



Storytel sharpens focus on profitability on the back of strong Q4 2023 earnings and upgrades mid-term financial targets - announces efficiency initiative and write-downs

- Storytel sharpens its focus on profitability and will improve cash flow generation beyond the previously outlined guidance at the Capital Markets Day in June 2023. An efficiency optimization initiative will be implemented during the first quarter of 2024, including a 13% reduction in workforce.
- As a result of increased emphasis on profitability and reduced growth investments in certain markets, related assets will not generate as much cash flow as previously planned. For that reason a non-cash write down of 632 MSEK will be recorded in the fourth quarter of 2023. 465 MSEK of the write down relates to an impairment of goodwill attributed to Audiobooks.com, with the remaining write downs mainly concentrated on content assets in the expansion markets.
- Storytel saw a strong final quarter of 2023, with preliminary streaming revenues of 858 MSEK, representing a growth of 16% or 14% at constant exchange rates. Preliminary total group revenues increased by 9% to 946 MSEK. Preliminary group adjusted EBITDA, excluding restructuring charges and write downs, was 86 MSEK with a margin of 9.1% in the quarter, and 248 MSEK with a margin of 7.1% for the full year - well above the previous guidance.
- In 2024, Storytel expects to deliver group revenue growth around 10% with an adjusted EBITDA margin of above 12% and operational cash flow above 7% of revenue.
- With an improved outlook, Storytel upgrades its 2026 mid-term financial targets and aims at reaching group revenues of around 4.5 BSEK with a streaming revenue CAGR of 10-12%, an adjusted EBITDA margin of above 15% and an operational cash flow above 10% of revenue.

Johannes Larcher, CEO, Storytel:

"Our sharpened focus on profitability and continued growth in our 10 core markets, bolstered by our strong operational and financial performance in 2023, enables us to update Storytel's mid-term financial targets. We now expect to reach the previously communicated mid-term

financial targets for adjusted EBITDA margin and operational cash flow already in 2024, and we are able to upgrade our profitability targets for 2026.

Storytel is doing substantially better financially than a year ago, and we have chosen to increase our focus on profitability and enhanced cash flow generation beyond the previously outlined guidance. This has led us, amongst other measures, to the difficult decision to adjust the size of our team, resulting in 13% of our total workforce leaving the company.”

Efficiency optimization initiative

Today, Storytel announced an efficiency optimization initiative to better align its cost structure with the revised strategic focus and evolving business requirements.

The efficiency optimization initiative includes a reduction of the workforce by approximately 80 team members, or 13%, compared to December 2023. Measures will be implemented in the first quarter of 2024, mostly with immediate effect, and will reach full run-rate in the second half of 2024.

Fourth quarter trading update

Storytel also announces its preliminary and unaudited results for the fourth quarter of 2023 ahead of the year-end report to be published on 15 February 2024. The operational performance in the fourth quarter 2023 continued to be strong, with preliminary total streaming revenues of 858 MSEK, representing a growth of 16% or 14% at constant exchange rates. Preliminary total group revenues increased to 946 MSEK, a growth of 9%. For the full year, organic streaming revenues at constant exchange rates increased by 12.5% - well above the guidance of at least 11%.

In total, Storytel recognized Items Affecting Comparability (IACs) of 672 MSEK in the quarter, following the further emphasis on profitability. Of the IACs, 465 MSEK relate to non-cash impairment charges on goodwill in accordance with IAS 36 attributed to Audiobooks.com; 166 MSEK of the IACs relate to non-cash write downs that are mainly concentrated on content assets in expansion markets; and the remaining 40 MSEK of IACs relate to restructuring charges in personnel and other operational expenditures. As a result, the preliminary, adjusted group operating profit in the fourth quarter was -8 MSEK, and -680 MSEK including IACs.

