

Interim Report

Q2 2023

August 1, 2023

Today's presenters



Johannes Larcher

CEO



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CFO

Mission

To move the world through story

Combination of Streaming and Content businesses creates synergies and value

Differentiated Content Lineup

Content

- Direct relationships with authors and other creators
- Exclusive Originals, owned-IP and licensing windows
- Curatorial expertise driven by customer data
- Access to broad catalog with attractive economics and flexible distribution

Streaming

- Access to large and growing subscriber bases
- Diverse international marketplaces to expand an author's global reach
- Monetization opportunities beyond traditional book format (e.g Originals)
- Powerful awareness generation ability and marketing support for creators
- Longevity for titles that have long left bookstore shelves

Enhanced Value Proposition for Authors

Financial and Operational Highlights Q2

Strong streaming growth

- Streaming revenue up 13% from Q2 2022 to 799 (704) MSEK, 15% excluding Russia
- Group net sales increased by 9% from Q2 2022 to 851 (781) MSEK, 11% excluding Russia
- Gross profit of 333 (290) MSEK, equaling a margin of 39.1% (37.2%)
- EBITDA of 40 (-6) MSEK equaling a margin of 4.6% (-0.7%)
- Operational cash flow was -5 (-49) MSEK
- Average number of subscribers increased by 14,000 during the second quarter - continued focus on quality and LTV

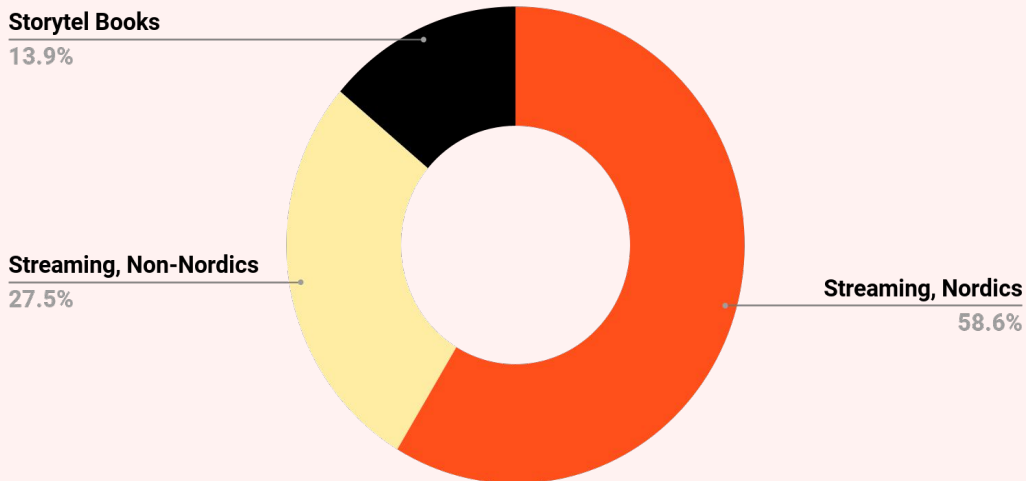
Significant events

- Significant multi-year agreement with Bulgaria's largest telco A1 Bulgaria. The deal makes Storytel part of exclusive selection of premium services on A1 Bulgaria's platform, reaching more than 4 million potential customers
- Storytel entered into a strategic partnership with ElevenLabs and announced the upcoming launch of its new VoiceSwitcher feature
- Updated pricing and packaging model launched in the Nordics with positive response
- Storytel Awards surpasses the milestone of 200,000 votes – audiobook fan engagement soaring to record levels
- Storytel held a Capital Markets Day and presented mid-term financial targets together with the strategic direction to further strengthen its leading position

Q2 Group Performance Summary

Revenue split, Q2 2023

(100% = 851 MSEK)



