

# Year-End Report

January-December 2021  
Storytel AB (publ)



# Highlights

## Financial Highlights

- Streaming sales up 20% from Q4 2020 to 605 (503) MSEK, 20% with constant exchange rates
- Subscriber base up 24% from Q4 2020 to 1,784,600 (1,442,000) on average
- Net turnover including Streaming and Books increased by 17% from Q4 2020 to 773 (663) MSEK
- Storytel Books sales up 20.0% YoY in 2021, EBIT margin 15.2% (7.7%)
- Earnings per share amounted to -1.97 (-1.05) SEK in Q4 2021, before and after dilution

## Other Highlights

- FY 2022 Streaming revenue growth target of 30-34 % and Group EBITDA-margin range of negative 3% to 0%. Streaming revenue growth does not include any positive effect from the Spotify partnership. The partnership is under review
- Storytel signed an agreement to acquire streaming service Audiobooks.com, thus entering the US market. To finance the acquisition, a new bridge loan of 500 MSEK and an increased credit facility to 850 MSEK were initiated with Swedbank
- An Extra General Meeting was held on November 30. Richard Stern was elected to the Board as a new director
- 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

## Highlights after the End of the Quarter

- Jonas Tellander steps down as CEO from February 18. Ingrid Bojner steps in as interim CEO
- Acquisition of Audiobooks.com completed on January 7
- An Extra General Meeting was held on February 11. Hans-Holger Albrecht was elected new Chairman of the Board after Stefan Blom stepped down
- Decision to discontinue quarterly forecasts on subscriber base to better reflect how Storytel operate and create value

**Table 1: Key Performance Indicators for Streaming and Books**

TSEK	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022
<b>Streaming Total<sup>1</sup></b>						<b>Forecast</b>
Revenue	503,449	517,075	545,451	583,084	605,128	693,000-700,000
Contribution Profit	107,074	97,592	105,933	94,655	71,501	
Contribution Margin	21.3%	18.9%	19.4%	16.2%	11.8%	
Avg. Paying Subscribers	1,442,000	1,540,600	1,626,900	1,724,000	1,784,600	
ARPU	116	112	112	113	113	
<b>Streaming Nordics<sup>1</sup></b>						
Revenue	399,639	401,834	423,323	447,199	459,018	458,000-460,000
Contribution Profit	134,166	119,418	127,010	135,684	128,319	
Contribution Margin	33.6%	29.7%	30.0%	30.3%	28.0%	
Avg. Paying Subscribers	926,000	957,500	983,600	1,024,000	1,047,900	
ARPU	144	140	143	146	146	
<b>Streaming Non-Nordics</b>						
Revenue	103,810	115,240	122,128	135,885	146,110	235,000-240,000
Contribution Profit	-27,092	-21,826	-21,078	-41,030	-56,817	
Contribution Margin	-26.1%	-18.9%	-17.3%	-30.2%	-38.9%	
Avg. Paying Subscribers	516,000	583,100	643,300	700,000	736,700	
ARPU	67	66	63	65	66	
<b>Books</b>						
Revenue	197,346	125,189	149,962	180,116	204,316	
Contribution Profit	81,774	52,852	66,479	83,436	97,385	
Contribution Margin	41.4%	42.2%	44.3%	46.3%	47.7%	
<b>Revenue Growth YoY</b>	<b>Q4 2020</b>	<b>Q1 2021</b>	<b>Q2 2021</b>	<b>Q3 2021</b>	<b>Q4 2021</b>	<b>Q1 2022</b>
<b>Streaming Total<sup>1</sup></b>						<b>Forecast</b>
Reported Revenue	19.5%	20.5%	18.8%	18.9%	20.2%	34.0%-35.4%
Revenue – CER	26.3%	26.5%	22.2%	19.6%	19.8%	30.7%-32.1%
<b>Streaming Nordics<sup>1</sup></b>						
Reported Revenue	13.5%	14.9%	15.6%	13.4%	14.9%	14.0%-14.5%
Revenue – CER	17.8%	18.0%	16.5%	13.3%	13.7%	11.7%-12.2%
<b>Streaming Non-Nordics</b>						
Reported Revenue	49.9%	45.0%	31.6%	41.9%	40.7%	103.9%-108.3%
Revenue – CER	69.9%	63.6%	45.1%	46.0%	43.3%	97.1%-101.5%
<b>Books</b>						
Reported Revenue	9.9%	9.1%	18.3%	19.8%	3.5%	
Revenue – CER	11.2%	12.1%	20.1%	19.8%	3.8%	

