT DISCUSSION SECTION

**Operator:** Hello and welcome to Storytel's Q3 Report for 2022. Throughout the call, all participants will be in listen-only mode. There will be an opportunity to ask questions. [Operator Instructions] Today, I am pleased to present CEO, Johannes Larcher; and Interim CFO, Susanne Ekblom. Please go ahead.

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**Johannes B. Larcher**

*Chief Executive Officer, Storytel AB*

Thank you and good morning, everyone. My name is Johannes Larcher and I am the CEO of Storytel. I am here today with Susanne Ekblom, our CFO. And together, we are going to walk you through Storytel's Q3 progress and results.

Before we dive into the key highlights from our quarter, and because this is my first Storytel earnings call, I'd like to take a moment to introduce myself. I spent the last dozen or so years of my career building and running successful media streaming businesses, first at Hulu in the United States, then for MBC Group in Dubai, and most recently, as the executive in charge of HBO Max outside the United States for Warner Bros. Discovery.

My motivations to join Storytel and to come to this dark and wet place called Stockholm were the following. First, I love listening to audiobooks on a personal basis. I love the way the content is presented. I love the flexibility it gives me. But I also saw a sector that is poised for rapid global growth over the next decade.

At Storytel, I saw a company with a strong brand and a strong business foundation and a strong team that has built something very special. Most importantly, perhaps, I saw an opportunity to build a company here of significant impact on our listeners, on the offers that create the content we distribute and on our shareholders. So, that's why I'm here. And as you'll see, we're off to a good start.

The revised strategy we have adopted and the focus we are employing is yielding strong financial results. We delivered strong EBITDA growth. We delivered strong cash flow in Q3. We also refreshed our board and brought on global experts, subject matter experts like Jared, Lina and Lutz who will help us take the company forward and guide us in our efforts.

Our Streaming revenue for the quarter year-over-year was up 29%, excluding Russia. Our EBITDA margin for Q3 came in at 7.3% positive. And based on these strong results, I'm pleased to let you know that we are revising upward our full-year EBITDA target range from a negative minus 3% to 0% to positive 2.5% to 3.5%.

If you look at performance versus guidance in Q3, we consistently outperformed the upper end of our guidance. Streaming revenue in total came in at SEK 742 million versus an expectation of SEK 724 million to SEK 731 million. In the Nordics, we delivered SEK 493 million versus a guidance of SEK 489 million to SEK 491 million. And outside the Nordics, we came in at SEK 250 million versus SEK 235 million to SEK 240 million as guided.

We have thus not only continued our unbroken history of quarterly revenue growth for over five years, but we have also delivered an exceptional quarter and our first EBITDA positive quarter for a long time. We have turned the corner to deliver full-year profitability for 2022, and our team, in particular, Ingrid Bojner, my predecessor, and Susanne, have every reason to feel very proud of what has been accomplished.

I'm now going to turn it over to Susanne to talk us in more detail for our financial results.

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## Susanne Maria Eklom

*Interim Chief Financial Officer, Storytel AB*

Thank you, Johannes. So let's have a look at our financials, starting with the P&L. The revenue grew by 18%, and the gross margin is down in the third quarter by 2.4 percentage points, driven by the Books segment. However, for the full year, we have improved our gross margin from 38.9% to 39.7%.

Our strategic shift can be seen in our figures. The EBITDA margin has improved from a negative 0.8% in Q3 last year to positive EBITDA margin of 7.3% this year. We focus on investing in our priority markets. We will, however, continue to invest in all markets whenever we see a good return on investment. All in all, the result of our strategic shift is clear. This quarter, we also have a positive profit before tax at SEK 4.3 million, the first positive quarter since 2016.

Moving on to the balance sheet, we've had some FX effects in intangible assets and in equity. The cash position is at the same level as seen the previous quarter, and we still have an unused RCF at SEK 250 million. That means that Storytel's total available liquidity is at SEK 707.4 million. The company has various options to establish a long-term debt to release the bridge financing that matures at the end of the first quarter next year. However, nothing has been decided by the board.

