

**2022**

# Annual Report

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## Let us tell you a story



“

We ended 2022 as a more focused company with clear priorities on profitability and growth in our core markets, and a strong strategic position to further expand our content leadership and marketing capabilities.

”



**Storytel's ambition** has always been much larger than a market opportunity or a technological possibility. We aspire to move the world through story, one listener at a time.

80% 54% 60% 45% 95%

of users say that they read/listen to books more often since subscribing to Storytel.

of users say that Storytel has helped them broaden their general knowledge.

of users say that they read/listen to more books from different genres since subscribing to Storytel.

of our subscribers in Sweden listen to as least 5 minutes of Storytel every day.

of all employees feel included and that they can be themselves at Storytel.

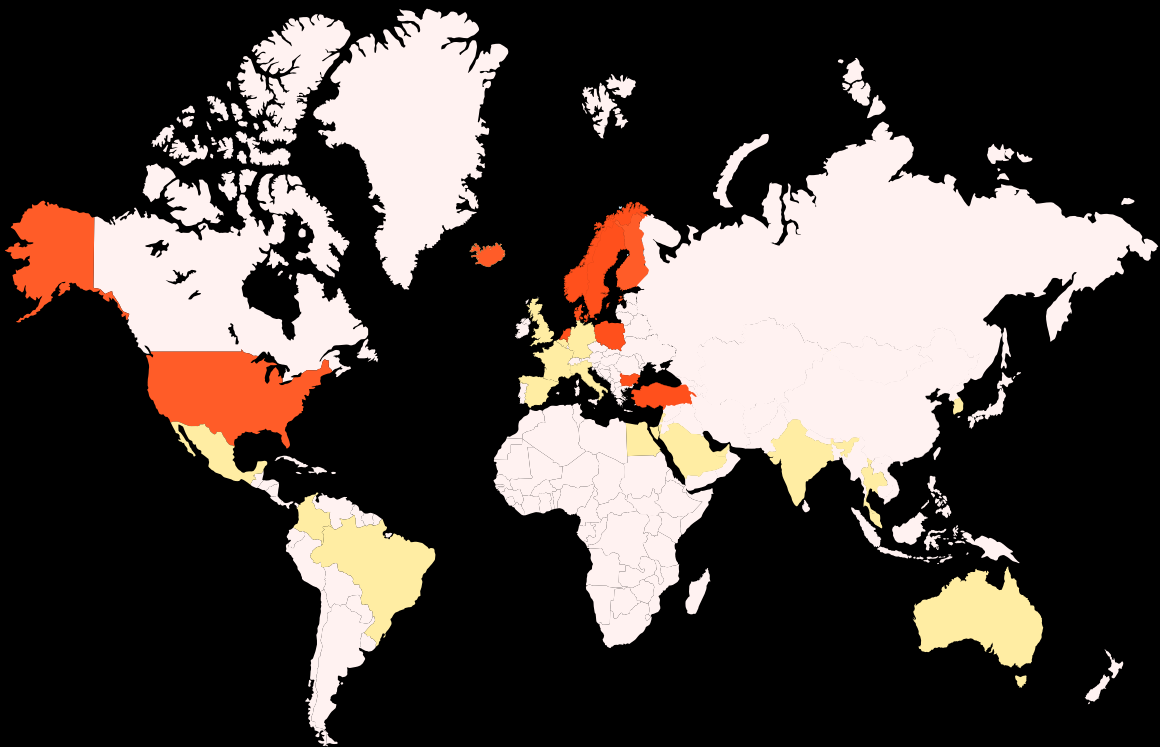
## About Storytel

Storytel aspires to be a global market leader in digital storytelling. By leveraging technology, Storytel democratizes stories through a platform for content creators and users.

Today, Storytel is both a digital platform provider of stories and a print publishing group, allowing the company to bring together the best of publishing and technology.

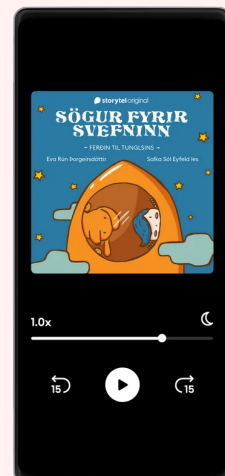


## Global presence



## Mission & Purpose

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.