<sup>1</sup> 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,

2021 was a year of realization and refined strategy for Storytel pivoting our focus and investments towards the more mature audiobook-markets, where we currently see the largest growth potential. This contributed to Storytel being able to close the year with continued strong momentum in our top markets. As was laid out during our Capital Markets Day in 2020 the audiobook market is sizable and growing rapidly, with Storytel spearheading the development. By 2030 we expect the market size to reach 200 BSEK. In order to remain a frontrunner and expand the opportunity, we continuously evolve our strategy. As the landmark acquisition of Audiobooks.com was announced in Q4 and concluded in January 2022, it underlined our strategy to launch our service and embark on a new and even more accentuated trajectory of growth in more established audiobook markets. Entering the largest audiobook market in the world - the US - and expanding our presence into the English-speaking world, will without doubt be a significant piece of the puzzle. During the latter part of the year, we set our course for a journey where investments were directed towards impactful markets with strong momentum, such as the Nordics, Poland, Russia, the Netherlands, Turkey and Bulgaria. For the full year 2021, slightly below 95 percent of streaming revenue, and slightly above 85% of the revenue growth stem from aforementioned top markets. Hence, in 2022, we reiterate that we are mindful of continued marketing spend in regions where we experience slower traction and that our continued focus will be on our prioritized markets, including content projects and product enhancements and that they will contribute with the absolute majority of the mid-term growth. In the long term, we still believe that markets where the audiobook is less developed are important to reach our long term vision.

We reiterate that our primary aim is to ensure a local product market fit, which is achieved through adapting the local offering, adjusting price points, offering in-app and local payments and distribution and collaboration with partners. The digital marketing universe is constantly evolving, which creates both opportunities and challenges in how we acquire new customers. The global Center of Excellence for Online and Performance Marketing is an already implemented example of how we work intensely to ensure that we leverage efficient changes and adapt and develop new practices. As a result of the strategic shift in pivoting investments towards our top markets, geographical and functional centralization are logical next steps, making sure Storytel is set up as effectively and efficiently as possible as we continue to grow globally. Focused investments on growth-accretive initiatives, digital development and content creation will be strategic levers in reaching our mid and long term targets.

In conclusion, this refined strategy is part of our ongoing evolution as a leader and disruptor in a book and media landscape in constant transformation and will secure us reaching a 30-34 percent streaming revenue growth in 2022.

## Financial Metrics

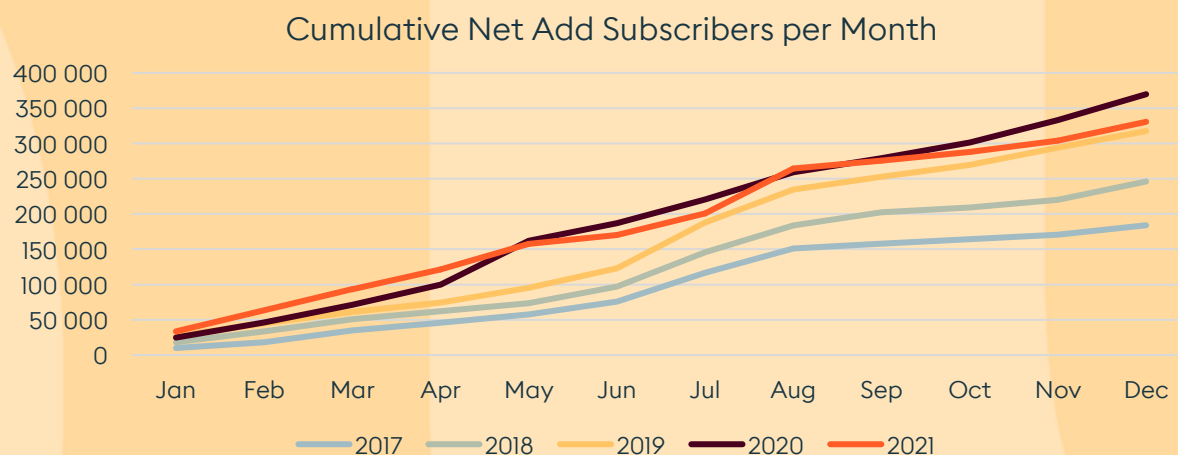
Streaming revenue for the fourth quarter of 2021 came in at 605 MSEK, which was within the forecasted range in both the Nordics and the Non-Nordics. FY 2021 streaming revenues came in at 2,251 MSEK (+20% YoY) slightly above the forecast of 2,250 MSEK. The total number of paying subscribers end of the year was 1.81 million, (+22% YoY), compared to the forecast of 1.82–1.84 million.