In this picture, you can see our EBITDA at SEK 59.2 million and profit before tax at SEK 4.3 million. After our profit before tax, we adjust for non-cash items. These are primarily depreciation, FX effects and change in provision. After change in working capital, our cash flow from operating activities is SEK 73.5 million. And as you can see in this picture, we continue to invest in tech and content this quarter at SEK 63.4 million. And all in all, we are today cash flow positive at SEK 1.2 million.

We are ahead of our plan. In Q3, we had 7.3% EBITDA margin. Our guidance was for the full year at minus 3% to 0%, but because we are ahead, we are revising our full-year target. Our new target is 2.5% to 3.5% EBITDA margin, excluding items impacting comparability.

With that, I hand over to Johannes for a strategic update.

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## Johannes B. Larcher

*Chief Executive Officer, Storytel AB*

Thank you, Susanne, and congratulations on the great results. Looking ahead, we feel great about Storytel's prospects. We are in a market that is growing rapidly worldwide, and we will share a bit more details about our outlook and market growth in a minute. We are the market leader in the most sophisticated audiobook markets that exists anywhere in the Nordics. We are also quite good at what we do, and we are successfully applying what we learned in the Nordics elsewhere. And lastly, at Storytel, we have a great team and we are working to make that team even better.

It's important to remember, it's still early days in the audiobooks business. While some markets like Sweden and Finland are relatively well-penetrated, there is plenty of headroom everywhere for further growth when you consider the penetration levels other streaming media services have already achieved. In fact, the global audiobook market is poised to quintuple from \$4 billion in revenue in 2020 to \$20 billion in 2030.

As spoken word audio entertainment becomes more popular, with more and more people who are increasingly well-connected and are more and more comfortable to pay for access to content they love, our prospects are strong.

While there are a few notable exceptions, our services are available pretty much anywhere. We increasingly think of our business in two categories: profitable core markets and growth markets representing long-term upside. Profitable core markets are the five Nordic countries, the Netherlands, Poland, Bulgaria and the United States. These core markets receive the bulk of our attention and investment and they are collectively profitable today.

2022 and 2023 are all about making these core markets as successful as we can. Growth markets are all other markets. They, since our change in strategy in early 2022 are less of a focus, and with some notable exceptions like France, continued to receive less attention and investment in our priority markets. We foresee, however, that several of these growth markets may make their way back to center stage in 2024.

When you look at our core markets, at the heart of our success is the fact that we serve our customers very well. We see that in a healthy, long-term subscriber retention metrics. We see it in continuing subscriber growth while simultaneously decreasing paid churn. And we see it in the cohort mix of our subscriber base, which is now made up of more than 50% from subscribers who've been with us for more than three years.

Building on the solid performance in 2022 and the strong underlying operational metrics, here is what I am focused on in the fifth week on my job. First, ensure that we have great content on our service at all times. That means high quality content for everyone, whether they are old or young, whether they are affluent or not, whether they live in the city or in the countryside. It means content that is unique and distinctive, and to an extent, content that is not available elsewhere. It means content that is relevant and presenting it in a personalized manner to the consumer. It's all about the right book at the right time.

Second priority is to improve the sophistication of what I call our digital playbook. As we saw on the previous slide, we were doing well with regards to operational metrics. However, every step of our marketing funnel can be improved further. It starts with awareness, goes on to the app downloads, conversion, engagement, retention. Every improvement along that funnel has significant compounding effects on our overall results. So, we're going to be focused on that.

Third priority is to ensure the company has the correct geographical focus. We don't have to be everywhere to win. We are focused, as I mentioned, on our core markets and we will continue, as Susanne said, to make well-considered priority investments in some select growth markets.

Priority four is to take a measured approach in everything we do. We are committed to balanced growth and returns.

Lastly, I'm spending a lot of time on further upgrades to our team. For example, we are building a dedicated partnerships team and we are upgrading our capabilities in marketing and especially in data and analytics.

