

# Interim Report



January-March 2020  
Storytel AB (publ)

## Highlights in this report, first quarter

- Streaming sales up 45% from Q1 2019 to 429 (296) MSEK
- Subscriber base up 38% from Q1 2019 to 1,154,800 (834,300) on average
- Net turnover increased to 513 MSEK from 385 MSEK in Q1 2019
- Earnings per share, after taxes amounted to -0.64 SEK, before and after dilution, compared to -1.60 SEK Q1 2019
- Successfully completed a directed share issue of 948 MSEK on 20 February 2020

**Table 1: Key performance indicators for Streaming and Print Publishing**

Currency: SEK 000's	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q1 2020	Q2 2020
					<b>Comparable actual<sup>8</sup></b>	<b>Actual<sup>8</sup></b>	<b>Forecast<sup>1</sup></b>
<b>Streaming Total</b>							
Revenue	295,994	320,034	399,178	421,454	429,251	429,251	458,000
Contribution Profit <sup>2,8</sup>	31,372	29,407	53,043	58,977	64,470	92,611	
Contribution Margin	10.6%	9.2%	13.3%	14.0%	15.0%	21.6%	
Avg. Paying Subscribers <sup>3</sup>	834,300	887,500	1,014,400	1,083,400	1,154,800	1,154,800	1,250,000
ARPU <sup>4</sup> (SEK/Month)	118	120	131	130	124	124	122
<b>Streaming Nordics<sup>5</sup></b>							
Revenue	258,288	276,347	340,315	352,222	349,768	349,768	366,000
Contribution Profit <sup>2,8</sup>	75,329	70,443	109,563	115,689	104,223	113,476	
Contribution Margin	29.2%	25.5%	32.2%	32.8%	29.8%	32.4%	
Avg. Paying Subscribers <sup>3</sup>	645,500	669,200	736,000	757,600	785,800	785,800	826,000
ARPU <sup>4</sup> (SEK/Month)	133	138	154	155	148	148	148
<b>Streaming Non-Nordics</b>							
Revenue	37,706	43,687	58,863	69,233	79,484	79,484	92,000
Contribution Profit <sup>2,8</sup>	-43,957	-41,036	-56,521	-56,713	-39,752	-20,866	
Contribution Margin	-116.6%	-93.9%	-96.0%	-81.9%	-50.0%	-26.3%	
Avg. Paying Subscribers <sup>3</sup>	188,800	218,300	278,400	325,800	369,000	369,000	424,000
ARPU <sup>4</sup> (SEK/Month)	67	67	70	71	72	72	72
<b>Print Publishing<sup>6</sup></b>							
Revenue	107,316	109,053	116,371	179,562	114,737	114,737	
Contribution Profit <sup>7</sup>	32,775	28,830	33,327	65,592	41,678	41,678	
Contribution Margin	30.5%	26.4%	28.6%	36.5%	36.3%	36.3%	

1 Forecast means an approximation based on information available at the time the report was prepared.

2 Contribution Profit is defined as streaming revenue minus royalties to third-party publishers and rights holders, external production costs, transaction/payment costs and marketing costs. Storytel Reader and Ztory are not included in Streaming.

3 Avg. Paying Subscribers means the average number of paying Storytel subscribers during the quarter. Stand-alone customers from Ztory are not included. For Family subscriptions, each standard stream (not so-called Kids Mode) is considered one paying customer.

4 ARPU = Average Revenue Per User (Subscriber) per month.

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

6 Print Publishing refers to physical books and digital sales through channels other than Storytel. Internal revenue from Storytel has been eliminated. All publishing houses both inside and outside of Sweden are included.

7 Contribution Profit is defined as revenue minus cost of goods sold, royalties to rights holders, distribution, sales and marketing costs.

8 Starting in Q1 2020 Storytel has chosen to voluntarily apply the capitalisation model instead of the expensing model regarding internally developed intangible assets. In this table, the development of our digital catalogue will be capitalised and no longer be treated as an expense as of Q1 2020. For reference the Q1 2020 result is shown using both the expensing model (comparable actual) and the capitalisation model, excluding amortisation (actual).

## *Letter to our shareholders*

Dear Shareholder,

It is impossible to describe the first quarter of 2020 without addressing the coronavirus situation around the world. Storytel's vision is to make the world a more empathetic and creative place with great stories to be shared and enjoyed anywhere, anytime, and by anyone. And this vision has arguably never been as relevant for society as it is in these times of the coronavirus pandemic. During the quarantine we all sacrifice established and comfortable habits, and for a limited period we embrace restricted liberty of action to protect at-risk groups and for unburdening heroic health care staff and hospitals.