Earnings before interest, taxes, depreciation and amortisation (EBITDA) in the Storytel Group totalled -78.2 MSEK in the fourth quarter. The EBITDA margin for the FY 2021 ended at -6% which was in line with guidance.

Net added subscribers in Q4 2021 amounted to 55,000 subscribers, trending somewhat below the 2020 levels but above the levels from 2017–2019.

### Subscriber and revenue development

Despite high penetration levels and increased competition, the Nordics segment continued its strong growth with streaming revenues growing at 15% YoY in Q4 2021, compared to Q4 2020, amounting to 459 MSEK. ARPU remained high at 146 SEK, affected positively by a price increase in Sweden in mid-Q3, but it is expected to go down slightly in 2022 as the family offering and the newly launched student subscription become a larger part of the total subscriber base. The number of average paying subscribers in the Nordics was above the forecasted range, amounting to 1,047,900.

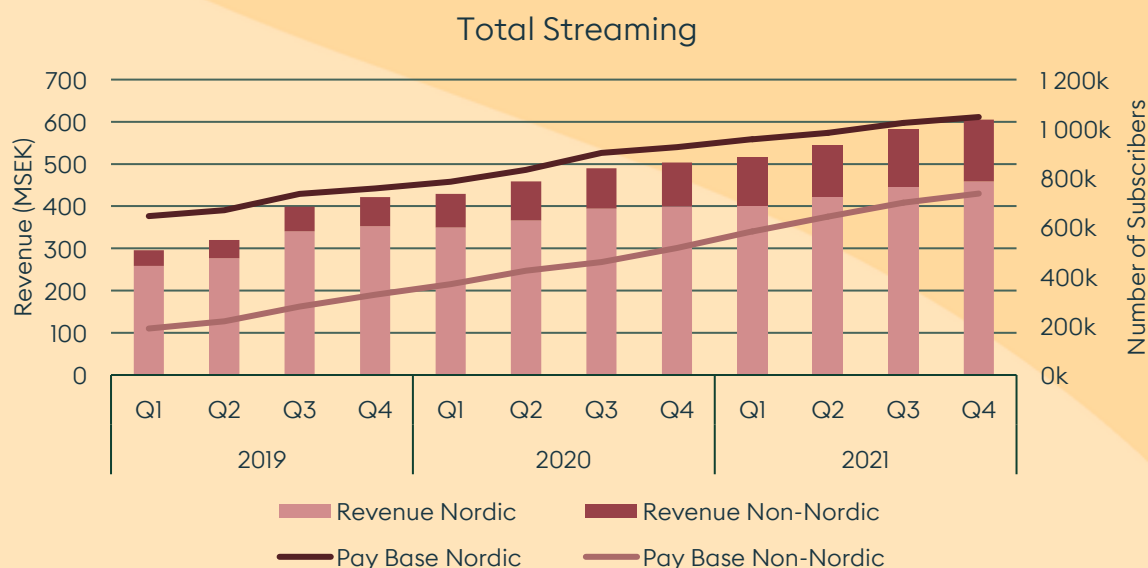


In the Non-Nordics, streaming revenues came in at 146 MSEK. The number of average paying subscribers was 736,700, somewhat below our forecast. The slower subscriber growth was primarily driven by a temporary increase in churn in India after recurring payments were banned for a large part of 2021, and intake figures did not compensate for this loss.

As reported throughout 2021, growth has been slower in the LATAM region. In Q4 we started to see signs of more positive momentum, primarily driven by Brazil where we lowered the price on our unlimited offering in late Q4. The result was an enhanced product market fit, and the subscriber base has doubled since the beginning of December.

## Contribution Profit Streaming

The contribution margin in the Streaming segment decreased nine percentage points in Q4 2021 compared to Q4 2020, primarily due to increased marketing investments in both the Nordics and Non-Nordics.