Turning our attention towards the future, here are the financial targets for the remainder of 2022. For the fourth quarter, Streaming revenue is expected to come in between SEK 735 million and SEK 745 million. For the full year 2022, we maintain our revenue growth target of 30% to 34% year-over-year. But as mentioned, we are increasing our EBITDA full-year target to a positive 2.5% to 3.5%.

Before we open up the discussion for Q&A, allow me to summarize. We had a great and exceptional quarter with solid cash flow, revenue and EBITDA growth. We will finish 2022 with 2.5% to 3.5% full-year EBITDA margin, and we couldn't be more excited about the prospects this market offers to us and the road ahead for Storytel.

Thank you very much, and now, to your questions.

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## QUESTION AND ANSWER SECTION

**Operator:** Thank you. [Operator Instructions] The first question comes from Joachim Gunell at DNB. Please go ahead. Your line is now open.

**Joachim Gunell**

*Analyst, DNB Markets*

Q

Thank you and welcome to Stockholm, Johannes. So starting off with the unit economics you alluded to, can we talk a bit about – I mean, these eight profitable markets that you currently have, how does the LTV-to-CAC measure compares in the, call it, non-Nordic capital markets as opposed to the Nordic markets, given the fact that this is a model that benefits from flywheel dynamics? How come – I mean, you're not growing faster in the Nordics. That's where we are today.

**Johannes B. Larcher**

*Chief Executive Officer, Storytel AB*

A

So to recap, core markets for us are the Nordics, the Netherlands, Poland, Bulgaria and the United States. In these markets, as you correctly say, Joachim, there are flywheel effects. And we've been very pleased by our subscriber acquisition dynamics in these markets. We have also, and I want to preempt the question, I'm sure some of you are going to ask, we have not seen softening of demand in our core markets.

Of course, there is concern about – on the macroeconomic factors like inflation and recession. However, what we have learned about our consumers is that they are very, very resilient, unlike consumers in my previous business, the video streaming business, where subscribers tend to have multiple subscriptions per household. In the audiobook business, it's typically a single subscription per household. So when you consider actually cancelling

an audiobook subscription, you're not only reducing your available choices, you are actually getting out of the audiobook service.

So, we have not seen softening of demand. The metrics remain strong. Paid churn dynamics in the Nordics and other core markets are very favorable and trending down. We still have opportunity to get better there, as I said, and we will turn every screw we can to help find further gains in 2023. But dynamics are good. We feel very good about our prospects to maintain our market leadership in the Nordics and our core markets and to further expand that in 2023.

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**Joachim Gunell**

*Analyst, DNB Markets*

Q

Lovely. And when it comes to – I mean, obviously, you have increased flexibility now that you – we should enter a period of, call it, profitable growth. But as you emphasize the content strategy here, how will that relate to, call it, the investment that we have seen in recent quarters if we were to see Storytel bulking up the – on the content side business?

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**Johannes B. Larcher**

*Chief Executive Officer, Storytel AB*

A

Well, let me let me start by saying this. This business is a content business driven by technology. It all starts with stories. We deliver a valuable service to our consumers every day, and we provide them with doors into learning, entertainment, distraction, exploration every day. I couldn't be more pleased when I look at some of our operational metrics and how much our service gets used every day.

So, at the core of our service is content. And I believe that in the competitive context that we are in with regional competitors, as well as deep-pocketed, ecosystem-advantaged global competitors, we have to provide a content offering that, to an extent, certainly, is unique, distinctive and exclusive. We've already been doing that. This is not something new that I'm bringing to the company. We've invested in Storytel Originals and some of our StorySide audiobooks over the years that are only available on Storytel.

However, I do think it is worth the investment to expand our efforts in that area. It will make our content lineup more distinctive and attractive. It will give us more opportunities to speak to the world about the unique content that can only be found on Storytel. So, you should expect us to step up our efforts in that area. And I'm very pleased that as the proud owners of publishing houses in the major Nordic markets, we are also going to seek additional opportunities to create new and incremental content that is original and unique to our service here in the core markets.

