

Interim Report

January-September 2021
Storytel AB (publ)



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Highlights

Financial Highlights

- Streaming sales up 19% from Q3 2020 to 583 (490) MSEK, +20% with constant exchange rates
- Subscriber base up 27% from Q3 2020 to 1,724,000 (1,360,300) on average
- Storytel Books sales up 20% YoY in Q3 2021, EBIT margin of 24.7% (16.1%), driven by strong organic growth and the acquisition of Lind & Co.
- Net turnover including Streaming and Books increased by 17.3% from Q3 2020 to 714 (609) MSEK.
- Earnings per share amounted to -0.92 (-0.38) SEK in Q3 2021, before and after dilution

Other Highlights

- An Extra General Meeting was held on September 23. Stefan Blom was elected chairman of the Board and Joakim Rubin, representing EQT was elected new director of the Board. Nils Janse stepped down from the Board, and the rest of the Board remained the same.
- Completed the acquisition of the Finnish publisher Aula & Co, strengthening Storytel's position on the Finnish market.

Highlights after the End of the Quarter

- Storytel joined the UN Global Compact, the world's largest sustainability initiative, emphasizing the company's commitment to investing in, and making a meaningful contribution to, a resilient society.

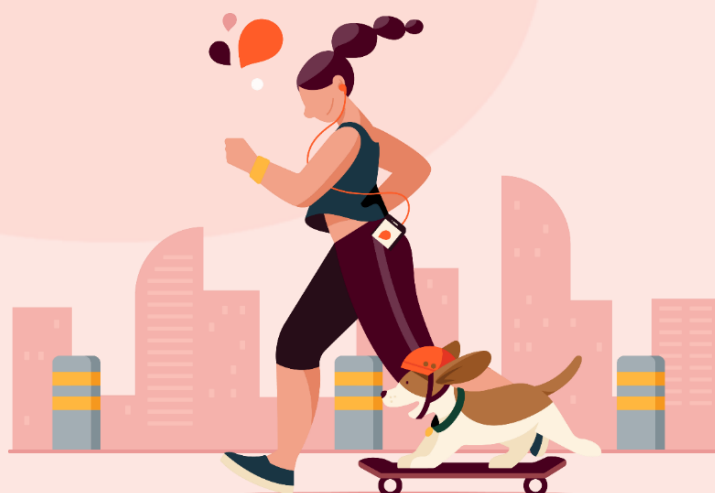


Table 1: Key Performance Indicators for Streaming and Books

TSEK	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021
Streaming Total¹						Forecast
Revenue	490,234	503,449	517,075	545,451	583,084	604,000-608,000
Contribution Profit	113,663	107,074	97,592	105,933	94,655	
Contribution Margin	23.2%	21.3%	18.9%	19.4%	16.2%	
Avg. Paying Subscribers	1,360,300	1,442,000	1,540,600	1,626,900	1,724,000	1,789,000-1,796,000
ARPU	120	116	112	112	113	113
Streaming Nordics¹						
Revenue	394,453	399,639	401,834	423,323	447,199	459,000-461,000
Contribution Profit	125,534	134,166	119,418	127,010	135,684	
Contribution Margin	31.8%	33.6%	29.7%	30.0%	30.3%	
Avg. Paying Subscribers	902,000	926,000	957,500	983,600	1,024,000	1,044,000-1,047,000
ARPU	146	144	140	143	146	147
Streaming Non-Nordics						
Revenue	95,781	103,810	115,240	122,128	135,885	145,000-147,000
Contribution Profit	-11,872	-27,092	-21,826	-21,078	-41,030	
Contribution Margin	-12.4%	-26.1%	-18.9%	-17.3%	-30.2%	
Avg. Paying Subscribers	458,300	516,000	583,100	643,300	700,000	745,000-749,000
ARPU	70	67	66	63	65	65
Books						
Revenue	150,391	197,346	125,189	149,962	180,116	
Contribution Profit	63,667	81,774	52,852	66,479	83,436	
Contribution Margin	42.3%	41.4%	42.2%	44.3%	46.3%	

Table 2: Year-On-Year Growth Rates with Constant Exchange Rates (CER)

Revenue Growth YoY	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021
Streaming Total¹						Forecast
Reported Revenue	22.8%	19.5%	20.5%	18.8%	18.9%	20.0%-20.8%
Revenue – CER	28.8%	26.3%	26.5%	22.2%	19.6%	
Streaming Nordics¹						
Reported Revenue	15.9%	13.5%	14.9%	15.6%	13.4%	14.9%-15.4%
Revenue – CER	20.1%	17.8%	18.0%	16.5%	13.3%	
Streaming Non-Nordics						
Reported Revenue	62.7%	49.9%	45.0%	31.6%	41.9%	39.7%-41.6%
Revenue – CER	79.4%	69.9%	63.6%	45.1%	46.0%	
Books						
Reported Revenue	29.2%	9.9%	9.1%	18.3%	19.8%	
Revenue – CER	30.5%	11.2%	12.1%	20.1%	19.8%	

¹ Storytel Norway is included in the figures with 100%. In the consolidated accounts, Norway is reported in accordance with the principle of proportional consolidation.