As was communicated in Q3, we have continued our investments in marketing, both in building long-term brand awareness and preference and in more performance-driven marketing. The balance between these investments aims to have a more long-term positive impact on our unaided awareness and subscriber growth as well as a more short-term impact on intake of new customers largely driven by holiday campaigns. The focus has continued to be on markets where we have seen continued positive momentum, which is the Nordics segment and Poland and Russia in the Non-Nordics segment. Marketing spend as a percentage of sales increased to 33.5% in Q4 2021 compared to 26.0% in Q4 2020, which is in line with our expressed strategy to continue growing in our largest markets.

Content cost was adversely affected and rose to 50.5% in Q4 2021 from 48.1% in Q4 2020. This primarily stems from increased content costs in the Nordics segment, with Norway and Finland being the main drivers, and was offset somewhat by an increased inhouse share of consumption driven by the acquisition of Lind & Co in Sweden during the year.

The gross margin developed adversely declining from 47.2% in Q4 2020 to 45.3% in Q4 2021, primarily due to the aforementioned increase in content cost.

## Forecast Targets

For the FY 2022, the target is to grow our streaming revenues by 30-34%, including the acquisition of Audiobooks.com. Streaming revenue does not include any positive effect from the Spotify partnership. The partnership is currently under review. Additionally, we aim to reach an EBITDA-margin in the range of negative 3% to 0%.

To better reflect how Storytel runs its business, with a medium- to long-term focus, we will no longer provide quarterly forecasts of paying subscribers. However, we will continue to provide quarterly forecast on Streaming revenues, to better reflect how we run and steer our business. We will continue to update on how we are tracking in accordance with current practice, i.e. five business days after quarterly closing we will publish the number of paying subscribers, ARPU and streaming revenue.

## Expansion and M&A

During the quarter we signed an agreement to acquire 100% of the outstanding shares in Audiobooks.com, one of the leading audiobook streaming services in the US. The acquisition lays the foundations for the company's expansion into English-language markets and underlines the pronounced growth strategy to launch in large and established audio markets. With the acquisition Storytel now offers its services in 28 countries, of which three through the Audiobook.com brand and one with the Mofibo brand. The acquisition was finalized on January 7, 2022 and will add more than 300 MSEK to streaming revenues and contribute with a positive EBITDA in 2022.

## Product, Platform and Partnerships

We continue to invest in improving our customer experience. As a result, we are seeing a positive NPS development, growing to 33 in the Q4 from 29 in Q3. AppStore ratings remained steady in the quarter at 4.65, compared to 4.6 in Q3 and PlayStore was at 4.25, compared to 4.2 in Q3.

In line with Storytel's mission, we are committed to delivering our service on the platforms our users prefer. Hence, during Q4 we added WearOS globally and Alexa in the MENA region to our already rich platform presence, e.g. AppleWatch, Sonos, Android Auto and Chromecast.

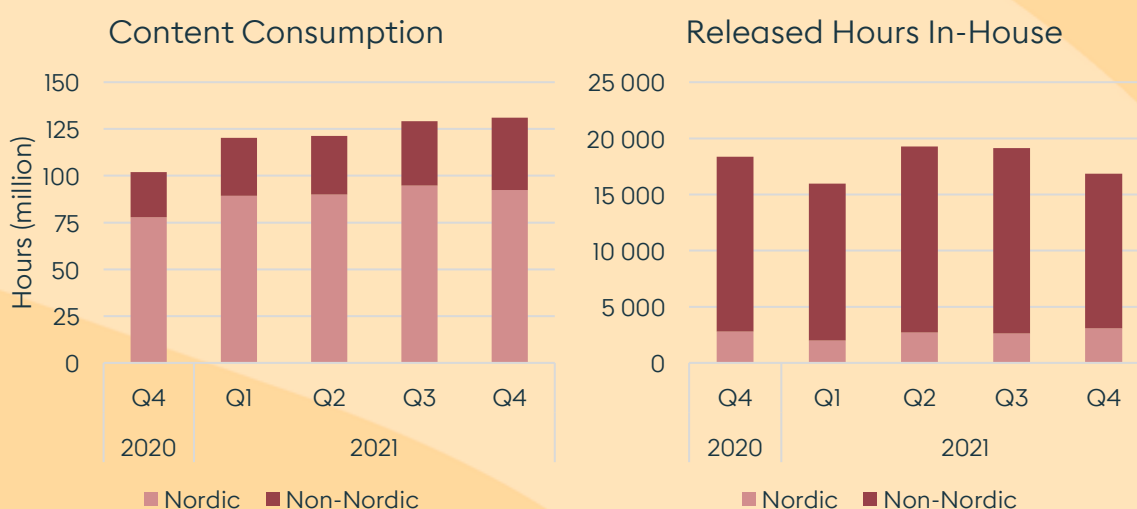
The Storytel Reader continues to offer an increasingly appreciated and demanded extension for customers who want to read and listen to books on a dedicated device. As a result, Storytel Reader sales grew by 15 percent in 2021. The Storytel Reader has an NPS score of 44 in Sweden, its largest market, and has been named "Best e-reader for Swedish users". In addition, the Reader launch in Iceland has been very successful leading to a penetration of over 10%.