So content strategy, critical for us to actually commit to investments in that area in the course of the next several years, but of course, as I mentioned, everything we do, we will do with a measured approach. You should not expect us to commit to crazy investment levels into additional content expenditures. You should see us actually be very responsible and measured how – in the way we approach that opportunity.

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**Joachim Gunell**

*Analyst, DNB Markets*

Q

Good. And final for me, is there anything that you can say with regards to how much of the total revenue base, the current, call it, top 10 established markets represents? And is there a change here in terms of the number of markets that you're in? And have you basically closed down any operations besides Russia? Because I can find, I think, 22 markets here on your slides as opposed to, I think, we've talked about with 25-plus before?

**Johannes B. Larcher**

*Chief Executive Officer, Storytel AB*

A

Great question, Joachim. Thank you for that. Worth pointing out to the audience that we did successfully exit our Russian business in the second quarter. We are no longer present there. And all the numbers we are presenting today are exclusive of our Russian business, which was a substantial business. And it's unfortunate we are no longer able to serve our Russian customers.

Look, we have absolutely decreased our cost base in the non-core growth markets over the course of 2022, significant reductions in head count, significant reductions in marketing investments and significant operational reductions as well. So, we have aligned our investment dollars with our strategic focus on the core markets. We are almost done with that process. We are still seeing – despite reduced investments in some markets, we are still seeing significant growth actually, which is really, really pleasing and speaks to the strength of the Storytel brand and to the growth of appetite by consumers for audiobooks as a category. However, you are right that we have certainly rightsized our investment in these core markets – in these growth markets with our strategy.

Now, there are exceptions, and I think it's worth noting that we launched in France in September of this year. France is a big opportunity for us. We see that as a potentially very strong market, similar to the Netherlands, where we are already operating on a very successful basis as part of our core markets. But our launch in France is done on a very incremental soft launch basis. It's important to stress that we are not going in there with a big bang type of approach that is incredibly marketing dollar intensive. We are learning. We've assembled a great content lineup from amazing partners like Hachette, but we are not going to turn on the marketing spigot and double down on that market until we know more about our subscribers and the country that we are operating in.

**Joachim Gunell**

*Analyst, DNB Markets*

Q

Perfect. Thank you.

**Operator:** Thank you. The next question comes from Dennis Berggren at Carnegie. Please go ahead. Your line is now open.

**Dennis Berggren**

*Analyst, Carnegie Investment Bank AB*

Q

Good morning. Thanks for taking my questions. So firstly, a follow-up on the cost development, would it be possible to sort of quantify the sort of change in discretionary marketing spend in the quarter? Sort of what sort of changes are you seeing to the total base from concentrating investments on these focused markets? And then also, how much work remains with overseeing the sort of international operations, so to say? Should we expect additional OpEx to come through in Q4?

**Johannes B. Larcher**

*Chief Executive Officer, Storytel AB*

A

Well, several of the things you're asking for, Dennis, are understandably of interest, but not the matters we commented in public typically. So, I can say that one of the things I looked at when I joined was obviously our overall head count that is present in the company. Over the course of 2022, we've reduced head count by roughly a third in the company. So, we've gone to great lengths to align our head count with our strategy. Some painful reductions there, and mainly, these were in areas that were in the international growth markets. So, it gives you an idea of the order of magnitude of cutbacks that we had to make and have successfully made.

There may be some additional deficiencies that are to be found in the fourth quarter and into early 2023. But you will also appreciate and understand that as we start investing into better sophistication of our funnel management and marketing, as we step up what we do in original content strategy and in other areas of our business, some of these savings and efficiencies will also be used to fund the priorities that I'm setting as the new CEO.