The quarantine imposed on many markets throughout the world has also fueled peoples' already high interest in audiobooks and the service we offer. Storytel showed strong paying subscriber base growth in Q1 2020 that exceeded our forecast and an annual revenue growth of 45%. As Storytel announced at our Capital Markets Day in January, starting in 2020 we have chosen to voluntarily apply the capitalisation model, used by many other comparable streaming companies around the world, instead of the expensing model, for internally developed intangible assets. In accordance with the applied accounting framework (K3), the change has not been applied retroactively. Thus, internally developed intangible assets have only been recognised for related expenses in Q1 2020, and amortisation related to these assets is only applied as of when the assets are available for use. Under the capitalisation, the contribution margin increases to 21.6% in Q1 2020 and the EBITDA margin comes in at -5.4%.

On 20 February, the company successfully completed a directed share issue that raised 948 MSEK before fees and provided the funds needed to execute the company's business plan for years to come.

### **Revenues and subscribers**

During the first quarter of 2020, Storytel had an average of 1,154,800 paying subscribers, which was an increase of 71,400 customers compared to the fourth quarter of 2019, exceeding our forecast of 1,154,000 paying subscribers. Streaming revenues for the first quarter of 2020 came in at 429 MSEK, compared to the forecast of 438 MSEK. This was related to a slightly lower ARPU level than forecasted due to negative currency effects from the Norwegian Krone and an increase in Family subscriptions during the period. The average number of paying subscribers in the Nordic segment was 785,800 during the first quarter of 2020, which is 3,800 paying subscribers above forecast. Streaming revenues in the Nordics came in at 350

MSEK, compared to a forecast of 357 MSEK. The average number of subscribers in the Non-Nordic segment for the first quarter of 2020 totalled 369,000, an increase of 43,200 paying subscribers compared to the fourth quarter of 2019 and slightly below the communicated forecast of 372,000 for first quarter 2020. Streaming revenues for the Non-Nordic segment totalled 79 MSEK in the first quarter of 2020 corresponding to annual revenue growth of 111%.

### **Forecast targets**

For the second quarter of 2020, we expect to deliver yet another quarter of strong growth. Our forecast is total streaming revenues of 458 MSEK (+43% Y/Y) and 1,250,000 (+41% Y/Y) paying subscribers on average for the quarter. The forecast is based on the higher number of trial users we see but it needs to be pointed out that the uncertainty is greater than ever due to difficulty in forecasting in corona times.

Looking at our long-term targets, we reiterate them as presented at our Capital Markets Day on 14 January 2020. We aim to keep a CAGR of 40% in subscriber base growth and 35% CAGR in revenue growth, which implies that we will reach more than 4 million subscribers and almost 5 billion SEK in streaming revenues in 2023.

### **Market development**

Quarantines and restricted mobility in the customer's everyday life also means an evident and stronger need for people to share and to take part in experiences, communication and activation over digital platforms. As a leading audiobook streaming service with a vast catalogue of more than 400,000 titles in a wide range of popular genres, Storytel has the unique opportunity to meet these needs. Customers of all ages are now rapidly becoming more digitally savvy, and have more time at home to spend on entertainment.

New consumption patterns have started to emerge as a result of lockdown on many markets. Morning listening while commuting has gone down in some markets for obvious reasons, but this is more than compensated for by a higher rate of listenings in the afternoons and evenings. In the Nordics, we also see a clear growth in consumption on Sundays and at the beginning of the week. Crime & Thriller and Fiction have kept their positions as the most consumed genres in our service, but the influx of new users, combined with families spending more time with each other at home, has boosted the Children category to third place. At bedtime this category actually surpasses Fiction and is the second-most popular genre among our customers. Biographies and Personal Development are two other genres that have grown pronouncedly during the coronavirus pandemic, indicating that Storytel is used for self-fulfillment as well as entertainment.

It is obvious that the popularity of audiobooks and the digital transformation of the book market are increasing in both speed and impact due to the coronavirus pandemic. Publishing houses are currently experiencing rapidly decreasing physical sales and might find it difficult to stay profitable. This makes them more dependent on digital sales and audiobooks. The publishers that are likely to come out on top in this situation are those that manage to pivot or have invested in audiobooks at an early stage and already earn a large portion of their sales on audio.