In line with our product strategy to deliver an engaging experience and, help our users find the right books and consume them in delightful ways, we released several initiatives during Q4. Our apps now support Epub3 Read Aloud, enabling users with a new way to consume books and delivering an immersive experience with text, audio and image animations. The functionality has been very well received by our youngest audiences.

## Content

Consumption in the Storytel service amounted to 131 million hours in Q4 2021, up 28% from Q4 2020, i.e. a larger increase in engagement compared to subscriber growth. Growth in consumption on our main markets, is higher than growth in net subscribers, which indicate an increased maturity of the audiobook category and a deepening of the customer relationship.

In Q4 2021, we released 16,900 hours of audio content produced in-house; 3,100 hours in the Nordics and 13,500 hours in the Non-Nordics. In 2021, we released 71,000 hours corresponding to 13 500 ISBNs. In total the in-house audiobook catalogue that is owned by our digital publisher StorySide held more than 37,000 titles at the end of 2021, making Storytel one of the largest audiobook producers in the world.



Pottermore Publishing and Storytel have worked together since 2016 to produce and distribute the Harry Potter series on Storytel in languages such as Swedish, Icelandic, Turkish, Bulgarian, Arabic, Korean and Brazilian Portuguese. The Harry Potter series has contributed to the largest intake figures in Storytel's history, when compared to any other titles or series. We have two exciting new projects underway together: the exclusive production and distribution of the Harry Potter audiobooks in Russian and the Hogwarts Library Collection in Swedish, Danish, Finnish, Icelandic, Dutch, Bulgarian, Polish, Turkish, Korean and Brazilian Portuguese.

Storytel's Books segment continued its profitable growth in Q4. Since the acquisition of Norstedts Förlagsgrupp in 2016, we have seen continuous improvements in our Books segment, especially increased profitability levels, following increased digital sales and cost control. 2021 was a remarkable year for our Books segment with 20% YoY revenue growth and an EBIT improvement from 7.7% in 2020 to 15.2% in 2021. Owning content is a key pillar in our strategy, not only to be able to grow our subscriber base but also to secure long-term profitability within the Storytel Group.



## People & Culture and Sustainability

In Q4, Richard Stern was elected to the Board as a director. His election brings significant experience and expertise in digital media product development, both in the US and globally. During the quarter Johan Stähle and Mark Pasternak were appointed as Chief Product Officer (CPO) and Chief Technology Officer (CTO), respectively, and they joined the Management Team of Storytel AB.

In Q1 2022, Stefan Blom resigned as Chairman of the Board, and was succeeded by Hans-Holger Albrecht. Claus Nielsen, previously Country Manager in Denmark and Head of Storytel's Customer Engagement Team, joined the Management Team as Chief Operating Officer (COO). On February 17, Storytel informed that Jonas Tellander would step down as CEO. Ingrid Bojner will step in as interim CEO.

In Q4, Storytel performed its first full carbon footprint mapping in accordance with the Greenhouse Gas Protocol. This data collection marks the first step in Storytel's journey toward net zero emissions. The results from our carbon footprint mapping and more on our climate ambitions will be published in our annual Sustainability Report.

**Jonas Tellander**  
CEO and Co-Founder

# Financial Performance

## Consolidated Net and Total Turnover, Q4 2021

Net turnover for the Group in Q4 2021 totaled 772,817 (662,707) 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 operating income not pertaining to Streaming revenue.

Total Group revenue amounted to 862,896 (751,467) TSEK, of which 84,485 (77,741) TSEK is related to the capitalization of internal development work. From Q4 2020, streaming sales grew by 20%. The Books segment increased sales by 3.5%, affected positively by the acquisition of Lind & Co in 2021, but offset by an increase in sales from Storytel which have been eliminated. Net turnover grew by 16.6%.