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**Dennis Berggren**

*Analyst, Carnegie Investment Bank AB*

Q

Perfect. And then, just a financial question on the growth, what is the growth in constant currency? I noticed that you still have the constant exchange rate growth that should be included in the annual report but I cannot manage to find the number in the report.

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**Susanne Maria Ekblom**

*Interim Chief Financial Officer, Storytel AB*

A

No. Of course, we have help from the FX. However, you have to also consider that we had cost in the same FX. So, we don't comment on the exact numbers. But we have [indiscernible] (26:33) describe the growth. But all in all, we have a little bit of help with the FX effect. We also have some help on the balance sheet. And as you can see, we also have some help in the cash position in other countries.

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**Dennis Berggren**

*Analyst, Carnegie Investment Bank AB*

Q

Got it. And then, just a question on the market growth or your thoughts on the market growth here for the upcoming two years, I think it's very clear that we – I mean, there's plenty of growth long term from rising audiobook penetration. And I also got your comments on the resilience for audiobooks compared to other streaming services. But how do you sort of think of the balance between a potentially [indiscernible] (27:31) consumer and increased market penetration on a global audiobook market development for 2023 and 2024? Thanks.

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**Johannes B. Larcher**

*Chief Executive Officer, Storytel AB*

A

Yeah. That's a great question and I appreciate you asking it. I will have to beg your forgiveness here just a little bit. 2022 for the company has been focused on righting the ship and turning the corner. We have successfully accomplished this, and I think that's evidenced by the numbers we delivered in Q3.

As I come up to speed and we start focusing on the future and how we are going to grow and take advantage of the rising tide that lifts all boats in the audio entertainment space, we are going to work right now on our 2023 plans and reflecting the new priorities I'm setting in for the company in the 2023 plans, and we will provide our perspective on 2023 in the next earnings call, obviously.

When it comes to 2024 and beyond, we are working on a revised long-term plan for the company. I am not prepared to share any of that at this moment. But priority number one has been ride the ship, get back to profitability in the core markets and beyond. Now, we're setting our eyes on future growth and we'll report back to you on what that looks like when we are ready.

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**Dennis Berggren**

*Analyst, Carnegie Investment Bank AB*

Q

Got it. Looking forward to that. Thank you.



**Operator:** Thank you. [Operator Instructions] The next question comes from Derek Laliberté from ABG. Please go ahead.

**Derek Laliberté**

*Analyst, ABG Sundal Collier AB*

Q

Thank you very much, operator, and good morning. Very good to hear from you, Johannes. So having been at the helm for a little more than a month now, I was wondering, you already did some of this, but if you could share some additional thoughts on your findings so far in the company. We've heard clearly a lot of positives, which is great. So if you could elaborate on that, and also, if there are a few negatives about what you think really needs to improve here from an operational basis heading into – focusing on the priorities you mentioned.

**Johannes B. Larcher**

*Chief Executive Officer, Storytel AB*

A

Yeah. Well, listen, the company is an iconic brand and the market leader in the Nordics. And that was part of what attracted me to come here is that Jonas Tellander and Ingrid Bojner and the teams that were here with them have really built something very, very special that is exceptional. So as I come into the company, extremely welcoming, extremely open and transparent. I do feel that the company obviously has been through a very, very rough year. This was not easy. We went from heavily loss-making in 2021, full turnaround to now a stable, healthy financial position with positive growth and an optimistic outlook into the future.

As I come in here and as I apply my own experiences from previous [indiscernible] (30:43) to this company, I do see several areas where we have opportunity to do even better than we have in the past. I think on the marketing side, for example, I did note that when it comes to the sophistication with which we manage the science of subscription, there is – there are opportunities to improve.

I'll be very transparent that, for example, our onboarding process for new subscribers has room to grow and do better. There are opportunities to further bring down paid churn. There are opportunities to do better when it comes to preventing churn and to more successfully conduct churn prevention and win backs after consumers actually leave our service. So, you look at the entire funnel and you think about what are best practices out there in the world beyond the Nordics that we can apply to this particular opportunity. There is a long list of good stuff we can do here to get us to a better place, and we intend to do that.