### **Publishing**

Thanks to our innovative mindset and experience in using technological solutions for remote working, Storytel's global audiobook production has been up and running on all markets during the quarter, and we have experienced a relatively small impact on our production during this period.

Tapping into our customers needs and providing them with opportunities to not only escape and relax but also reflect on the current situation from different perspectives have been important for our publication of Storytel Originals. We have received a considerable amount of positive attention and interest from the public, media and our customers for the launches of true crime successes such as "Var är Olle?" in Sweden and "True Icelandic Crime" in Iceland as well as for initiatives that offer concrete guidance and support in the coronavirus situation like "Hitta lugn i kris" by the psychologist Helena Kubicek Boye and our quarantine podcasts in, for example, in Spain and Italy.

The physical book market is going through a turbulent time, with book sales in decline when consumers cannot visit book stores. Yet, with growing e-commerce sales and streaming, the publishing houses in the Storytel group are well-positioned for a digitalised market in transition. The Group has also launched a number of strong titles and authorships during the period, such as Anna Jansson, Nina Wähä and Rangan Chatterjee.

***Jonas Tellander, founder and CEO***

## *Financial performance, first quarter 2020*

### **Consolidated net and total turnover, Q1 2020 (compared to Q1 2019)**

Net turnover for the Group in Q1 2020 totalled 513,218 (385,016) 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, Nordic markets. 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, Ztory, own work or other non-material operating income.

Total consolidated revenue amounted to 571,937 (393,760) TSEK, of which 46,820 (0) TSEK related to the capitalisation of internal development work. Streaming sales grew by 45% from Q1 2019 while Print Publishing sales increased with 7%, mainly due to the acquisition of Gummerus in September 2019. Consolidated revenue, excluding capitalised development work, grew by 33.5%. If including the capitalisation of development work, the revenue growth was 45.2%.

### **Consolidated expenses, Q1 2020 (compared to Q1 2019)**

Unit-sale costs for the Group totalled 316,603 (244,649) TSEK in Q1 2020. 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 29.4% Y/Y as a result of increased revenues.

Gross margin increased to approx. 44.6% in Q1 2020, compared to 37.9% in Q1 2019. Excluding the effect of capitalising production costs for digital books, the gross margin would have been 39.7%.

Other external costs for the Group during Q1 2020 totalled 169,084 (126,948) TSEK, an increase of 33.2% Y/Y. The largest cost item under Other external costs is marketing costs. By the end of March 2020, Storytel had launched its service in 20 markets, which required greater investments in marketing than during the same period last year. Other significant costs included office leases, technology related services and costs, and consultant costs. Storytel's HQ is being renovated and some teams are hence located at Conventum in Slussen, which increases the office lease costs. At the end of September 2019, Storytel acquired Gummerus, which increased Other external costs thereafter.

Staffing costs for the Group in Q1 2020 totalled 117,359 (90,022) TSEK, an increase of 30.4% Y/Y. At the end of September 2019, Storytel acquired Gummerus, which increased staffing costs thereafter. Excluding Gummerus, staffing costs for the Print Publishing division were stable. Staffing costs for Streaming increased in order to meet the pace of expansion for both global functions and employees in new countries.

#### EBITDA, Q1 2020 (compared to Q1 2019)

Earnings before interest, taxes, depreciation & amortisation (EBITDA) in the Group in Q1 2020 totalled -31,108 (-67,858) TSEK, equalling a negative EBITDA margin of -5.4%. Excluding the effect of capitalising development cost related to the production of digital books and the technical platform the EBITDA margin would have been -14.7 %

#### Earnings, Q1 2020 (compared to Q1 2019)

Earnings for the period amounted to -37,592 (-89,116) TSEK. Earnings per share after taxes in Q1 2020 totalled -0.64 SEK, before and after dilution, (-1.60) SEK and were calculated as earnings for the period after taxes, divided by the average number of shares during the period.

#### Capital expenditure, depreciation and amortisation Q1 2020 (compared to Q1 2019)

At the end of Q1 2020, the company had intangible assets amounting to 307,645 (266,868) TSEK, whereas the largest items

consisted of rights, licences & brands, and goodwill. During the period the intangible assets have increased with 45,353 TSEK due to the capitalisation of expenses for development work of the technical platform and the digital catalogue of audio- and e-books.