## Consolidated Expenses, Q4 2021

Unit-sale costs for the Group totaled 466,176 (409,533) TSEK in Q4 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 13.8% YoY.

Gross margin increased by 0.5 percentage points to 46.0% in Q4 2021 compared to 45.5% in Q4 2020. This can be explained by an improved gross margin in the Books segment, improved margins due to the acquisition of Lind & Co and an increase in capitalization of internal development work.

Other external costs for the Group during Q4 2021 totaled 288,267 (204,452) TSEK, an increase of 41.0% YoY. The largest cost item and the largest increase from the prior year within this line item is marketing costs. Increased marketing investments were made primarily in Poland, Russia and the Netherlands, as well in some of the Nordic markets. Other significant costs included technology-related costs, consultant costs and office leases.

Staffing costs for the Group in Q4 2021 totaled 186,686 (160,308) TSEK, an increase of 16.5% YoY. The main increase relates to staffing costs for Streaming which increased in order to meet the pace of expansion, but also with the acquisition of Lind & Co.

## EBITDA, Q4 2021

EBITDA in the Group in Q4 2021 totaled -78,234 (-22,826) TSEK, equaling an EBITDA margin of -9.1% (-3.0%). EBITDA for the FY 2021 came in at -184,334 TSEK, an EBITDA margin of -6%, which was in line with the guidance.

## Depreciation and Amortization, Q4 2021

Depreciation, amortization and write-downs in the Group in Q4 2021 totaled –43,357 (-35,938) TSEK. The acquisition of Lind & Co in 2021 contributes to the increase in depreciation and amortization by approximately –6,551 TSEK in Q4 2021.

## Profit/Loss, Q4 2021

Profit/Loss for the period amounted to –134,832 (-65,783) TSEK. Earnings per share in Q4 2021 totaled -1.97 (-1.05) 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, Q4 2021

In Q4 2021, taxes, including deferred tax, amounted to –17,219 (-951) TSEK, mainly related to the Books segment.

## Capital Expenditure as at December 31, 2021 (compared to December 31, 2020)

At the end of Q4 2021, the company had intangible assets amounting to 973,112 (632,461) TSEK, where the largest items consisted of rights, licenses & brands, capitalization of the IT platform & recording of audiobooks and goodwill. The increase in intangible assets by 340,651 TSEK from Q4 2020 was 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 December 31, 2021 (compared to December 31, 2020)

At the end of the period, the Group had 993,130 (426,219) TSEK in cash and cash equivalents. The equity-to-asset ratio at the end of the period was 70.8% (61.9%). Equity increased to 2,111,208 (1,176,153) TSEK, mainly due to the directed share issue and its contribution in Q1 2021 to equity (after share issue expenses) of 1,157,197 TSEK.

Non-current liabilities to lending institutions totaled 0 (0) TSEK. The company has a non-utilized revolving credit facility of 850,000 TSEK, an increase of 350,000 TSEK during the quarter from 500,000 TSEK, as part of an amended agreement with Swedbank. A bridge loan facility was also negotiated during the quarter in connection with the acquisition of Audiobooks.com, however not utilized until the closing of the acquisition in Q1 2022.

## Cash Flow, Q4 2021

Cash flow from operating activities before changes in working capital was –91,879 (-20,853) TSEK. The change in working capital was –1,997 (9,618) TSEK. Cash flow from investing activities was –113,315 (-132,888) TSEK and was mainly attributable to the capitalization of expenses for the development of the technical platform and the digital catalogue of audiobooks and e-books.

## Guidance for FY 2022

<b>FY 2022 Guidance</b>	<b>Streaming Revenue growth</b>	<b>Group EBITDA margin</b>
Total	30-34%	Neg 3%-0%