Letter to Our Shareholders

Dear Shareholders,

The audio trend is not a whisper anymore, nor just a soft voice in your ear - it is roaring across the world, penetrating, integrating with and enhancing our past, present and future experiences. Audio is even a key component, as self-evident as visuals, in the creation of virtual worlds and convincing and compelling future services in the metaverse, since all physical places and services have corresponding audio spaces, which are unique and authentic assets – just like the story or the audiobook narrator’s voice. And nothing conveys the combination of emotions and presence as strongly as audio.

The world is listening – and future generations will listen even more. According to the Swedish Internet Foundation’s recent annual report, the Generation Y – born in the 80s – and kids born in the 2010s, are the most prolific consumer of audio, indicating that the virtual audiobook library is well on its way to become as obvious for the young modern family as the physical bookshelf was for previous generations. Today, more than 1 million people in the audio mature Nordic region, have a Storytel subscription. We are well positioned for future growth on numerous markets across multiple continents and we will pull every lever and gear to boost this development

In light of Rustan Panday’s wish, after eleven successful years, to step down from his position as chair of the Board of the Storytel Group, and instead continue to support the development of Storytel as a Board director, Stefan Blom was elected the new chair of the Board at Storytel’s Extra General Meeting on September 23.

Stefan Blom’s extensive experience from leading positions at EMI Music and Spotify is precisely what Storytel needs as we enter a new chapter on our growth and expansion trajectory.

Joakim Rubin was also elected to the Board as a director, representing EQT which has recently acquired close to 10 percent of the outstanding shares.

We believe that Storytel, together with EQT, will further enhance its opportunities to advance its positions through content investments, accelerated M&A, strategic partnerships and marketing. With most of the board and management team positions filled in the last two years I am confident that we have established leadership teams that will help us embark on our journey to become the world’s leading audiobook company by 2030.

Financial Metrics

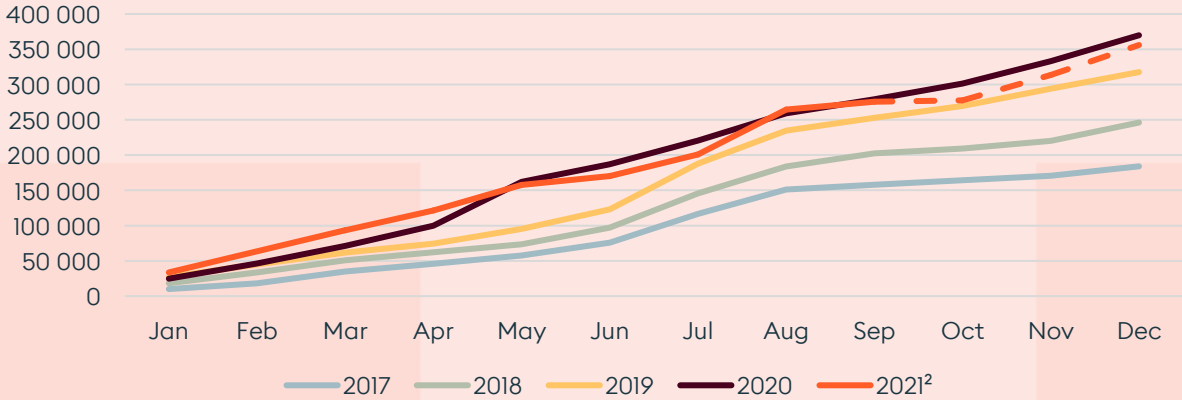
Subscriber and revenue development

With a forecast of 1,723,000 and an outcome of 1,724,000 paying subscribers, Q3 2021 was in line with expectations.

The headwind in terms of negative effects from FX movements decreased in Q3 2021, compared to the past four quarters. With constant exchange rates the YoY revenue growth would have equaled 20%.

Net added subscribers in Q3 2021 amounted to 97,100 paying subscribers, slightly below the net added subscribers in Q3 2020. We expect to be on par with the net added subscribers in 2020 at the end of the year.