# Vision and Mission

Storytel's ambition has always been much larger than the pursuit of a market opportunity or a technological possibility. We aspire to move the world through story, one listener at a time. We are a brand that aims to be a global leader and we want to provide experiences with an inherent good and give back every day. We want to create value and make a difference in people's everyday lives through our commitment to provide our customers access to the best stories.



**Storytel's ambition has always been much larger than the pursuit of a market opportunity or a technological possibility. We aspire to move the world through story, one listener at a time.**

**Vision** Make the world a more empathetic and creative place.

**Mission** Help people discover the right stories at the right time.

## About Storytel

Storytel is a global market leader in digital storytelling. We believe in moving the world through story, supported by a first-class technology platform for content creators and users. Today, Storytel is both a provider of a digital platform for stories and a print publishing group, allowing the company to bring together the best of publishing and technology.

By accessing stories via a digital platform, Storytel's subscribers can enjoy the benefits of reading and listening in a way that fits the modern lifestyle. The Storytel Group consists of two main divisions, Streaming and Publishing, which operate within the media & entertainment and print publishing industries, respectively. These divisions are synergetic and help Storytel deliver both premium content and a premium distribution platform. The Group has grown both organically and through a focused M&A strategy. Storytel's journey as a public company began in June 2015 on Spotlight with a market capitalization of MSEK 600. In December 2018, Storytel moved its listing to Nasdaq First North and by the end of 2022 it had a market capitalization of approximately BSEK 3.4.

## Streaming

Storytel is one of the world's largest subscribed audiobook and e-book streaming services and offers listening and reading of more than one million titles in 30+ languages on a global scale. Storytel's streaming business is conducted under the brands Storytel, Mofibo and Audiobooks.com and the company operates in over 25 markets around the globe: Sweden, Norway, Denmark, Finland, the Netherlands, Belgium, Poland, the U.S, South Korea, Germany, Spain, Iceland, Israel, UAE, Saudi-Arabia, Egypt, Italy, Turkey, Brazil, Mexico, Colombia, Bulgaria, India, Singapore, Australia, France, UK, Indonesia and Thailand. Storytel is headquartered in Stockholm, Sweden.

To support Storytel's continued expansion and operations in pioneering markets, Storytel launched a Global Store version of its application in 2022. The Global Store enables the entry of multiple local markets in which Storytel offers an Unlimited subscription and a "one-size-fits-all" experience, operated by one central team. The Global Store offers a vast number of audiobook and e-book titles in the following languages: English, German, Russian, Dutch, Polish, Spanish, Korean, Italian, Arabic, Thai, Hindi, Turkish, Marathi, French, Tamil, Bulgarian, Portuguese, Hebrew, Bengali, Chinese, Indonesian, Malayalam, Serbo-Croatian, Catalan and Romanian.

## Publishing

The Publishing division comprises of the specialized audiobook publisher StorySide and the Storytel subsidiary Storytel Books which includes renowned publishing houses and imprints such as Norstedts, Printz Publishing, Rabén & Sjögren, B. Wahlströms, Lind & Co, the Danish publisher People's and the Finnish publishers Gummerus and Aula & Co. Through its publishing houses and imprints, Storytel is a well-known publisher and literary agency in Europe, not least in the Nordic countries.



# 2005

Jonas Tellander and Jon Hauksson founded the Bokilur audiobook service with its *Unlimited* subscription. This subsequently becomes Storytel.



# 2011

The first Storytel-produced audiobook is launched on the Swedish market.



# 2016

Storytel acquires Norstedts publishing group, the second largest publishing group in Sweden. Storytel also acquires its Danish audiobook competitor Mofibo.



# 2018

Storytel is listed on Nasdaq First North. The *Family* subscription is launched.



# 2019

Storytel passes a new milestone: one million paying subscribers.



# 2022

Storytel finalizes acquisition of US-based streaming service Audiobooks.com. New milestones were reached when passing 2 million paying subscribers, the global catalogue passed 1 million titles, and more than 150 Storytel Originals were produced. Storytel shifts its strategic focus to profitable growth, driven by its core markets. Johannes Larcher appointed CEO - joining from HBO Max. The time-limited *Basic* and *Premium* subscriptions were launched.



