



Storytel has completed a directed share issue to existing and new investors and thereby raises gross proceeds amounting to approximately SEK 400 million

INSIDE INFORMATION: Storytel AB (publ) (“Storytel” or the “Company”) has, in accordance with the announcement made in a press release on 9 November 2022, successfully completed a directed issue of 8,791,209 class B shares corresponding to approximately SEK 400 million, of which 7,586,879 class B shares were resolved by the Board of Directors based on the authorisation granted by the Annual General Meeting on 4 May 2022 (“Tranche 1”) and 1,204,330 class B shares were resolved by the Board of Directors subject to the approval of an Extraordinary General Meeting (“Tranche 2”) (the “Directed Issue”). The subscription price in the Directed Issue was set at SEK 45.50 per class B share and was determined through an accelerated bookbuilding procedure performed by ABG Sundal Collier AB and Swedbank AB (publ). The Directed Issue was significantly oversubscribed. A number of Swedish and international institutional investors participated, including both new and current owners. Storytel’s two largest shareholders, EQT Public Value Investment Sàrl (“EQT”) and Roxette Photo NV (“Roxette”), together with the Finnish strategic investor Otava Ltd (“Otava”), has undertaken to subscribe for all shares in Tranche 2. An Extraordinary General Meeting is expected to be held on 28 November 2022 and notice will be published on 10 November 2022.

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“We are thankful for the support and trust in Storytel’s performance and business plans expressed by our investors and new shareholders via this financing. We are particularly pleased to add as shareholder Otava Ltd, owner of leading Finnish publishers and media companies, and look forward to exploring opportunities to deepen our relationship in the fast growing Finnish audiobook market”, says **Johannes Larcher**, CEO of Storytel.

Otava is the parent company of the Otava Group, which ranks third among media and communications publishers in Finland and includes the current Finnish market leader in general literature, Otava Publishing Company Ltd with a roster of leading Finnish and international authors.

Summary of the Directed Issue

Based on the outcome of the accelerated bookbuilding procedure, the Board of Directors of Storytel has, as indicated in the Company’s press release on 9 November 2022, resolved on an issue of a total of 8,791,209 class B shares at a subscription price of SEK 45.50 per share. The Directed Issue raises gross proceeds for the Company amounting to approximately SEK 400 million before deduction of costs

related to the transaction.

The Board of Directors' resolution to issue new class B shares is made (i) partly on the basis of the authorisation granted by the Annual General Meeting on 4 May 2022 on a directed issue of 7,586,879 class B shares (Tranche 1) and (ii) partly subject to an Extraordinary General Meeting approving the Board of Directors' resolution on a directed issue of 1,204,330 class B shares (Tranche 2). The Directed Issue entails a dilution of approximately 11.4 percent of the number of shares and approximately 11.4 percent of the votes in the Company.

The Directed Issue will increase the number of outstanding shares by 8,791,209 from a total of 68,281,911 to a total of 77,073,120 and outstanding votes by 8,791,209 from a total of 68,287,626 to a total of 77,078,835 (in total 77,073,120 shares, divided into 77,072,485 class B shares and 635 class A shares). The share capital increases by SEK 4,395,604.5 from SEK 34,140,955.5 to SEK 38,536,560.0. The Directed Issue was directed to selected Swedish and international investors, including Otava, EQT, C Worldwide Asset Management, Roxette and Richard Båge.

The Company intends to use the net proceeds from the Directed Issue to, inter alia, partially repay a bridge loan facility totalling SEK 500 million provided by Swedbank AB (publ), as part of the Company's financing of the acquisition of Audiobooks.com, which was announced on 12 November 2021 and 7 January 2022. Swedbank AB (publ) has offered to refinance SEK 200 million of the outstanding bridge loan facility with a term loan of the same amount. The proceeds will also strengthen Storytel's balance sheet and capital structure and thereby increase the Company's financial flexibility to pursue future strategic opportunities in line with the Company's implemented strategy of profitable growth.

Considerations made by the Board of Directors

The Company's Board of Directors has made an overall assessment and carefully considered the possibility of a rights issue to raise the required equity, but believes that this would, inter alia, entail a risk that the Company would not be able to meet its capital needs while maintaining an optimal capital structure. Prior to the Directed Issue, the Board of Directors has concluded that a rights issue would entail significantly longer execution time and thereby increased market risk exposure compared to a directed share issue. In addition, given the market volatility observed in 2022, which is still ongoing, the Board of Directors has assessed that a rights issue would also require significant underwriting by a syndicate of underwriters, which would entail additional costs and/or additional dilution depending on the type of consideration paid for such underwriting commitments. Moreover, unlike a rights issue, the Directed Issue has broadened the shareholder base and provided the Company with new reputable institutional owners and strategic investors, which the Board of Directors believes will strengthen the liquidity of the shares and be beneficial to the Company. Furthermore, the Board of Directors considers that an additional reason for the deviation from the shareholders' preferential rights is to ensure a strong balance sheet and a balanced general level of risk in the current market situation. In light of the above, the Board of Directors has made the assessment that the Directed Issue with deviation from the shareholders' preferential rights is the most favourable alternative for Storytel and in the best interest of the Company's shareholders.