Depreciation in the Group in Q1 2020 totalled -19,856 (-16,540) TSEK. Depreciation primarily includes depreciation attributable to goodwill and other excess value identified in connection with acquisitions. The largest asset items are connected to the acquisitions of Norstedts Förlagsgrupp, Mofibo, People's Press and Gummerus. All goodwill and excess values are depreciated on a linear basis over five to ten years. Depreciation on goodwill pertaining to acquisitions in currency other than SEK is affected by FX fluctuations. Other depreciation primarily refers to the purchasing and development of IT systems from external parties. All tech costs related to the development of Storytel's technical platform are recorded as expenses. From Q1 2020, these expenses are capitalised through the revenue line item Capitalised work for own account to the extent the criteria for capitalisation are fulfilled.

#### Taxes

In Q1 2020, taxes including deferred tax amounted to 10,877 TSEK. Storytel has made the assessment that deferred taxes on accumulated losses can be offset against future profits.

### Group: Financial position as at 31 March 2020 (compared to 31 Dec 2019)

At the end of the period, the Group had 1,110,247 (483,754) TSEK in cash and cash equivalents. During the period the directed share issue that was conducted in February increased the cash and cash equivalents by 948 MSEK.

Equity ratio at the end of the period was 59.5% (42.6%). Equity totalled 1,254,186 (540,301) TSEK, mainly due to the increase is the directed share issue, which increased the equity (after share issue expenses) by 937 MSEK.

Non-current liabilities to lending institutions totalled 300,109 (194,817) TSEK. The utilized portion of the revolving credit facility is classified as current liabilities and totals approx. 200 MSEK.

### Cash flow, Q1 2020 (compared to Q1 2019)

Cash flow from operating activities before changes in working capital was -44,390 (-77,794) TSEK and had a positive effect from the reclassification of expenses for development of the technical platform and the digital catalogue of audio- and e-books to investing activities. Change in working

capital is positive at 687 (-7,174) TSEK. Cash flow from investing activities was -52,588 (-6,562) TSEK, and was mainly attributable to of the capitalisation of expenses for development of the technical platform and the digital catalogue of audio- and e-books, and also investments in connection with renovation at Riddarholmen. Cash flow from financing activities amounted to 836,988 (-8,680) TSEK, and is mainly attributable to the directed share issue in February.

### Guidance for Q2 2020 and FY 2020 (Streaming segment)

#### Q2 2020 guidance

Avg. subscribers Nordics: 826,000

Avg. subscribers Non-Nordics: 424,000

**Avg. subscribers Total: 1,250,000**

Revenue Nordics: 366,000

Revenue Non-Nordics: 92,000

**Revenue Total: 458,000**

#### FY 2020 guidance

Subscribers EoY: 1,500,000

Streaming revenues: 1.9 BSEK–2.0 BSEK

Revenue growth: 32–35%

EBITDA margin: negative 1–5%

*(including the effect of capitalising development cost related to the production of digital books and the technical platform)*



## Consolidated Income Statement (TSEK)

	Jan-March 2020	Jan-March 2019	Jan - Dec 2019
Net turnover	513,218	385,016	1,843,267
Change in inventory during production	4,342	1,439	-2,148
Capitalised work for own account	46,820	0	0
Other operating income	7,558	7,305	26,185
<b>Total Group revenue</b>	<b>571,937</b>	<b>393,760</b>	<b>1,867,304</b>
<b>Operating expenses</b>			
Unit-sale costs	-316,603	-244,649	-1,142,305
Other external costs	-169,084	-126,947	-615,678
Staffing costs	-117,359	-90,022	-402,622
<b>Total operating expenses</b>	<b>-603,046</b>	<b>-461,618</b>	<b>-2,160,605</b>
<b>EBITDA</b>	<b>-31,108</b>	<b>-67,858</b>	<b>-293,301</b>
Depreciation and amortisation	-19,856	-16,540	-67,345
<b>Profit/loss before financial items</b>	<b>-50,965</b>	<b>-84,398</b>	<b>-360,645</b>
Profits from associated companies	28	30	55
Net financial items	2,468	-6,302	-19,596
<b>Profit/loss before taxes</b>	<b>-48,469</b>	<b>-90,670</b>	<b>-380,186</b>
Taxes on profit for the year including deferred taxes	10,877	1,554	67,520
<b>Profit/loss for the period</b>	<b>-37,592</b>	<b>-89,116</b>	<b>-312,666</b>