Q2 Development

Streaming, Nordics

- Reported revenue growth of 16% and 14% in constant currency
- Gross margin increased to 41.8% (37.8%)
- ARPU increased by 12% to 162 (145) SEK
- Avg. paying subscribers decreased by 3,000 during Q2, continued focus on LTV

Streaming, Non-Nordics

- Reported revenue growth of 9% and 14% excluding Russia
- Gross margin increased to 46.1% (43.0%)
- ARPU increased by 11% to 91 (82) SEK
- Avg. paying subscribers grew by 17,000 during Q2

Books

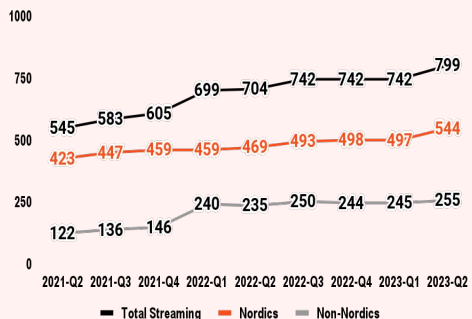
- Reported external revenue decline by 18%, while internal revenue increased by 36%
- Higher share of digital sales
- Gross margin increased to 52.5% (49.8%)

Storytel Group

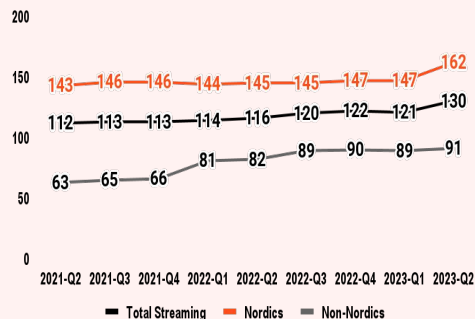
- Reported net sales growth of 9% and 11% excluding Russia
- Gross margin increased to 39.1 (37.2)%

Strong Streaming Performance

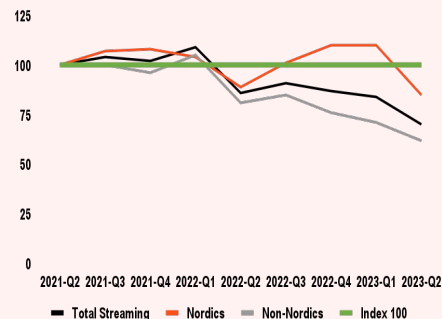
Streaming revenue, MSEK



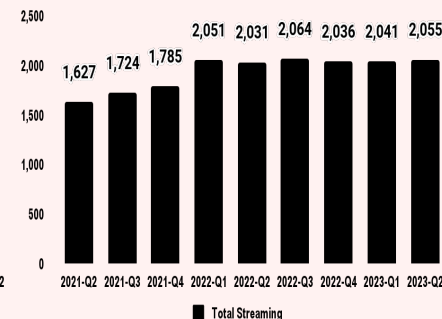
ARPU, SEK



Churn Trend



Average Paybase



Continuous improved EBITDA margin

<i>MSEK</i>	Q2-23	Q2-22	<i>Change, %</i>	Q1-23
Net Sales	851.1	780.7	9	796.3
COGS	-517.9	-490.4	6	-480.8
Gross profit/loss	333.2	290.4	15	315.5
Sales and marketing expenses	-218.8	-266.1	-18	-205.7
Technology and development expenses	-63.9	-72.1	-11	-69.5
General and admin. expenses	-95.6	-59.6	60	-97.1
Other operating income	13.8	13.5	2	5.3
Profit from participation in associates	2.0	-0.5	n/a	3.4
Operating profit	-29.4	-94.5	n/a	-48.0
Net financial items	11.4	31.5	-64	-16.2
Profit/loss before tax	-18.0	-62.9	n/a	-64.3
Key metrics	Q2-23	Q2-22	Change	Q1-23
<i>Gross margin</i>	39.1%	37.2%	1.9p.p	39.6%
<i>EBITDA margin</i>	4.6%	-0.7%	n/a	3.8%