As the subscription price in the Directed Issue has been determined through a bookbuilding procedure with institutional investors, it is the Board of Directors' assessment that the subscription price reflects current market conditions and demand and therefore is in line with market conditions

Extraordinary General Meeting

The Extraordinary General Meeting is expected to be held on 28 November 2022. Storytel's two largest shareholders, EQT and Roxette together with Otava, has, to facilitate the execution of the Directed Issue, undertaken to subscribe for all 1,204,330 class B shares in Tranche 2. Notice of such Extraordinary General Meeting will be issued separately on 10 November 2022. The Board of Directors' resolution on Tranche 1 is independent of whether or not an approval of Tranche 2 is made.

Lock up undertakings

In connection with the Directed Issue, the Company has, subject to customary exceptions, agreed to a lock-up undertaking on future share issuances for a period of 90 days following completion of the Directed Issue. Members of the Company's Board of Director and management, have, subject to customary exceptions, agreed not to sell their shares in the Company for a period of 90 days after the date of registration of the shares issued in Tranche 2 in connection with the Directed Issue with the Swedish Companies Registration Office.

Advisers

In conjunction with the Directed Issue, the Company has engaged ABG Sundal Collier AB and Swedbank AB (publ) as Joint Bookrunners. KANTER Advokatbyrå KB was legal advisor to the Company and Baker McKenzie Advokatbyrå KB was legal advisor to the Joint Bookrunners.

This information constitutes inside information as Storytel AB (publ) is obliged to disclose under the EU Market Abuse Regulation 596/2014. The information has been provided by the contact person below for publication at the point in time specified by Storytel's news distributor Cision at the publication of this press release.

FNCA Sweden AB is the company's certified adviser.

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About Storytel

Storytel is one of the world's largest audiobook and e-book streaming services and offers more than one million titles on a global scale. Our vision is to make the world a more empathetic and creative place, with great stories to be shared and enjoyed by anyone, anywhere and anytime. The streaming business within the Storytel Group is conducted under the brands Storytel, Mofibo and Audiobooks.com. The publishing business is managed by Storytel Books, and by the audiobook publisher StorySide. The Storytel Group operates in over 25 markets. The headquarters is located in Stockholm, Sweden.

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This press release does not identify or suggest, or purport to identify or suggest, the risks (direct or indirect) that may be associated with an investment in the new shares. Any investment decision to acquire or subscribe for shares in connection with the Directed Issue must be made on the basis of all publicly available information relating to the Company and the Company’s shares. Such information has not been independently verified by the Joint Bookrunners. The Joint Bookrunners is acting for the Company in connection with the transaction and no one else and will not be responsible to anyone other than the Company for providing the protections afforded to its clients nor for giving advice in relation to the transaction or any other matter referred to herein.

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Forward-looking statements

This press release contains forward-looking statements that reflect the Company’s intentions, beliefs, or current expectations about and targets for the Company’s and the Group’s future results of operations, financial condition, liquidity, performance, prospects, anticipated growth, strategies and opportunities and the markets in which the Company and the Group operates. Forward-looking statements are statements that are not historical facts and may be identified by words such as “believe”, “expect”, “anticipate”, “intend”, “may”, “plan”, “estimate”, “will”, “should”, “could”, “aim” or “might”, or, in each case, their negative, or similar expressions. The forward-looking statements in this press release are based upon various assumptions, many of which are based, in turn, upon further assumptions. Although the Company believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurances that they will materialize or prove to be correct. Because these statements are based on assumptions or estimates and are subject to risks and uncertainties, the actual results or outcome could differ materially from those set out in the forward-looking statements as a result of many factors. Such risks, uncertainties, contingencies and other important factors could cause actual events to differ materially from the expectations expressed or implied in this release by such forward-looking statements. The Company does not guarantee that the assumptions underlying the forward-looking statements in this press release are free from errors and readers of this press release should not place undue reliance on the forward-looking statements in this press release. The information, opinions and forward-looking statements that are expressly or implicitly contained herein speak only as of its date and are subject to change without notice. Neither the Company nor anyone else undertake to review, update, confirm or to release publicly any revisions to any forward-looking statements to reflect events that occur or circumstances that arise in relation to the content of this press release, unless it is not required by law or Nasdaq First North Growth Market rule book for issuers.

Information to distributors

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended (“**MiFID II**”); (b) Articles 9 and 10 of Commission Delegated

Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the “**MiFID II Product Governance Requirements**”), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any “manufacturer” (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the shares in Storytel have been subject to a product approval process, which has determined that such shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the “**EU Target Market Assessment**”). Solely for the purposes of each manufacturer’s product approval process in the United Kingdom, the target market assessment in respect of the shares in the Company has led to the conclusion that: (i) the target market for such shares is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook, and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“**UK MiFIR**”); and (ii) all channels for distribution of such shares to eligible counterparties and professional clients are appropriate (the “**UK Target Market Assessment**” and, together with the EU Target Market Assessment, the “**Target Market Assessment**”). Notwithstanding the Target Market Assessment, Distributors should note that: the price of the shares in Storytel may decline and investors could lose all or part of their investment; the shares in Storytel offer no guaranteed income and no capital protection; and an investment in the shares in Storytel is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Directed Issue. Furthermore, it is noted that, notwithstanding the Target Market Assessment, the Joint Bookrunners will only procure investors who meet the criteria of professional clients and eligible counterparties.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II or UK MiFIR; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the shares in Storytel.

Each distributor is responsible for undertaking its own target market assessment in respect of the shares in Storytel and determining appropriate distribution channels.