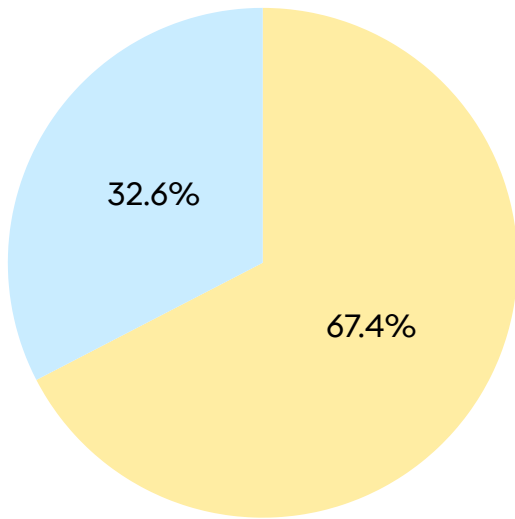
# 2023

Kristin Widell and Anna Etzler appointed Chief People Officer and SVP Operations. Peter Messner and Oleg Nesterenko appointed CFO and CMO, joining later in the year. Norstedts Förlagsgrupp celebrates its 200th anniversary. Time-limited *Family* and *Family+* subscriptions were launched.



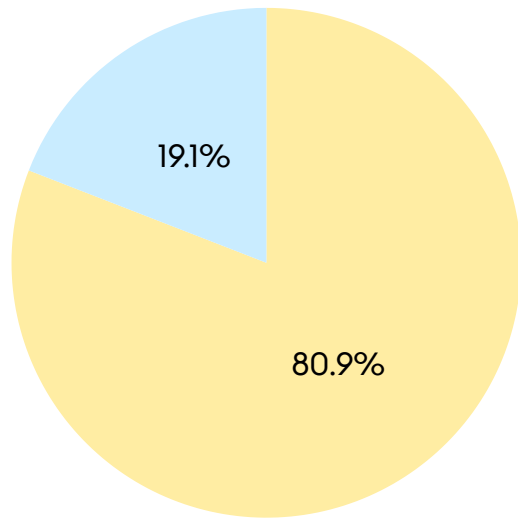