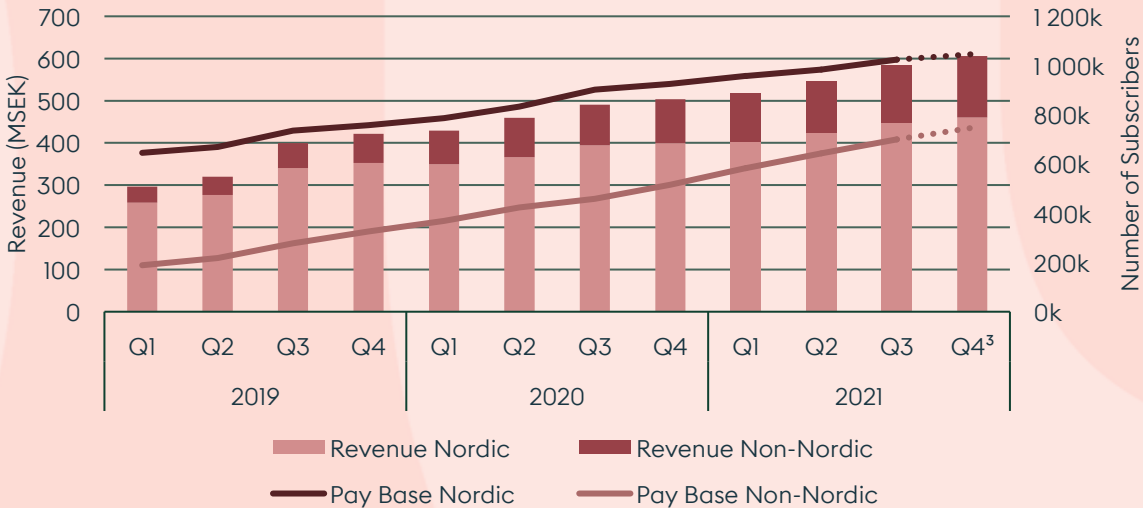
Cumulative Net Add Subscribers per Month



The Nordics segment averaged 1,024,000 paying subscribers and 447 MSEK in streaming revenue. ARPU was 146 SEK, 3 SEK higher than in Q2 2021, positively impacted by price increases in Sweden in August (+6%, from 169 to 179 SEK). The increase was motivated by improved content and user experience over time and the change did not generate any adverse effects on churn. While we increased the price on our unlimited offering, we introduced a time-limited offer to consumers as a win-back offer.

The Non-Nordics segment averaged 700,000 paying subscribers and 136 MSEK in streaming revenue. ARPU was 65 SEK, 2 SEK higher than in Q2 2021. Q3 ARPU was positively impacted by price increases in the Netherlands and Belgium in Q2/Q3.

Total Streaming



^{2,3} The dashed line represents the communicated forecast for Q4, 2021

The Netherlands, Poland, Russia and Turkey are our top four markets outside of the Nordics, with over 100,000 paying subscribers in each market. We also see continued paybase traction in the MENA region following the acquisition of Kitab Sawti, and we are continuously educating our customers about audiobooks.

Growth in Latam and Spain is still slow, with COVID-19 having an adverse effect on performance, resulting in a flat development in subscribers and revenues in these regions during 2021. The removal of recurring payments on credit cards by the India banking system earlier this year has temporarily increased churn levels in India. Recurring payments has been re-introduced since 2 November 2021.

We are mindful of continued marketing spend in regions where we experience slower traction. Our primary aim is still to ensure a local product market fit, which we achieve by continuously adapting and developing customized offerings, price points and distribution through in-app payments, local partnership and payment methods.

The digital marketing universe, with important global partners like Facebook, Google and Apple, is going through large changes, which creates both opportunities and challenges for the way we acquire new customers. With our global Center of Excellence for Online and Performance Marketing, we work intensely together with our global partners to ensure we leverage the changes and adapt to new practices being developed. We can see a slight negative development on our intake of trial customers during Q3, which we expect to recuperate in 2022 with announced changes by Apple and Google.

Contribution Profit Streaming

The contribution margin in the Streaming segment decreased 7 percentage points in Q3 2021 compared to Q3 2020, due to increased investments in marketing in the Non-Nordics segment to grow unaided awareness.

Payment fees were improved to 4.1% of revenue in Q3 2021, compared to 4.7% of revenue in the same quarter the prior year. Subsequent to period end, Google announced that it will lower its in-app fees from 30% to 10% for services like Storytel. This will have a positive impact on our payment fees, lowering them by approximately 1 MSEK⁴ per month based on our current subscriber base. It will also make Google a more attractive payment option for Storytel in other markets, enabling Storytel to introduce Google as a payment option in more countries, hence improving the funnel and increasing conversion. We have already introduced it in Poland in late October and we will introduce it in Italy and Finland in Q4.

Content costs improved to 49.4% in Q3 2021, from 50.1 % in Q3 2020, due to an increase in the inhouse share of consumption, mainly as a result of the acquisition of Lind & Co in Sweden. However, higher content cost in both Norway and Finland compared to the same quarter in the prior year, somewhat offset the positive effect. The gross margin developed favorably and equaled 46.5% in Q3 2021, compared to 45.2% in Q3 2020.