Comments

- Net sales growth of 9% Y/Y (11% excluding Russia) to 851 (781) MSEK
- Gross profit up by 15% Y/Y to 333 (290) MSEK; margin of 39% (37%)
- Sales and marketing expenses down by 18% Y/Y to 219 (266) MSEK, due to more focused, centralised and effective spending approach
- G&A expenses in line with Q1 and changed Y/Y due to the strategic shift and reorganization of 2022
- Operating profit improved to -29 (-94) MSEK, as a result of strategic shift to focus on profitable growth
- EBITDA improved to 40 (-6) MSEK and the EBITDA margin to 4.6% (-0.7%)
- No reported IAC in Q2 2023 versus -19 MSEK in Q2 last year

Balance sheet overview

MSEK	Q2-23	Q1-23	Q4-22	Q3-22	Q2-22
Intangible assets	2,668.6	2,583.8	2,622.4	2,755.1	2,633.6
Tangible assets	22.5	27.0	26.0	28.9	30.3
Right-of-use assets	109.9	115.5	115.4	116.7	118.7
Non-current financial assets	81.0	75.1	87.7	95.8	104.5
Inventory	94.6	103.4	102.1	121.5	106.8
Current receivables	618.0	618.5	658.6	643.9	676.1
Cash and cash equivalents	531.3	540.4	776.3	457.4	447.9
Total assets	4,126.0	4,063.7	4,388.5	4,219.3	4,117.9
Equity	2,165.4	2,122.3	2,193.0	1,973.3	1,821.0
Non-current liabilities	952.9	991.9	831.3	915.6	965.2
Current liabilities	1,007.7	949.5	1,364.2	1,330.5	1,331.7
Total equity and liabilities	4,126.0	4,063.7	4,388.5	4,219.3	4,117.9
<i>Available RCF</i>	<i>150</i>	<i>150</i>	<i>250</i>	<i>250</i>	<i>250</i>
<i>Total available liquidity</i>	<i>681</i>	<i>690</i>	<i>1,026</i>	<i>707</i>	<i>698</i>

Comments

- Intangible assets: net increase of 85 MSEK mainly due to FX effects on USD-denominated assets
- Non-current financial assets: increase of 6 MSEK due to increased profit share from Norway and FX effects on tax receivables in the US and Mexico
- The equity-to-asset ratio was 52% (44%) at the end of the quarter
- Non-current liabilities: 50 MSEK related to bank term loan moved to current liabilities
- Bank debt include 200 MSEK term loan (current) and 850 MSEK RCF of which 150 MSEK are non-utilized
- Total available liquidity was 681 MSEK at the end of the quarter

Improved profitability and cash flows

MSEK	Q2-23	Q1-23	Q4-22	Q3-22	Q2-22
EBITDA (incl. IAC)	39.6	30.5	38.5	59.2	-5.7
Depreciation and amortization	-71.0	-82.0	-80.7	-85.0	-88.3
Profits from participation in associates	2.0	3.4	-4.6	4.9	-0.5
Net financial items	11.4	-16.2	-44.9	25.1	31.5
Profit before tax	-18.0	-64.3	-91.7	4.3	-62.9
Adjustments for non-cash items	53.0	84.2	113.1	61.0	13.5
<i>of which, reversal depreciation and amortisation</i>	71.0	82.0	80.7	85.0	88.3
<i>of which, change in capital gains/losses</i>	-3.5	-4.6	5.7	-2.2	-3.1
<i>of which change in FX gains/losses</i>	-23.1	0.0	33.2	-36.7	-45.3
<i>of which, change in provisions</i>	8.3	6.9	-5.3	16.5	-20.9
<i>of which, change in other non-cash items</i>	0.2	0.0	-1.2	-1.5	-5.4
Taxes paid	-10.7	-2.2	-9.3	-5.1	-5.3
Cash flow from operating activities before change in working capital	24.3	17.8	12.1	60.2	-54.7
Change in working capital	12.1	3.9	-31.7	13.3	-9.5
Cash flow from operating activities	36.4	21.7	-19.6	73.5	-64.2