## Key Numbers

2022\*



Revenue split Nordics and Non-Nordics

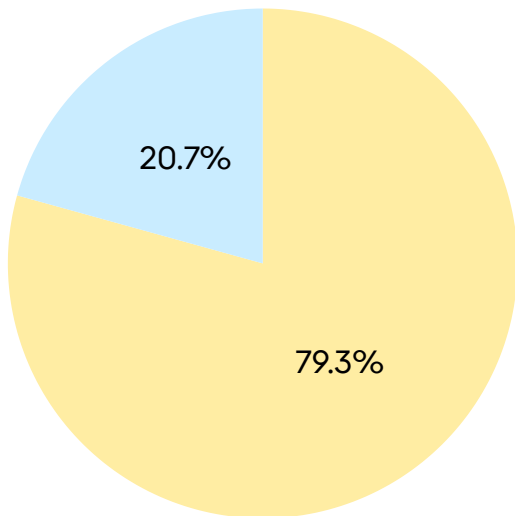
● Nordics ● Non-Nordics



Revenue split Streaming (Norway split 50%) and Publishing

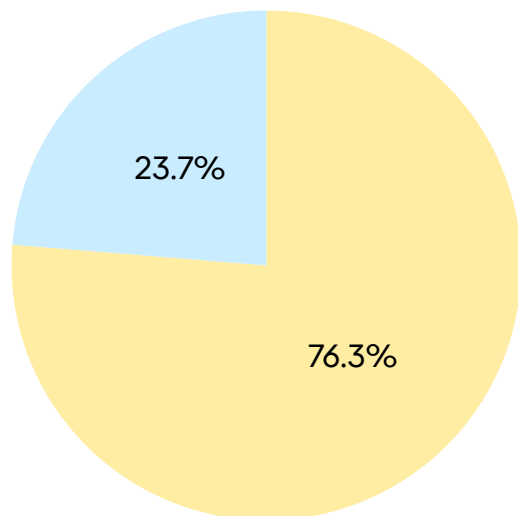
● Streaming ● Publishing

2021\*



Revenue split Nordics and Non-Nordics

● Nordics ● Non-Nordics

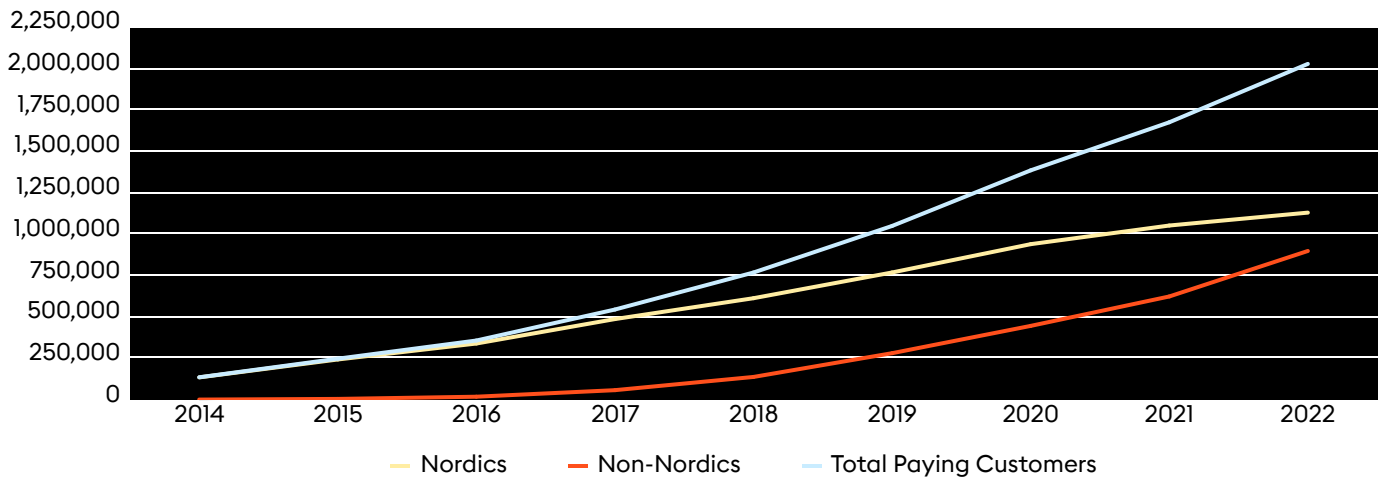