Preliminary, adjusted EBITDA in the fourth quarter was up 62% to 86 MSEK, representing a margin of 9.1%. Including IACs of 98 MSEK, EBITDA was -12 MSEK. The preliminary adjusted EBITDA for the full year of 2023 was 248 MSEK, a growth of 170% and representing a margin of 7.1% - well above the guidance of 6.4%.

Preliminary operational cash flow was 46 MSEK in the quarter and 89 MSEK for the full year - above the guidance of at least 80 MSEK. During the quarter, Storytel repaid 100 MSEK in bank debt, reducing financial debt to 750 MSEK with cash and cash equivalents of 434 MSEK as of 31 December 2023.

Consolidated Income statement (preliminary and unaudited numbers)

Currency: MSEK

Group		FY 22 adj.	FY 23	IACs	FY 23 adj.	YoY Change
Revenue		3,200	3,489	-	3,489	9%
Operating profit		-240	-742	672	-71	n/a
EBITDA		92	150	98	248	170%
Group	Q4 22 adj.	Q3 23	Q4 23	IACs	Q4 23 adj.	YoY Change
Revenue	867	896	946	-	946	9%
Operating profit	-32	15	-680	672	-8	n/a
EBITDA	53	92	-12	98	86	62%
Streaming Total	Q4 22	Q3 23	Q4 23			YoY Change
Revenue	742	842	858			16%
ARPU (SEK kr)	122	131	130			7%
Avg. Paybase	2,036,000	2,144,000	2,203,000			8%
Streaming Nordic	Q4 22	Q3 23	Q4 23			YoY Change
Revenue	498	572	574			15%
ARPU (SEK kr)	147	163	162			10%
Avg. Paybase	1,132,000	1,169,000	1,184,000			5%

Guidance for 2024

In 2024, Storytel expects to deliver group revenue growth around 10% with an adjusted EBITDA margin of above 12% and related operational cash flow above 7% of revenue. The targets assume organic growth and do not consider, for example, any potential acquisitions.

2026 mid-term financial targets

With a sharpened focus on profitable growth, and its ten core markets - the five Nordic countries, the Netherlands, Turkey, Poland, Bulgaria, and the USA - Storytel aims at reaching group revenues of around 4.5 BSEK in 2026 with a streaming revenue CAGR of 10-12%, an adjusted EBITDA margin of above 15%, and an operational cash flow above 10% of revenue. The targets assume organic growth and do not consider, for example, any potential acquisitions.

FNCA Sweden AB is the Company's Certified Adviser.

Investors, analysts and media are invited to an audiocast with teleconference at 12.30 PM CET today. The audiocast will be in English and provides an opportunity to address questions to Storytel's CFO Peter Messner.

The audiocast can be followed live on this link:
<https://ir.financialhearings.com/press-conf-jan-2024>

If you wish to participate via teleconference, please register on the link below:
<https://conference.financialhearings.com/teleconference/?id=5008750>

After registration, you will be provided with a phone number and a conference ID to access the conference. You will be able to ask questions via the teleconference.

Storytel will, as previously communicated, announce its year-end report for 2023 on February 15, 2024, at 08.00 CET.

This constitutes inside information that Storytel AB (publ) is obliged to disclose in accordance with the EU Market Abuse Regulation (EU nr 596/2014). The information was provided, through the agency of the below contact persons, at 08:00 CET on January 24, 2024.

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About Storytel

Storytel is one of the world's largest audiobook and e-book streaming services and offers more than one million titles on a global scale. Our vision is to make the world a more empathetic and creative place, with great stories to be shared and enjoyed by anyone, anywhere and anytime.

The streaming business within the Storytel Group is conducted under the brands Storytel, Mofibo and Audiobooks.com. The publishing business is managed by Storytel Books, and by the audiobook publisher StorySide. The Storytel Group operates in over 25 markets, with a focus on ten core markets: the five Nordic countries, the Netherlands, Turkey, Poland, Bulgaria, and the USA. The headquarters are located in Stockholm, Sweden.