Comments

- Effects from strategic delivery and cost reduction resulting in solid Y/Y improvements:
 - Reported EBITDA at 40 (-6) MSEK
 - Operating profit at -18 (-63) MSEK
- Adjustments for non-cash items are primarily driven by:
 - Depreciation and amortization
 - FX gains (mostly USD)
 - Changes in provisions
- Cash flow from operating activities increased to 36 (-64) MSEK
- Cash flow from investing activities was -52 (-70) MSEK, cash flow from financing activities was -10 (140) MSEK, and total cash flow for the period was -26 (6) MSEK
- Cash and cash equivalents were 531 MSEK at the end of the quarter

Operational cash flow

<i>MSEK</i>	Q2'23	Q1'23	Q4'22	Q3'22	Q2'22
EBITDA excluding IAC	39.6	30.5	53.0	59.2	12.8
Operational Capex *	-44.7	-38.3	-41.1	-39.7	-61.7
Operational cash flow	-5.1	-7.9	12.0	19.5	-48.9

*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.

Comments

- Y/Y improvement in EBITDA in line with strategic shift
- Continuous investments in product/tech and content
- Sequential improvement of operational cash flow as compared to Q1, and overall positive development in the past four quarters
- Targeting break-even operational cash flow for 2023

2023 Priorities

The Road to Success Leads through Great Content

Deliver unique, personalized and highly relevant content offer for every user, every time; expand original and exclusive content and achieve enhanced content economics

Master the Digital Playbook

Achieve sustained, efficient and profitable growth based on strong marketing practice and improved technology

Apply Prioritized Approach to Geographic Footprint

Build a strong, defensible and profitable leadership position in our core profitable markets; set the stage for future expansion into targeted priority markets from 2024

Create An Organization and Culture fit for our Mission

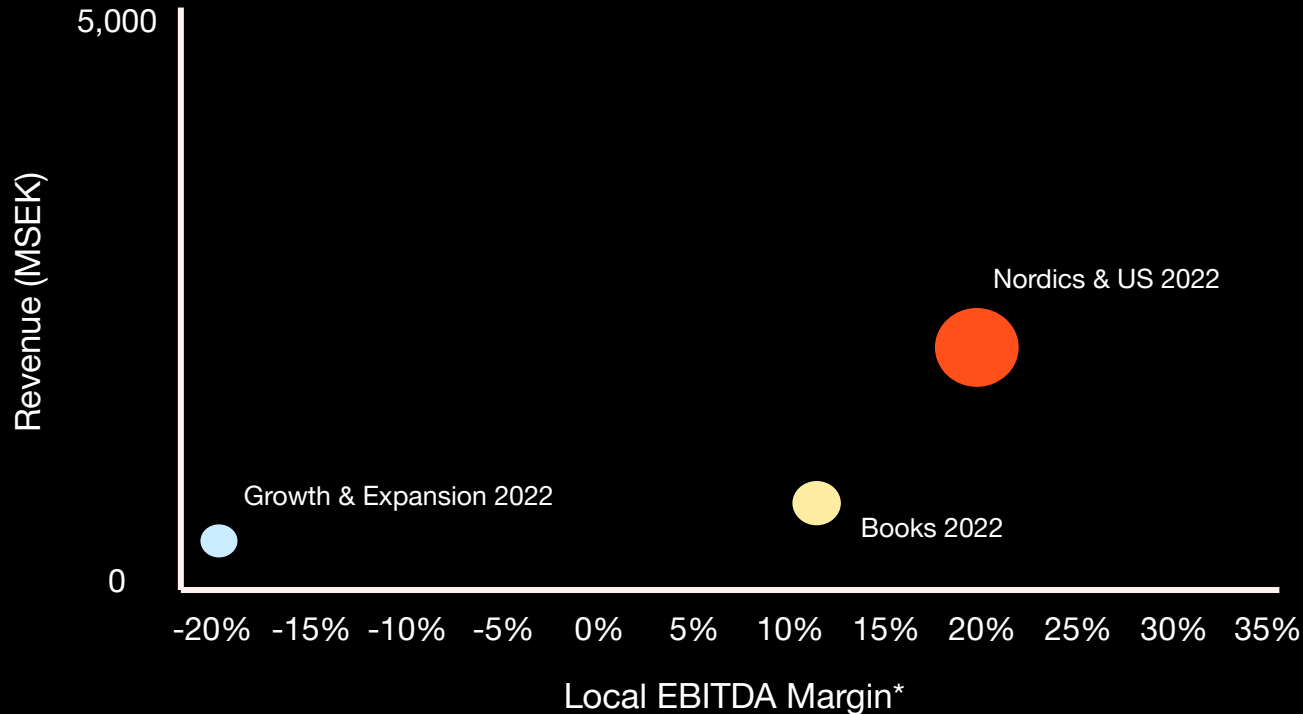
Establish an efficient world-class organization and culture that attracts and retains the best talent