# Financial Reports Summary

## Group

### Income Statement

TSEK	Q4 2021	Q4 2020	Q1-Q4 2021	Q1-Q4 2020
Net turnover	772,817	662,707	2,743,198	2,338,228
Change in inventory during production	-3,096	722	-5,614	4,597
Capitalized work for own account	84,485	77,741	311,429	240,392
Other operating income	8,691	10,298	38,830	33,285
<b>Total Group revenue</b>	<b>862,896</b>	<b>751,467</b>	<b>3,087,842</b>	<b>2,616,502</b>
Unit-sale costs	-466,176	-409,533	-1,674,050	-1,450,796
Other external costs	-288,267	-204,452	-944,600	-718,925
Staffing costs	-186,686	-160,308	-653,527	-531,519
<b>EBITDA</b>	<b>-78,234</b>	<b>-22,826</b>	<b>-184,334</b>	<b>-84,739</b>
Depreciation and amortization	-43,357	-35,938	-177,497	-106,946
Write-downs of intangible fixed assets	-	-	-24,663	-
<b>Profit/loss before financial items</b>	<b>-121,591</b>	<b>-58,764</b>	<b>-386,495</b>	<b>-191,685</b>
Profits from associated companies	69	340	1	424
Net financial items	5,847	-6,409	3,073	-19,042
<b>Profit/loss before taxes</b>	<b>-115,675</b>	<b>-64,833</b>	<b>-383,420</b>	<b>-210,303</b>
Taxes on profit for the period including deferred taxes	-17,219	-951	-20,279	26,786
Non-controlling interest	-1,939	-	-6,437	-
<b>Profit/loss for the period</b>	<b>-134,832</b>	<b>-65,783</b>	<b>-410,136</b>	<b>-183,516</b>
<b>Earnings per share, SEK</b>				
Group total, basic	-1.97	-1.05	-6.11	-2.99
Group total, diluted	-1.97	-1.05	-6.11	-2.99

## Group

### Balance Sheet

TSEK	31 Dec 2021	31 Dec 2020
Intangible assets	973,112	632,461
Tangible assets	27,676	24,640
Non-current financial assets	177,764	164,476
Inventory	65,662	53,207
Current receivables	745,173	598,427
Cash and cash equivalents	993,130	426,219
<b>Total assets</b>	<b>2,982,517</b>	<b>1,899,430</b>
Share capital	34,139	31,273
Other equity, including profit/loss for the year	2,005,292	1,144,880
Non-controlling interest	71,777	-
Provisions	78,591	65,714
Non-current liabilities	-	-
Current liabilities	792,717	657,563
<b>Total equity and liabilities</b>	<b>2,982,517</b>	<b>1,899,430</b>

### Changes in Equity

TSEK	Share capital	Reserves	Equity including net profit	Non-controlling interest	Total equity
<b>Opening equity January 1, 2020</b>	<b>28,055</b>	<b>17,241</b>	<b>296,904</b>		<b>342,200</b>
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
<b>Closing equity December 31, 2020</b>	<b>31,273</b>	<b>-9,168</b>	<b>1,154,048</b>	<b>-</b>	<b>1,176,153</b>
<b>Opening equity January 1, 2021</b>	<b>31,273</b>	<b>-9,168</b>	<b>1,154,048</b>	<b>-</b>	<b>1,176,153</b>
Non-controlling interest – from acquisition of Lind & Co				65,340	65,340
<i>Transactions with owners:</i>					
Share issue	2,866		1,238,732		1,241,598
Employee stock option			15,939		15,939
Warrant premium			6,998		6,998
Exchange differences		8,879			8,879
Other changes					
Profit/loss for the current period			-410,136	6,437	-403,699
<b>Closing equity December 31, 2021</b>	<b>34,139</b>	<b>-289</b>	<b>2,005,581</b>	<b>71,777</b>	<b>2,111,208</b>

## Group

### Cash Flow Statement

TSEK	Q4 2021	Q4 2020	Q1-Q4 2021	Q1-Q4 2020
Net profit/loss after financial items	-115,675	-64,833	-383,420	-210,303
Adjustments for non-cash items	38,804	46,714	211,783	111,320
Taxes paid	-15,008	-2,734	-26,744	-10,292
<b>Cash flow from operations before changes in working capital</b>	<b>-91,879</b>	<b>-20,853</b>	<b>-198,381</b>	<b>-109,275</b>
Change in working capital	-1,997	9,618	-22,146	26,423
<b>Cash flow from operating activities</b>	<b>-93,876</b>	<b>-11,235</b>	<b>-220,527</b>	<b>-82,582</b>
Cash flow from investing activities	-113,315	-132,888	-380,042	-385,302
Cash flow from financing activities	-671	130	1,162,066	548,260
<b>Cash flow for the period</b>	<b>-207,862</b>	<b>-143,993</b>	<b>561,498</b>	<b>80,106</b>
Available funds at the beginning of period	1,200,577	581,801	426,219	365,900
Translation differences in available funds	415	-11,588	5,414	-19,787
<b>Available funds at end of period</b>	<b>993,130</b>	<b>426,219</b>	<b>993,130</b>	<b>426,219</b>