To further strengthen our position in our main Non-Nordic markets we Increased our marketing spending in Poland, Russia and the Netherlands, leading to marketing costs

⁴ Calculated as the difference between the average payment fees to google that we have today and if we were to apply a 10% fee on all transactions.

increasing with 8.3 percentage points, to 30.3% of streaming revenue in Q3 2021, compared to Q3 2020 and lowering the contribution margin to 16.2% compared to 23.2% in the same period the prior year. These investments stand for more than half of the total increase in marketing costs compared to Q3 2020 and the increase resulted in a 123% increase in net added paying subscribers the three markets in Q3 2021, compared to Q3 2020. A large part of the increased marketing investment was allocated to branding channels and is expected to have a more long-term positive impact on our unaided awareness and subscriber growth.

Forecast Targets

As stated in Table 1 and in the Financial Performance section, the subscriber base is forecasted to average 1,789,000-1,796,000 subscribers in Q4 2021. ARPU is expected to be 113 SEK leading to streaming revenues of 604,000-608,000 MSEK.

For the full year, the subscriber base is expected to end the year at 1,820,000-1,840,000 subscribers lowered from 1,950,000-2,000,000 subscribers as communicated in our latest full year forecast. The largest deviation is explained by India, where we have experienced a temporarily increased churn level due to the removal of recurring payments by the Indian government.

Streaming revenue is expected to amount to 2,250 MSEK, which is in the lower end of the range given in our latest full year forecast, while the EBITDA margin is expected to amount to negative 6%, which is in the higher end of the forecasted range of 6-8% negative EBITDA margin.

Product, Platform and Partnerships

App Store and Google Play ratings were quite stable in Q3 2021 compared to Q2 2021, with App Store ratings at 4.6 (4.7) and Google Play ratings at 4.2 (4.3).

The net promoter score (NPS) which also measures customer satisfaction remained more or less the same at 29 in Q3 2021, compared to 31 in Q2 2021 and 27 compared to Q3 2020.

In May 2021, Storytel and Spotify announced a partnership through which Storytel's library of audiobooks will be available for Storytel subscribers on the Spotify Open Access platform by linking the two accounts. The launch of the partnership was planned for Q4 2021. However, due to engineering considerations, as Spotify and Storytel continue to develop a great listening experience, both parties look forward to making Storytel audiobooks available on Spotify during the first half year of 2022 instead.

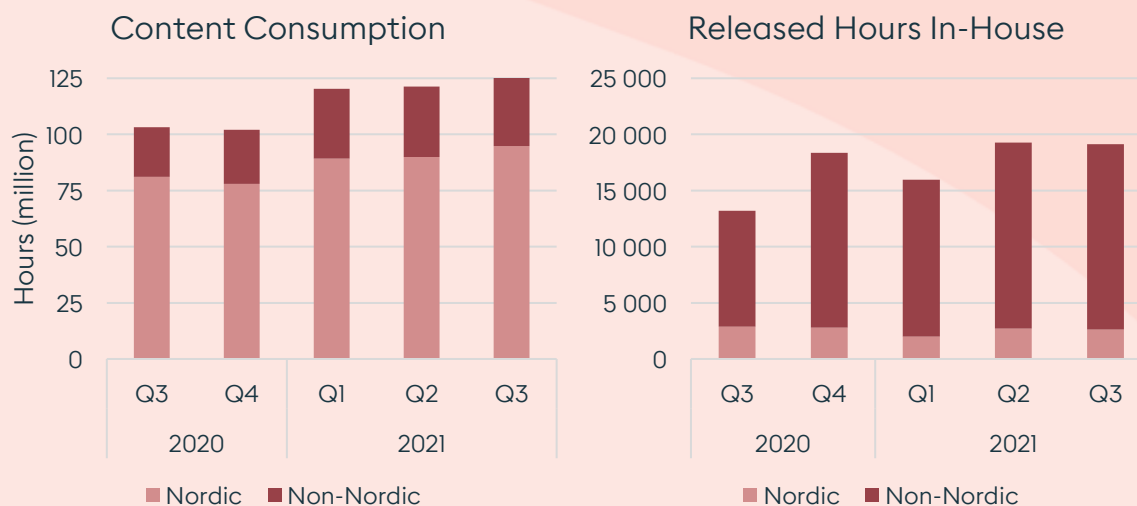
The migration of the final set of services to Google Cloud Platform (GCP) from a legacy hosting provider was finished during Q3. GCP is a powerful lever in our tech strategy: it allows us to scale and innovate faster through the utilization of a great infrastructure foundation. GCP also represents a huge step toward climate neutrality since Google matches 100% of the energy consumed by its global operations with renewable energy.

During the quarter we rolled out algorithmic lists globally, starting the shift towards a fully personalized reading experience. Personalization has a proven effect on user engagement and retention and thus is an important stepping stone for Storytel as the company aims to be a product leader within audiobooks and e-books.

Content

Consumption in the Storytel service amounted to 129 million hours in Q3 2021, up 6% from Q2 2021 and up 25% from Q3 2020. This is in line with subscriber growth.