## Consolidated Balance Sheet (TSEK)

	31 March 2020	31 March 2019	31 Dec 2019
<b>Assets</b>			
Intangible assets	307,645	266,868	270,067
Tangible assets	20,134	6,641	15,309
Non-current financial assets	134,993	70,175	129,308
Inventory	77,435	84,462	71,873
Current receivables	458,021	355,803	453,444
Cash and cash equivalents	1,110,247	483,754	365,900
<b>Total assets</b>	<b>2,108,475</b>	<b>1,267,703</b>	<b>1,305,901</b>
<b>Equity and liabilities</b>			
Share capital	31,036	27,933	28,055
Other equity, including profit/loss for the year	1,223,150	512,368	314,145
Provisions	42,999	59,509	62,236
Non-current liabilities	102,525	194,817	196,134
Current liabilities	708,764	473,077	705,331
<b>Total Equity and liabilities</b>	<b>2,108,475</b>	<b>1,267,704</b>	<b>1,305,901</b>

## Consolidated Statement of Changes in Equity (TSEK)

	Share capital	Reserves	Equity including net profit	Consolidated equity
<b>Amount as at 1 January 2019</b>	<b>27,933</b>	<b>15,356</b>	<b>580,790</b>	<b>634,079</b>
Share issue	122		28,780	28,902
Exchange differences		1,885		1,885
Profit/loss for the current period			-312,666	-312,666
<b>Amount as at 31 Dec 2019</b>	<b>28,055</b>	<b>17,241</b>	<b>296,904</b>	<b>342,200</b>
Share issue	2,981		934,005	936,986
Employee stock option			1,409	1,409
Exchange differences		11,183		11,183
Profit/loss for the current period			-37,592	-37,592
<b>Amount as at 31 March 2020</b>	<b>31,036</b>	<b>28,424</b>	<b>1,194,726</b>	<b>1,254,186</b>

## Condensed Consolidated Cash-Flow Statement (TSEK)

	Jan-March 2020	Jan-March 2019	Jan - Dec 2019
<b>Net profit/loss after financial items</b>	<b>-48,469</b>	<b>-90,670</b>	<b>-380,186</b>
Adjustments for non-cash items	7,005	15,410	72,443
Taxes, paid	-2,926	-2,534	-26,317
<b>Cash flow from operations before changes in working capital</b>	<b>-44,390</b>	<b>-77,794</b>	<b>-334,061</b>
Change in working capital	687	-7,174	-6,316
<b>Cash flow from operating activities</b>	<b>-43,703</b>	<b>-84,968</b>	<b>-340,377</b>
<b>Cash flow from investing activities</b>	<b>-52,588</b>	<b>-6,562</b>	<b>-46,672</b>
<b>Cash flow from financing activities</b>	<b>836,988</b>	<b>-8,680</b>	<b>168,922</b>
<b>Cash flow for the period</b>	<b>740,696</b>	<b>-100,210</b>	<b>-218,127</b>
Available funds at beginning of period	365,900	582,585	582,585
Translation differences in available funds	3,651	1,379	1,442
<b>Available funds at end of period</b>	<b>1,110,247</b>	<b>483,754</b>	<b>365,900</b>

## Earnings per share

	Jan-March 2020	Jan-March 2019	Jan - Dec 2019
Average number of shares	58,533,988	55,865,307	55,927,503
Number of shares at end of period	62,072,562	55,865,307	56,109,410
Earnings per share before and after dilution (SEK)	-0.64	-1.60	-5.59

## Parent Company Income Statement (TSEK)

	Jan-March 2020	Jan-March 2019	Jan - Dec 2019
Net Turnover	1,800	843	3,788
<b>Total Group revenue</b>	<b>1,800</b>	<b>843</b>	<b>3,788</b>
<b>Operating expenses</b>			
Other external costs	-1,948	-1,526	-5,983
Staffing costs	-1,600	-1,468	-6,761
<b>Total operating expenses</b>	<b>-3,548</b>	<b>-2,994</b>	<b>-12,744</b>
<b>EBITDA</b>	<b>-1,748</b>	<b>-2,151</b>	<b>-8,956</b>
Depreciation and amortisation	-	-	-
<b>Profit/loss before financial items</b>	<b>-1,748</b>	<b>-2,151</b>	<b>-8,956</b>
Net financial items	4,832	-593	-9,151
<b>Profit/loss before taxes</b>	<b>3,084</b>	<b>-2,744</b>	<b>-18,106</b>
Taxes on profit for the year including deferred taxes	-	-	-400
<b>Profit/loss for period</b>	<b>3,084</b>	<b>-2,744</b>	<b>-18,506</b>