## Parent Company

### Income Statement

TSEK	Q4 2021	Q4 2020	Q1-Q4 2021	Q1-Q4 2020
Net turnover	8,079	-360	20,896	4,717
<b>Total revenue</b>	<b>8,079</b>	<b>-360</b>	<b>20,896</b>	<b>4,717</b>
Other external costs	-4,533	-8,571	-8,741	-15,994
Staffing costs	-2,755	-1,693	-8,261	-6,156
<b>EBITDA</b>	<b>790</b>	<b>-10,263</b>	<b>3,893</b>	<b>-17,433</b>
Depreciation and amortization	-	-	-	-
<b>Profit/loss before financial items</b>	<b>790</b>	<b>-10,263</b>	<b>3,893</b>	<b>-17,433</b>
Net financial items	34,226	501	41,596	3,192
<b>Profit/loss before taxes</b>	<b>35,016</b>	<b>-10,123</b>	<b>45,489</b>	<b>-14,241</b>
Appropriations	3,460	20,926	3,460	20,926
Taxes on profit for the year including deferred taxes	-1,283	-	-1,283	-
<b>Profit/loss for period</b>	<b>37,193</b>	<b>10,803</b>	<b>47,666</b>	<b>6,685</b>

### Balance Sheet

TSEK	31 Dec 2021	31 Dec 2020
Non-current financial assets	2,774,757	2,072,537
Current receivables	590,958	379,248
Cash and cash equivalents	470,232	82,302
<b>Total assets</b>	<b>3,835,947</b>	<b>2,534,087</b>
Share capital	34,139	31,273
Other equity, including profit/loss for the year	3,796,115	2,487,680
Non-current liabilities	-	-
Current liabilities	5,694	15,135
<b>Total equity and liabilities</b>	<b>3,835,947</b>	<b>2,534,087</b>

# 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. As of the annual report for 2022, the financial statements will be converted to IFRS.

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 Q4 report has not been reviewed by the auditors of the company.

## Number of Shares and Share Capital as of December 31, 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 (31,272,517.5) SEK as at December 31, 2021. On average in Q4 2021 there were 68,281,911 registered shares divided between 635 Class A shares and 68,281,276 Class B shares. The shareholder structure is presented at [investors.storytel.com](https://investors.storytel.com).

## Dividend

The Board of Directors proposes that no dividends will be paid for the 2021 financial year.

## 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

On January 7, the acquisition of Audiobooks.com was completed.

An Extra General Meeting was held on February 11. Hans-Holger Albrech was elected new Chairman of the Board while Stefan Blom stepped down as Chairman of the Board.

On February 17, Storytel informed that Jonas Tellander would step down as CEO. Ingrid Bojner will step in as interim CEO.

## Financial Calendar

Annual Report	April 4, 2022
Annual General Meeting 2022	May 4, 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

<b>ARPU</b>	Average Revenue Per User (Subscriber) per month.
<b>Average Paying Subscribers</b>	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.
<b>CER</b>	Constant Exchange Rates.
<b>Churn</b>	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.
<b>Content Cost - Streaming</b>	Defined as content cost to third-party publishers and royalties to rights holders.
<b>Contribution Profit - Books</b>	Defined as revenue minus cost of goods sold, royalties to rights holders, distribution, sales, and marketing costs.
<b>Contribution Profit - Streaming</b>	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.
<b>EBITDA</b>	Earnings before interest, taxes, depreciation and amortization.
<b>EBITDA margin</b>	EBITDA as percentage of total Group revenue.
<b>Equity-to-Asset Ratio</b>	Adjusted equity (equity including non-controlling interest and untaxed reserves less deferred tax) as a percentage of the balance sheet total.
<b>Forecast</b>	An approximation based on information available at the time the report was prepared.
<b>FTE</b>	Full-time equivalents.
<b>Revenue - Books</b>	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.
<b>Revenue - Streaming</b>	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](mailto:info@fnca.se) or +46 8 528 00 399.

Stockholm, February 18, 2022

Hans-Holger Albrecht

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

Richard Stern

Board Member

## Get in Touch with Us

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