In Q3 2021, we released 19,100 hours of audio content produced inhouse; 2,600 hours in the Nordics segment and 16,500 hours in the Non-Nordics.



The Storytel Original *Glacier*, an epic love story set against the backdrop of a global pandemic by bestselling star author Camilla Läckberg and renowned actor and writer Alexander Karim, was translated and released in fourteen markets, with two more markets to be added later this year. The initial marketing and PR campaign for *Glacier* reached more than 150 million people, and the title climbed to Top 10 positions across all of the fourteen markets where it was marketed and launched – and even took the #1-position in six of these markets in the weeks following the release.

During the quarter, we completed the acquisition of the Finnish publisher Aula & Co. The acquisition of Aula & Co strengthens Storytel's position on the Finnish market, as a distributor, producer and publisher. Approximately 35% of its 1.2 MEUR in revenues in 2020 comes from digital sales. At the end of October 2021, Storytel also launched TrueStory, a brand that will concentrate on publishing true stories and biographies with an audio first approach. With these two operations, we are further strengthening our presence in the local Finnish market. We believe that together with our flagship publisher Gummerus, Storytel Original and StorySide, we will now be able to develop and offer an even more attractive and compelling catalogue to Finnish consumers.

Storytel's Books segment has had a fantastic quarter, with a revenue growth of 20% YoY in Q3 2021 and a record high EBIT margin of 24.7%, compared to 16.1% in Q3 2020. The record high EBIT margin can be attributed to increased digital sales, fewer returns as physical sales has shifted from physical books stores to online bookstores, and lower fixed costs as a result of COVID-19 and the digital transformation. The continued success in the Books segment proves that content is not only an important building block in our strategy to drive streaming growth and profitability, it is also a growth segment with a positive cash flow that can be reinvested in further growth of the Storytel Group.

People & Culture and Sustainability

In Q3, Storytel joined the United Nations Global Compact which further reinforces Storytel's commitment to operating with responsible business practices. As a member of the UN Global Compact network, Storytel also commits to working with the Sustainable Development Goals as part of the Agenda 2030. We have started by focusing on Goal 13 (Climate Change) and Goal 12 (Responsible Consumption and Production) since we are currently measuring the Group's full environmental impact. We look forward to presenting the next concrete steps we will be taking to reduce our carbon footprint toward net zero.

During the third quarter, Storytel's Sustainability Committee within the Board of Directors had its first meeting, formally initiating Storytel's strategic work with sustainability. The Sustainability Committee supports the Board in fulfilling its responsibilities to specifically address climate & environmental matters, human rights, labor standards, and anti-corruption practices.

Jonas Tellander
CEO and Co-Founder

Financial Performance

Consolidated Net and Total Turnover, Q3 2021

Net turnover for the Group in Q3 2021 totaled 713,991 (608,744) TSEK.

Storytel A.S in Norway is a joint venture with Cappelen Damm and is reported in accordance with the principle of proportional consolidation. Table 1 in this report includes all subscribers and revenue in Norway under Streaming, Nordics. As a result, the Streaming revenue listed in Table 1 is higher than in the consolidated statement of accounts in order to provide a more accurate figure for average revenue per subscriber. Table 1 does not include revenue from sales of Storytel Reader, capitalized work for own account or other non-material operating income.

Total consolidated revenue amounted to 801,640 (675,543) TSEK, of which 75,922 (59,017) TSEK is related to the capitalization of internal development work. Streaming sales grew by 18.9% from Q3 2020 and 19.6% using constant exchange rates. The Books segment had yet another strong quarter with sales increasing by 19.8%, affected positively by strong organic performance combined with the acquisition of Lind and Co earlier this year. Net turnover grew by 17.3%. Total group revenue, including the capitalization of internal development work, grew by 18.7% from Q3 2020.

Consolidated Expenses, Q3 2021

Unit-sale costs for the Group totaled 425,997 (372,134) TSEK in Q3 2021. Unit-sale costs include content costs to third-party publishers, royalties to rights holders, costs for producing digital books, and cost of goods sold for physical books, as well as warehouse, distribution, and transaction/payment costs. Unit-sale cost increased 14.5% YoY slightly lower than increased revenues.

Gross margin increased by 2 percentage points to 46.9% in Q3 2021 compared to 44.9% in Q3 2020. This can be explained by an improved gross margin in the Books segment and improved margins due to the acquisition of Lind & Co, as well as an increase in capitalization of internal development work.

Other external costs for the Group during Q3 2021 totaled 239,018 (171,338) TSEK, an increase of 39.5% YoY. The largest cost item and the largest increase from the prior year within this line item is marketing costs. Marketing investments were increased primarily in Poland, Russia and the Netherlands, and these investments stand for more than half of the total increase in marketing costs compared to Q3 2020. Other significant costs included technology-related services and costs, consultant costs and office leases.