Revenue split Streaming (Norway split 50%) and Publishing

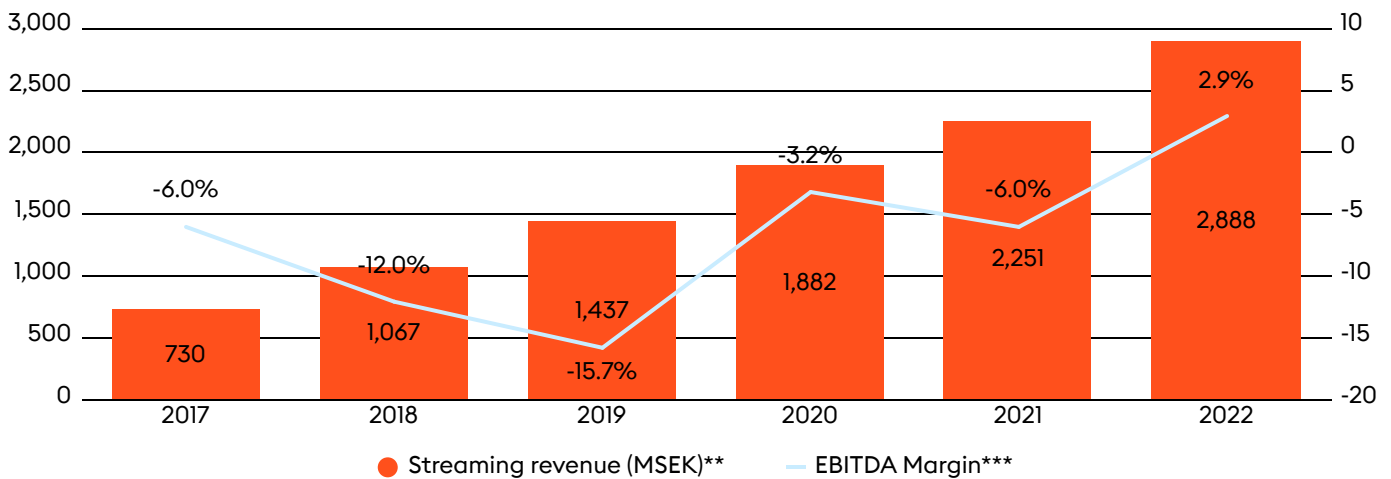
● Streaming ● Publishing



## Subscriber Base Development (Year-end)



## Streaming Revenue and EBITDA Margin

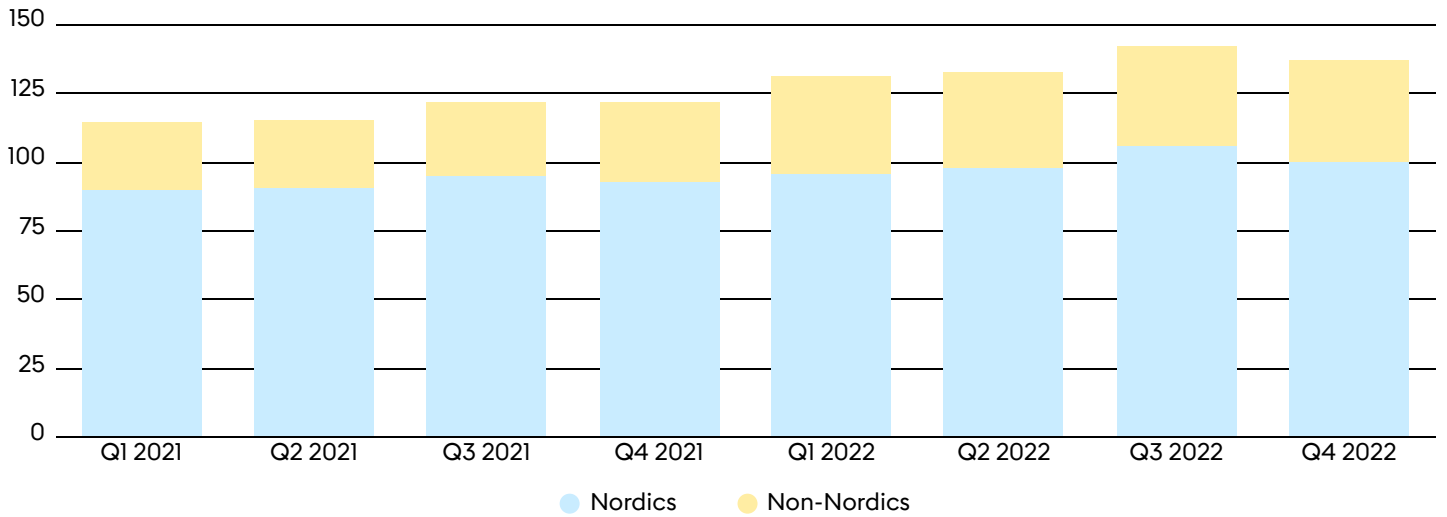


\*\*Including 100% Norway

\*\*\*Excluding items affecting comparability. Previous years reported figures according to K3, IFRS as of 2022