I think I also see a company that has been extremely focused on, let's say, the Nordic markets, which is our home, and it is an exceptional market that is unique in the world. We need to bring more global skill sets to the table. We are hiring and recruiting talent from markets that are not the Nordics at this point. I think it's very important that we find ways of attracting and retaining the best possible talent to go on this mission with us.

I'd say that in addition, the company, as it's been organized in the past, has been effective but somewhat siloed. And I think to really take full advantage of the opportunity, we need to structure the company in a way that is more matrixed and more fluid. So, the balance between countries or markets and functions will shift a little bit here internally. I can talk more about this in the next quarter, perhaps. But my sense is there is plenty of opportunity operationally to upgrade the organization, the team and how we go to market with our efforts in the marketing and content arenas.

**Derek Laliberté**

*Analyst, ABG Sundal Collier AB*

Q

All right, sounds very exciting. And now, a financial question for [indiscernible] (33:09), I was wondering about the cash flow – free cash flow, which was positive in the quarter. Clearly, a big positive for you. Just wanted to check that this is something we should expect over the coming quarters as well to have sort of a free cash flow of at least breakeven. Is that your plan?

**Susanne Maria Ekblom**

*Interim Chief Financial Officer, Storytel AB*

A

Yes, yes. We have a good quarter. And as I said, this is – we have done a strategic shift. So, we are seeing that very clearly in our figures now, and we are also ahead of our plan. So yes, this is a strategic shift and this is the first quarter you actually see this kind of figures. But as we mentioned, we now update our target range as well this year. So, it's not a one-off. We continue with it. Yes.

**Derek Laliberté**

*Analyst, ABG Sundal Collier AB*

Q

Sounds great. And...

**Johannes B. Larcher**

*Chief Executive Officer, Storytel AB*

A

I think the most important thing I would say...

**Derek Laliberté**

*Analyst, ABG Sundal Collier AB*

Q

Yeah.

**Johannes B. Larcher**

*Chief Executive Officer, Storytel AB*

A

Sorry, Derek. Just to jump in here, I think I want to say one more thing. Of course, we are focused on results today. But it's very important to keep in mind that at the end of the day, this business serves its customers. We are extremely focused on delivering great value to our customers every day, whether that is our listeners by providing them with great content and a product experience that is personalized and targeted and relevant, or our offers who we also serve as customers by providing them with opportunities to increase their income and revenue.

So for us, the day-to-day focus here is clearly operationally on delivering value at every step of the way. And the results that we share are the output from those efforts, and that's what I and the team are going to be extremely focused on. We've done the restructuring. We've done the cost cutting and the hard work. Now, it's time to turn our attention back to the consumer and the product and delivering real value to the consumer and to the offers every day.

**Derek Laliberté**

*Analyst, ABG Sundal Collier AB*

Q

Great. And on – I apologize if this was mentioned somewhere, but with regards to the profitable core markets, on what basis is that? Is that on EBITDA or EBIT or cash flow?

**Susanne Maria Ekblom**

*Interim Chief Financial Officer, Storytel AB*

A

If we look at the profitable market, I can say that we are profitable even if we allocate our central costs. So in those countries and markets, we are more than positive.

**Derek Laliberté**

*Analyst, ABG Sundal Collier AB*

Q

All right. And on the sales and marketing expenses here, where we're down meaningfully on a sequential basis in the quarter, so is this a significant [indiscernible] (36:23) like in your core markets, as well here in the marketing spend? And should this be seen as sort of a sustainable level of marketing spend in relation to sales, for example?

**Susanne Maria Ekblom**

*Interim Chief Financial Officer, Storytel AB*

A

Yes. So, we continue to invest in our core markets. And there is almost no change there. So, we continue to invest in those. And we will also invest in our other markets where we can see a good return on investment. But at this level you see today, that is a level that we see going forward.