Staffing costs for the Group in Q3 2021 totaled 149,006 (125,048) TSEK, an increase of 19.2% YoY. The main increase relates to staffing costs for Streaming which increased in order to meet the pace of expansion for global functions and employees in new countries. Furthermore, the stock option program contributed approximately 3,334 TSEK to staffing costs in Q3 2021. Staffing costs are generally lower in the third quarter due to seasonality effects associated with employees taking vacation.

EBITDA, Q3 2021

EBITDA in the Group in Q3 2021 totaled -12,380 (7,023) TSEK, equaling an EBITDA margin of -1.5% (1.0%).

Depreciation and Amortization, Q3 2021

Depreciation, amortization and write-downs in the Group in Q3 2021 totaled -43,639 (-29,022) TSEK. Lind & Co has been included as of Q3 2021, which increased depreciation and amortization by approximately 8,199 TSEK in the current quarter.

Profit/Loss, Q3 2021

Profit/Loss for the period amounted to -62,647 (-23,691) TSEK. Earnings per share in Q3 2021 totaled -0.92 (-0.38) SEK, before and after dilution, and were calculated as earnings for the period after taxes, divided by the average number of shares during the period.

Taxes, Q3 2021

In Q3 2021, taxes, including deferred tax, amounted to 1,028 (690) TSEK.

Capital Expenditure (compared to December 31, 2020)

At the end of Q3 2021, the company had intangible assets amounting to 920,689 (632,461) TSEK, where the largest items consisted of rights, licenses & brands, capitalization of the IT platform & recording of audiobooks and goodwill. Intangible assets increased by 288,228 TSEK from Q4 2020, mainly due to the additional capitalization of expenses for development work of the technical platform and the digital catalogue of audiobooks and e-books, but also the acquisition of Lind & Co in Q2 2021 and the acquisition of Aula & Co in Q3 2021.

Financial Position as at September 30, 2021 (compared to December 31, 2020)

At the end of the period, the Group had 1,200,577 (426,219) TSEK in cash and cash equivalents. The equity-to-asset ratio at the end of the period was 73.7% (61.9%). Equity increased to 2,236,458 (1,176,153) TSEK, mainly due to the directed share issue and its contribution to equity (after share issue expenses) of 1,157,197 TSEK made in Q1 2021.

Non-current liabilities to lending institutions totaled 0 (0) TSEK. The company has a non-utilized revolving credit facility of 500,000 TSEK.

Cash Flow, Q3 2021

Cash flow from operating activities before changes in working capital was -10,077 (19,455) TSEK. The change in working capital was -23,705 (-15,143) TSEK. Cash flow from investing activities was -93,274 (-130,352) TSEK and was mainly attributable to the capitalization of expenses for the development of the technical platform and the digital catalogue of audiobooks. Cash flow from financing activities amounted to 0 (62) TSEK.

Guidance for Q4 2021 and FY 2021

Q4 2021 Guidance – Streaming Segment

	Avg. Subscribers	Revenue
Nordics	1,044,000-1,047,000	459-461 MSEK
Non-Nordics	745,000-749,000	145-147 MSEK
Total	1,789,000-1,796,000	604-608 MSEK

FY 2021 Guidance	EoY Subscribers	Revenue	Group EBITDA margin
Total	1,820,000-1,840,000	2,250 MSEK	negative 6%

Financial Reports Summary

Group

Income Statement

TSEK	Q3 2021	Q3 2020	Q1-Q3 2021	Q1-Q3 2020	Q1-Q4 2020
Net turnover	713,991	608,744	1,970,381	1,675,521	2,338,228
Change in inventory during production	-1,540	-979	-2,518	3,875	4,597
Capitalized work for own account	75,922	59,017	226,944	162,652	240,392
Other operating income	13,268	8,761	30,139	22,987	33,285
Total Group revenue	801,640	675,543	2,224,947	1,865,035	2,616,502
Unit-sale costs	-425,997	-372,134	-1,207,874	-1,041,263	-1,450,796
Other external costs	-239,018	-171,338	-656,333	-514,474	-718,925
Staffing costs	-149,006	-125,048	-466,840	-371,211	-531,519
EBITDA	-12,380	7,023	-106,100	-61,913	-84,739
Depreciation and amortization	-43,639	-29,022	-134,505	-71,008	-106,946
Write-downs of intangible fixed assets	-	-	-24,298	-	-
Profit/loss before financial items	-56,020	-21,999	-264,904	-132,921	-191,685
Profits from associated companies	-118	28	-68	84	424
Net financial items	-3,951	-2,410	-2,773	-12,633	-19,042
Profit/loss before taxes	-60,089	-24,381	-267,745	-145,470	-210,303
Taxes on profit for the period including deferred taxes	1,028	690	-3,061	27,737	26,786
Non-controlling interest	-3,587	-	-4,498	-	-
Profit/loss for the period	-62,647	-23,691	-275,304	-117,733	-183,516
Earnings per share, SEK					
Group total, basic	-0.92	-0.38	-4.12	-1.93	-2.99
Group total, diluted	-0.92	-0.38	-4.12	-1.39	-2.99