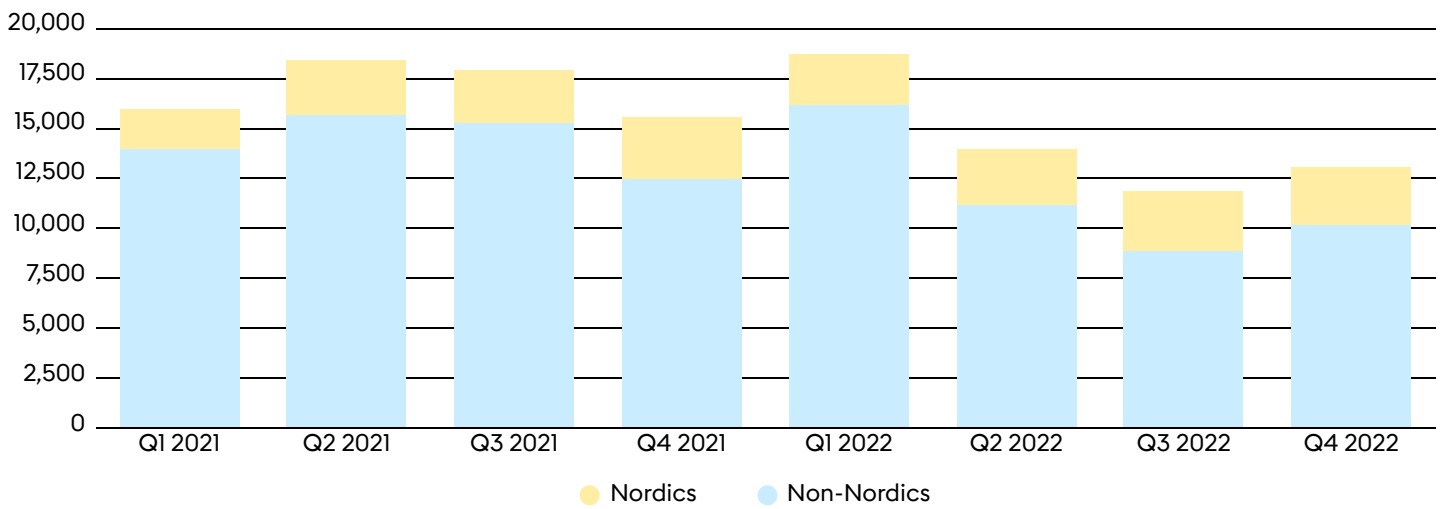
# Content Consumption\*

Hours (millions)



# Released Hours In-House\*

Hours



\*Excluding Russia

**"We ended 2022 as a more focused company with clear priorities on profitability and growth in our core markets, and a strong strategic position to further expand our content leadership and marketing capabilities."**



**Dear Shareholders,**

2022 was a truly remarkable year in Storytel's history.

Implementing a successful strategy shift and executing a significant transformation playbook, we wrote company history by achieving strong positive EBITDA levels for three consecutive quarters and for the entire year\*. We completed the transformation of our near-term strategy, a significant restructuring and rightsizing of our activities and organization, strengthened our balance sheet, and implemented our priority of profitable growth. We ended 2022 as a more focused company with clear priorities of profitability and growth in our core markets, and a strong strategic commitment to expanding our content leadership and marketing capabilities.

Storytel's commitment to its new strategy focused on growth in a set of core profitable markets in 2022 will continue in the coming year. Despite the necessary phase-out from Russia due to the war in Ukraine, I was happy to see that Storytel closed last year with continued strong momentum in our top ten markets: Sweden, Denmark, Finland, Norway, Iceland, the Netherlands, Turkey, Bulgaria, Poland and the United States.

Having switched our focus from growth only to profitable growth, we are making very selective investments beyond the core ten countries in 2023, and we are taking time to evaluate and prioritize our future activities outside the core markets. To support this evaluation for future expansion in pioneering markets, we soft-launched a Global Store-version of our application during the second half of 2022. The Global Store enables entry into multiple local markets around the globe with an Unlimited subscription offer. Operated by one central team, the Global Store offers a vast number of audiobooks and e-books in 20+ languages, including English, German, Russian, Dutch, Polish, Spanish, Korean, Italian, Arabic, Hindi, Turkish, Chinese and French.

#### **Audiobook entertainment no matter the wallet size**

During the year, Storytel saw Nordic launches of our new tiers Basic (time-capped, corresponding to approximately two books/month), Premium (time-capped, corresponding to approximately ten books/month). These new and attractively priced subscription plans complement our classic Unlimited, Family and Family+ offerings, which were re-launched in time-capped versions in the Nordics in Q1 2023. With these launches, we are confident that we offer the right plan for every part of our audience, regardless of their wallet size.

In 2022, Storytel brought all marketing functions from across the company together as one of our global functional pillars. Working in tight collaboration with our regional teams, this unit continuously implements and optimizes our full-funnel marketing strategy and is responsible for every stage of the Storytel customer life cycle. In addition, this team also plays an instrumental role in the company's promotional strategy that is now focused on fewer, but significantly more impactful, promo campaigns, optimized product tiering, and a refined pricing strategy calibrated for local product-market-fit in priority markets.

We also established a new Partnerships team that is dedicated to bringing Storytel to more listeners through partners ranging from mobile app stores and OEMs to telcos, financial services and e-commerce players. We are encouraged by how positive some of these early conversations have developed and look to such opportunities as an additional way of driving profitable growth in the future.

## **Moving the world through story – and strong data**

Storytel is a leader in spoken-word audio entertainment, representing a best-in-class global offering of more than 1,100,000 titles in 41 languages, over 135,000 authors and 115,000 narrators. Through our owned publishing houses, impactful marketing and our audiobook streaming service, Storytel is contributing to sustainable growth of the book industry in our core markets and creating new revenue streams for publishers and authors.