Step by step progress on operational execution and efficiency

Mid-term profitable growth plan was presented at our Capital Markets Day on June 13

Main messages from CMD in June

EBITDA margin excl Tech costs and central OH



Mid-term Financial targets - Storytel in 2026

> 5 BSEK
Group Revenue

15%
Streaming
Revenue CAGR

> 12%
EBITDA Margin

Strong
Operational Cash
Flow

Group Strategy Principles

Content

Offer a best-in-class and differentiated selection of audio stories

Become the partner of choice for exceptional storytellers

Achieve better content economics

Go-to-market

Become an efficient and highly effective marketing machine

Apply a highly localized commercial model and execution

Provide a user experience that delights storytellers and listeners

Company

Operate both Streaming and Content businesses synergistically

Attract and retain the best team in the industry

Create a data-driven culture of smart risk-taking, efficiency and operational excellence

Embrace and deliver profitable growth

Remain open-minded about strategic opportunities

Key Drivers for Sustainable Profitable Growth

Growth Drivers

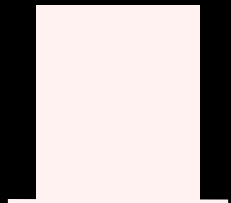
Underlying Market Growth
Differentiated Content Offer
Pricing, Packaging, Promotions
Funnel Optimization

Profitability Drivers

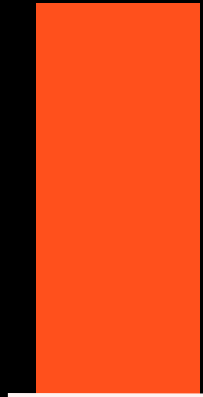
Increasing LTV/SAC Ratio
Declining COGS % Revenue
Declining Overhead % Revenue