Group

Balance Sheet

TSEK	30 Sept 2021	30 Sept 2020	31 Dec 2020
Intangible assets	920,689	533,441	632,461
Tangible assets	23,561	24,064	24,640
Non-current financial assets	169,514	154,574	164,476
Inventory	63,191	76,689	53,207
Current receivables	658,459	489,544	598,427
Cash and cash equivalents	1,200,577	581,801	426,219
Total assets	3,035,991	1,860,113	1,899,430
Share capital	34,139	31,263	31,273
Other equity, including profit/loss for the year	2,131,601	1,223,312	1,144,880
Non-controlling interest	70,718	-	-
Provisions	68,646	48,220	65,714
Non-current liabilities	-	-	-
Current liabilities	730,886	557,319	657,563
Total equity and liabilities	3,035,991	1,860,113	1,899,430

Changes in Equity

TSEK	Share capital	Reserves	Equity including net profit	Non-controlling interest	Total equity
Opening equity January 1, 2020	28,055	17,241	296,904		342,200
Share issue	3,218		1,023,461		1,026,679
Employee stock option			11,229		11,229
Warrant premium			11,212		11,212
Exchange differences		-26,409			-26,409
Other changes			-5,243		-5,243
Profit/loss for the current period			-183,516		-183,516
Closing equity December 31, 2020	31,273	-9,168	1,154,048	-	1,176,153
Opening equity January 1, 2021	31,273	-9,168	1,154,048	-	1,176,153
Non-controlling interest – from acquisition of Lind & Co				66,219	66,219
<i>Transactions with owners:</i>					
Share issue	2,866		1,238,128		1,240,994
Employee stock option			14,485		14,485
Warrant premium			6,172		6,172
Exchange differences		3,241			3,241
Other changes					
Profit/loss for the current period			-275,304	4,498	-270,806
Closing equity September 30, 2021	34,139	-5,927	2,137,529	70,718	2,236,458

Group

Cash Flow Statement

TSEK	Q3 2021	Q3 2020	Q1-Q3 2021	Q1-Q3 2020	Q1-Q4 2020
Net profit/loss after financial items	-60,089	-24,381	-267,745	-145,470	-210,303
Adjustments for non-cash items	55,108	46,780	172,979	64,606	111,320
Taxes paid	-5,097	-2,944	-11,736	-7,558	-10,292
Cash flow from operations before changes in working capital	-10,077	19,455	-106,501	-88,422	-109,275
Change in working capital	-23,705	-15,143	3,611	16,805	26,423
Cash flow from operating activities	-33,782	4,312	-102,890	-71,617	-82,582
Cash flow from investing activities	-93,274	-130,352	-290,486	-252,414	-385,302
Cash flow from financing activities	-	62	1,162,737	548,130	548,260
Cash flow for the period	-127,056	-125,978	769,361	224,099	80,106
Available funds at the beginning of period	1,327,331	710,303	426,219	365,900	365,900
Translation differences in available funds	302	-2,524	4,997	-8,197	-19,787
Available funds at end of period	1,200,577	581,801	1,200,577	581,801	426,219

Parent Company

Income Statement

TSEK	Q3 2021	Q3 2020	Q1-Q3 2021	Q1-Q3 2020	Q1-Q4 2020
Net turnover	11,524	1,632	12,817	5,077	4,717
Total revenue	11,524	1,632	12,817	5,077	4,717
Other external costs	-1,328	-1,951	-4,208	-7,423	-15,994
Staffing costs	-2,145	-1,274	-5,506	-4,463	-6,156
EBITDA	8,050	-1,593	3,102	-6,809	-17,433
Depreciation and amortization	-	-	-	-	-
Profit/loss before financial items	8,050	-1,593	3,102	-6,809	-17,433
Net financial items	2,384	2,511	7,370	2,691	3,192
Profit/loss before taxes	10,434	918	10,472	-4,118	-14,241
Appropriations	-	-	-	-	20,926
Taxes on profit for the year including deferred taxes	-	-1,078	-	-	-
Profit/loss for period	10,434	-160	10,472	-4,118	6,685

Balance Sheet

TSEK	30 Sept 2021	30 Sept 2020	31 Dec 2020
Non-current financial assets	2,923,138	1,713,302	2,572,537
Current receivables	210,458	584,306	129,774
Cash and cash equivalents	705,267	198,275	82,302
Total assets	3,838,862	2,495,783	2,784,613
Share capital	34,139	31,263	31,273
Other equity, including profit/loss for the year	3,742,500	2,461,722	2,487,680
Non-current liabilities	-	-	-
Current liabilities	62,223	2,798	265,661
Total equity and liabilities	3,838,862	2,495,783	2,784,613

Accounting and Valuation Principles

The interim report has been prepared in accordance with the Swedish Annual Accounts Act. The accounting and valuation policies applied are consistent with the Swedish Accounting Standards Board's BFNAR 2012:1 (K3) and are unchanged from the most recently published annual accounts.