Over 75% of the audiobooks consumed on Storytel last year were books released more than a year ago. Evidently, timeless relevance and quality are important factors in our content offering, and our unlimited listening model is proving its strong suitability for stimulating consumption of such backlist titles.

Our mission is to move the world through story, and accordingly, we are increasingly focused on content as one of the core pillars of our strategy. We continuously aim to bring more and widely appealing content to our audiences and offer relevant content choices to every subscriber, every day. Combining the strength of our content catalog with insights derived from data generated by subscribers perusing our service, we are uniquely positioned to understand individual content preferences, tailor our offer, calibrate the artistic and commercial qualities of our Storytel Originals, and refine our personalized recommendations accordingly.

We are increasing our focus on Original content. In 2022, Storytel Books and our leading world-class audiobook and e-book publisher Storyside released over 10,000 titles, with more than 80% of these being Storyside releases, including 150+ Storytel Original audiobooks. Crime, Fiction, Romance and Thrillers remain the most coveted genres among our customers. We were pleased to celebrate several awards across the literary map over the year – from the nomination for the audio drama 1984 at the audiobook Oscars, The Audie Awards; a silver at the Effie Awards for our Polish audio drama Random; two prestigious August Awards in Sweden in the categories Best Non-Fiction and Best Children & Youth, to the 2022 Nobel Prize for Literature for Annie Ernaux, whose rights are exclusively held by Storytel Books in Sweden and Finland. Among our Storytel Originals, we are excited to bring to our listeners in 2023 releases including the thrilling gothic drama Blood Queen by Anna Lea and our brand-new Sherlock Holmes adventure Becoming Sherlock – The Red Circle by the famous novelist and screenwriter Anthony Horowitz.

## **Leader in a global audiobook market poised for strong growth**

The global audiobook market is still in the early phase of its evolution and poised for continued strong growth as more and more consumers around the globe discover the benefits of this dynamic medium. As a market leader in our core profitable markets, we are in a good position to benefit from this continued positive market evolution, and I am excited about all the opportunities for profitable growth our strategic initiatives will help unlock.

To capitalize on the opportunities ahead, Storytel aims to attract and retain the best management talent in the market. In recent months, we have welcomed, among many other talented additions to Storytel, Anna Etzler (formerly with Klarna, General Electric) as SVP Operations and our new Chief People Officer Kristin Widell (formerly HiQ, SAAB, Tieto). We've also announced the arrival later this year of Peter Messner (formerly Catena Media, MTG) as our new, permanent CFO, and Oleg Nesterenko, our new permanent CMO (MBC Group, STARZPLAY, Viasat). While we remain disciplined with respect to personnel cost and group headcount, we will continue to make changes and critical additions to our team in support of our strategy and priorities.

My focus is now on the years to come, and I am working closely with the management team and the Board on our continued strategic agenda to accelerate our exciting trajectory. I am thrilled that we remain well-positioned to be one of the global leaders in the fast-growing audiobook industry. Having successfully completed a period of transformation, and with sustained profitability delivered, we are now in the midst of articulating our strategy for accelerated growth of Storytel; details of which, including our long-term financial vision, will be shared at a Capital Markets Day, to be held in the third quarter.

## **Johannes Larcher, CEO, Storytel**

\*Excluding items affecting comparability



# Corporate Governance Report

Storytel AB (publ) is a public limited liability Swedish company, CIN 556575-2960, whose Class B shares are listed on Nasdaq First North Growth Market. The company has its registered office and head office in Stockholm.

Storytel's corporate governance is based on a framework of external and internal control instruments. External control instruments include the Swedish Companies Act, the Swedish Annual Accounts Act, and the Nasdaq First North Growth Market – Rulebook and generally accepted practice in the securities market, and internal control instruments include Storytel's articles of association, policies, instructions and guidelines.



## Share and Shareholders

The Class B shares in Storytel AB (publ) were admitted to trading on Spotlight Stock Market on 25 August 2015 via a reverse acquisition of Massolit Media AB and have been traded on Nasdaq First North Growth Market since 5 December 2018 under the ticker STORY B. The number of shares amounted to 77 073 120 on 31 December 2022, of which 77,072,485 were Class B and 635 were Class A. Each Class B share entitles the holder to one vote, while each Class A share entitles the holder to ten votes; however, all shares have an equal right to the company's assets and profits. On 31 December 2022, EQT was Storytel's largest shareholder, holding 14 percent of the votes and share capital in the company. The company's five largest shareholders on 31 December 2022 are shown below and in the Directors' Report.