## Parent Company Balance Sheet (TSEK)

	31 March 2020	31 March 2019	31 Dec 2019
<b>Assets</b>			
Non-current financial assets	1,505,654	1,033,343	1,505,654
Current receivables	395,972	273,683	221,031
Cash and cash equivalents	804,605	316,612	140,745
<b>Total assets</b>	<b>2,706,231</b>	<b>1,623,638</b>	<b>1,867,430</b>
<b>Equity and liabilities</b>			
Share capital	31,036	27,933	28,055
Other equity, including profit/loss for the year	2,372,753	1,423,849	1,435,663
Non-current liabilities	102,525	143,463	399,882
Current liabilities	199,917	28,393	3,830
<b>Total Equity and liabilities</b>	<b>2,706,231</b>	<b>1,623,638</b>	<b>1,867,430</b>

### Accounting and valuation principles

This 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 and are unchanged since the latest published Annual Accounts apart from the voluntary application of the capitalisation model instead of the expensing model regarding internally developed intangible assets. The accounting and valuation principle is described below.

Amounts are reported in Swedish kronor 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 A.S. (Norway) is owned by Cappelen Damm and is reported here in accordance with the principle of proportional consolidation. Wholly owned subsidiaries are included in the financial statement from their time of registration or acquisition.

Starting in Q1 2020, Storytel has chosen to voluntarily apply the capitalisation model instead of the expensing model, regarding internally developed intangible assets. The internally developed intangible assets for the Storytel group consist of capitalised expenses for development of the technical platform and the digital catalogue of audio- and e-books. The change in accounting principles will provide a more reliable and relevant result and financial position, providing better visibility into the development work that is performed.

The group capitalises development expenses only when the following criteria are fulfilled:

- It is technically feasible to complete the intangible asset
- The intention is to complete and use or sell the asset
- There is an ability to use or sell the asset
- It is probable that the asset will generate future economic benefits
- There are technical, financial and other resources to complete and use or sell the asset
- The expenses incurred during the development phase can be measured reliably

The intangible assets are recorded at cost less accumulated amortisation and impairment, if any. The assets are amortised on a straight-line basis over the expected useful life, which is 3-5 years. When there is an indication that the value of the asset is impaired, an impairment

test is performed and if the impairment is expected to be permanent the value of the asset is written down to the recoverable amount. The group reassesses the useful life and amortisation method on a regular basis.

Related expenses are capitalised by recording the corresponding amount as income under “Capitalised work for own account”. In the first quarter, the change in accounting principles has affected the revenues of the Group by +46,8 MSEK, amortisations by -1,5 MSEK and the internally developed intangible assets by +45,3 MSEK. The EBITDA-margin is -5.4 % compared to -14.7 % if there had been no change in accounting principles. In accordance with K3, the change has not been applied retrospectively.

### Auditor’s review

This Interim Report has not been reviewed by the auditors of the company.

### Number of shares and share capital as at 31 March 2020 (compared to 31 March 2019)

There were 62,072,562 (55,865,307) registered shares in issuance at the end of the period, divided between 635 A-shares and 62,071,927 B-shares. Share capital totalled 31,036,271 (27,932,653.5) SEK as at 31 March 2020. On average in Q1 2020 there were 58,533,988 registered shares divided between 635 A-shares and 58,533,353 B-shares. The shareholder structure is presented at [investors.storytel.com](http://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 to Storytel’s international expansion, ability to acquire new customers, ability to innovate, and ability to maintain and develop its content catalogue. The comprehensive risk analysis is available in the company’s most recent annual report and company description.

## *Post-period activity*

### Annual General Meeting of Shareholders

The Annual General Meeting of shareholders was held in Stockholm on 6 May 2020.

### Dividend

The Annual General Meeting of shareholders decided no dividends be paid for the 2019 financial year.

### Forthcoming reports

Interim Report Jan – June 2020	11 Aug 2020
Interim Report Jan – Sept 2020	10 Nov 2020

### Signatures and assurance

The Board of Directors and the Chief Executive Officer offer their assurance that this Year-End 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, 12 May 2020

Rustan Panday  
Chairman of the Board

Jonas Tellander  
Board Member and CEO

Jonas Sjögren  
Board Member

Nils Janse  
Board Member

Stefan Blom  
Board Member

Malin Holmberg  
Board Member

Helen Fasth Gillstedt  
Board Member

## *Get in touch with us at:*

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