Amounts are reported in Swedish krona and rounded to the nearest thousand unless otherwise stated. Rounding to the nearest thousand may mean that amounts are not consistent when added. Amounts and figures stated in brackets are comparatives for the corresponding period of the previous year, unless otherwise stated.

The registered Parent Company is Storytel AB (publicly traded). Fifty percent of Storytel AS (Norway) is owned by Cappelen Damm and is reported in accordance with the principle of proportional consolidation. Wholly owned subsidiaries are included in the financial statement from their time of registration or acquisition.

The group treats transactions with non-controlling interests as transactions with equity owners of the group. For acquisitions from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity on the line transactions with non-controlling interests in the consolidated statement of changes in shareholders' equity. The non-controlling interest is related to the acquisition of a majority stake in Lind & Co.

Auditor's Review

This Q3 report has not been reviewed by the auditors of the company.

Number of Shares and Share Capital as of September 30, 2021

There were 68,281,911 (62,526,025) registered shares in issuance at the end of the period, divided between 635 Class A shares and 68,281,276 Class B shares. Share capital totaled 34,139,151 (31,263,012) SEK as of September 30, 2021. On average in Q3 2021 there were 68,268,383 registered shares divided between 635 Class A shares and 68,267,748 Class B shares. The shareholder structure is presented at investors.storytel.com.

Information About Nasdaq First North Growth Market

Nasdaq First North Growth Market ("First North") is an alternative marketplace operated by the constituent exchanges of Nasdaq Stockholm. It does not have the same legal status as a regulated marketplace. Companies quoted on First North are subject to First North's rules rather than the legal requirements set for trading on a regulated marketplace. An investment in a company trading on First North implies higher risk than an investment in a listed company. Companies must apply to the exchange and gain approval before trading on First North may commence. A Certified Adviser guides the company through the listing process and ensures that the company continuously satisfies First North's standards.

Risks and Uncertainty Factors

Storytel is exposed to risks, particularly associated with Storytel's international expansion, ability to acquire new subscribers, ability to innovate, and ability to maintain and develop its content catalogue. A comprehensive risk analysis is available in the company's most recent annual report and company description.

Post-Period Activity

No significant events have occurred after the end of the reporting period.

Forthcoming Reports

Year-End Report Jan – Dec 2021	February 18, 2022
January – March 2022	May 5, 2022
January – June 2022	August 5, 2022
January – September 2022	November 3, 2022
Year-End Report Jan – Dec 2022	February 16, 2023

Definitions

ARPU	Average Revenue Per User (Subscriber) per month.
Average Paying Subscribers	The average number of paying Storytel subscribers during the quarter. Stand-alone subscribers from Ztory are not included. For Family subscriptions, each standard stream (not so-called Kids Mode) is considered one paying subscriber.
CER	Constant Exchange Rates.
Churn	The number of paying Storytel subscribers that have stopped paying for the service during a certain period of time, most often expressed as monthly churn where a 30-day time period is applied.
Content Cost - Streaming	Defined as content cost to third-party publishers and royalties to rights holders.
Contribution Profit - Books	Defined as revenue minus cost of goods sold, royalties to rights holders, distribution, sales, and marketing costs.
Contribution Profit - Streaming	Defined as streaming revenue minus content cost to third-party publishers, royalties to rights holders, transaction/payment costs and marketing costs. Storytel Reader and Ztory are not included in Streaming.
EBITDA	Earnings before interest, taxes, depreciation and amortization.
EBITDA margin	EBITDA as percentage of total Group revenue.
Equity-to-Asset Ratio	Adjusted equity (equity including non-controlling interest and untaxed reserves less deferred tax) as a percentage of the balance sheet total.
Forecast	An approximation based on information available at the time the report was prepared.
FTE	Full-time equivalents.
Revenue - Books	Physical books and digital sales through channels other than Storytel. Internal revenue from Storytel has been eliminated. All publishing houses in the Group are included, both in Sweden and internationally.
Revenue - Streaming	ARPU * Paying Subscribers.

Signatures and Assurance

The Board of Directors and the Chief Executive Officer offer their assurance that this interim report provides a true and fair view of the Group's and the Parent Company's operations, financial position and operational performance.

FNCA Sweden AB is the company's certified adviser. FNCA can be reached at info@fnca.se or +46 8 528 00 399.

Stockholm, November 5, 2021

Stefan Blom
Chair of the Board

Jonas Tellander
Board Member and CEO

Jonas Sjögren
Board Member

Joakim Rubin
Board Member

Rustan Panday
Board Member

Malin Holmberg
Board Member

Helen Fasth Gillstedt
Board Member

Get in Touch with Us

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