**Johannes B. Larcher**

*Chief Executive Officer, Storytel AB*

A

Yeah. There's no pull back from marketing and supporting subscriber acquisition in the core markets. In fact, in Q2, we launched our basic product tier in the Nordics. We're very pleased with that step and with the outcomes it's generated. You should expect us to continue to optimize in terms of packaging and pricing and promotions. I believe in Sweden and Denmark, we just kicked off a significant fall promotion for Black Friday on November 1. We will continue to do that and tune and optimize how we go to market, how we price and how we make the product more accessible to more customers in a profitable way. So, no pullback on core markets. If anything, we're going to get better and more efficient with our marketing. What you're seeing reflected in the financial results is really a result of significant reductions in marketing expenditure in what we call our growth opportunity markets.

**Derek Laliberté**

*Analyst, ABG Sundal Collier AB*

Q

All right. Perfect. And I just – I would also like to ask you, actually, on recent news here about the discontinuation of distribution to your competitor, Nextory, from the Book segment. I mean, what have you seen so far in terms of customer behavior now that you've pulled the plug on that? And what do you expect from kind of effects from this move?

**Johannes B. Larcher**

*Chief Executive Officer, Storytel AB*

A

Look, I'm somewhat limited in what I can say about this, Derek. I will say the following. We are proud owners of leading publishers in almost all of the Nordic markets that we operate in, including Norstedts here in Sweden, of course. We license our content as publishers in many, many different ways, as print books for bookstores and for electronic retailers, in e-books for various platforms, and in audiobooks. And we will continue to do that. We license our content in audiobooks to many, many, many distribution partners in the region, including up until recently, Nextory.

What's going on with Nextory is quite simple. It's an economic disagreement over the value of our content. We serve our offers. It's our job to make sure that our offers get compensated fairly for the creative and impressive work they do. And we simply don't see eye-to-eye with our friends at Nextory in terms of what that value should

be. The door remains squarely open for them to come to us with a more balanced offer. But as of right now, our content is no longer available on Nextory and we will see how that develops.

**Derek Laliberté**

*Analyst, ABG Sundal Collier AB*

Q

Cool, sounds [ph] good (39:56). And finally, from my side, I was wondering if you can share anything on your thinking regarding the bridge loan that you took up in conjunction with the Audiobooks.com acquisition that's about to expire. How are you thinking about refinancing potentially there?

**Susanne Maria Ekblom**

*Interim Chief Financial Officer, Storytel AB*

A

Yes. Thank you for that question. And yeah, we have different options, so to say, to establish a long-term debt and to release our bridge that matures in the end of next – the first quarter next year. But as I said, we don't have any decision from the board yet.

**Johannes B. Larcher**

*Chief Executive Officer, Storytel AB*

A

We are – we're in a strong position, partially because of the strong results we just released today. We are evaluating various ways of addressing that upcoming financing deadline at the end of the first quarter. And we are optimistic that we will have some news to share on this in the future. But as Susanne said, it's up to the board, and no decision has been made which of the multiple options in front of us we are going to pursue. But I think between Susanne and I, we are very optimistic that this will get resolved in a very responsible and positive manner.

**Susanne Maria Ekblom**

*Interim Chief Financial Officer, Storytel AB*

A

Yeah.

**Derek Laliberté**

*Analyst, ABG Sundal Collier AB*

Q

Okay. Great. Thanks very much, Johannes and Susanne. That's all for me.

**Johannes B. Larcher**

*Chief Executive Officer, Storytel AB*

A

Thank you, Derek.

**Operator:** Thank you. As there are no more questions at this time, I hand the word back to Johannes and Susanne for any closing comments.

**Johannes B. Larcher**

*Chief Executive Officer, Storytel AB*

Well, thank you, everyone, for participating in today's call, and we were excited to bring this to you. I look forward to the next opportunity in about three months, and until then, all the best and thank you for your questions and participation.

## Susanne Maria Eklom

*Interim Chief Financial Officer, Storytel AB*

Thank you.

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