15% Streaming CAGR
>12% EBITDA Margin

11% Organic Streaming Growth
3% Adjusted EBITDA margin

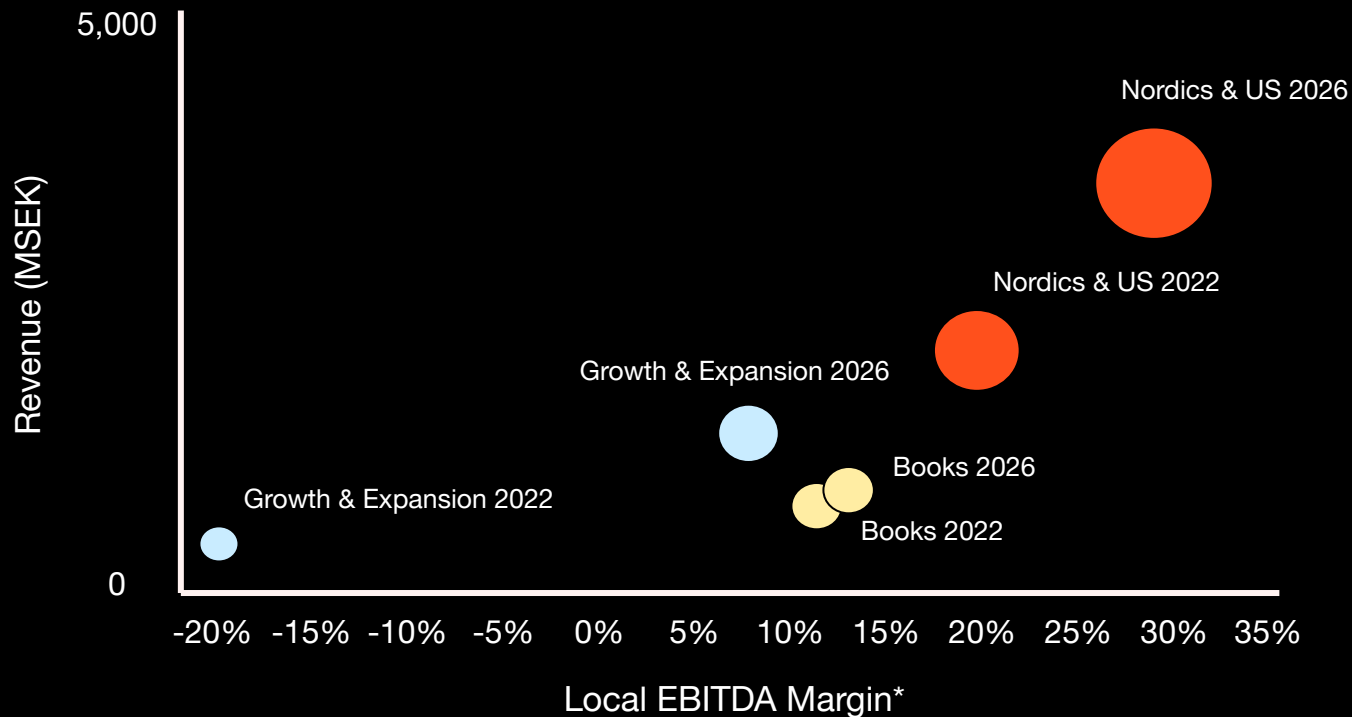


2022



2026

Profitable Medium-Term Growth in all Regions and Businesses



Outlook

Highlights after period

Continued strong growth in spoken-word audio entertainment

Solid demand and high engagement for Storytel's services despite weaker consumer purchasing power

Progress on efficiencies and building more scalable operations to accelerate future growth

Stronger focus on partnerships with positive response from different stakeholders

- Storytel entered into a strategic partnership with CBB to accelerate growth in Denmark.
- Storytel launched the first version of its new VoiceSwitcher feature together with ElevenLabs.



Near term guidance - 2023



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



Full Year EBITDA margin better than previous year (2.9%)**



Break-even operational cash flow***

*2022 streaming revenue growth excluding Audiobooks.com, Russia and with CER (constant exchange rates)

** EBITDA excluding items affecting comparability

*** Operational cash flow = EBITDA excluding items affecting comparability - operational capex

Why Invest in Storytel?

Poised for success in large and global market with strong growth



Pioneer with a proven business model that has established itself as one of the world's largest audiobook streaming services



Attractive finance profile with large portion of recurring revenues, strong unit economics, scalable business model and self-sufficient cash generation



Large and early stage addressable market with potential for strong long-term underlying growth over time



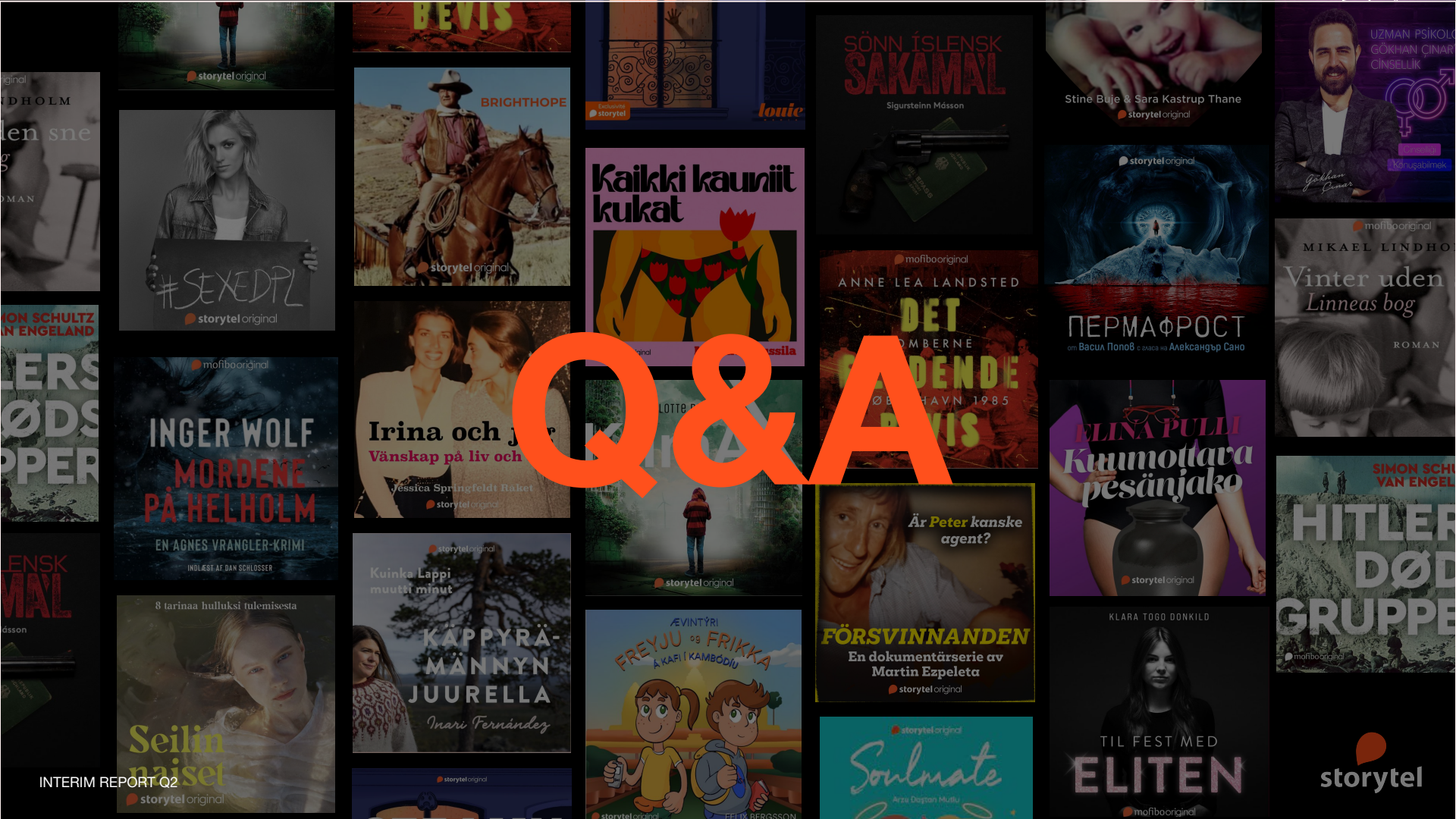
Combination of Content and Streaming businesses creates synergies and strengthens competitive position



Attracting the best creative talent to building a unique platform and subscriber experience



World-class leadership with deep industry knowledge who have done it before



Q&A

Thank you!