### Largest shareholders as of 31 December 2022

Shareholder	Capital, %	Votes, %
EQT	14.4%	14.4%
Jonas Sjögren & associated companies	9.3%	9.3%
Jonas Tellander	6.3%	6.3%
Vitruvian Partners	4.3%	4.3%
Annamaria Tellander	3.9%	3.9%
Other shareholders	61.8%	61.8%
	100%	100%



# Governance Structure

## General Meeting of Shareholders

The general meeting of shareholders is Storytel's highest decision-making body. All shareholders have the opportunity at the general meeting to influence the company by exercising their voting rights relative to their shareholdings. The annual general meeting (AGM) must be held within six months from the end of the financial year and, in accordance with the Swedish Companies Act and the Articles of Association, address the adoption of the income statement and balance sheet and the consolidated income statement and balance sheet, appropriation of profit or loss, discharge from liability of the members of the Board of Directors and the CEO, determination of the number of directors and auditors and any deputies, fees to the Board of Directors and to the auditors, election of the Board of Directors and auditors and any deputies and any other matter to be dealt with by the meeting according to the Swedish Companies Act or the Articles of Association. The date and location of the AGM is communicated on the company's website no later than in conjunction with the Q3 interim report. Shareholders have the right to request that a matter be addressed by the AGM; such requests must be submitted in writing to the Board of Directors seven weeks prior to the AGM. Pursuant to Chapter 7, section 32 of the Swedish Companies Act, all shareholders are entitled to ask the company about the matters addressed during the AGM and about the financial situation of the company and the Group. In addition to the AGM, the company may convene an extraordinary general meeting (EGM). Notice of a general meeting must be given through an announcement in Post och Inrikes Tidningar (Swedish Official Gazette), and the notice must be made available on the company's website. Issuance of the notice must be announced in the newspaper Dagens Nyheter. Documents and bulletins from general meetings are published on the company's website. The 2023 AGM will be held on Wednesday, May 4, 2023.

## Extraordinary General Meeting, February 2022

Storytel held an EGM on February 11, 2022, at Baker & McKenzie Advokatbyrå's office at Vasagatan 7, 101 23 Stockholm, Sweden. The EGM resolved, in accordance with the Nomination Committee's proposal, that the Board will consist of eight members and no deputies and that Hans-Holger Albrecht be elected as a new Board member and new chair of the Board, replacing Stefan Blom. Stefan Blom stepped down from the Board in conjunction with the general meeting. The meeting further resolved that the remuneration to the newly elected member and chair should be SEK 750,000 on an annual basis, prorated for the part of the year for which he is appointed.

## 2022 Annual General Meeting

The 2022 AGM was held on May 4, 2022. The meeting was held without in-person attendance, and shareholders were instead allowed to exercise their voting rights solely through postal voting in accordance with the Act (2022:121) on temporary exceptions to facilitate the execution of general meetings in companies and other associations. Prior to the meeting, the shareholders were given the opportunity to submit questions in writing to the Board and the CEO. Recorded presentations by the company's auditor, the chair of the Nomination Committee and the company's CEO were published on the company's website. The AGM resolved in accordance with each of the proposals of the Board and the Nomination Committee regarding

- Adoption of the balance sheet and income statement.
- No dividend to shareholders, all funds available for the AGM were carried forward.
- The Board of Directors and the CEO were discharged from liability for the financial year 2021.
- That the Board of Directors shall consist of eight members without deputies and that the company must have one registered auditing firm as auditor.
- Re-election of Hans-Holger Albrecht, Richard Stern, Joakim Rubin, Helen Fasth Gillstedt, Malin Holmberg, Rustan Panday, Jonas Sjögren and Jonas Tellander as Board members. Re-election of Hans-Holger Albrecht as the chair of the Board.
- The fees for the members of the Board will amount to a total of SEK 3,500,000, including fees for committee work (SEK 2,600,000 the previous year). Resolution that SEK 250,000 (SEK 250,000) will be paid to each non-employed Board member (at the time: Richard Stern, Joakim Rubin, Helen Fasth Gillstedt, Malin Holmberg, Rustan Panday and Jonas Sjögren) and SEK 750,000 (SEK 750,000) to the chair of the Board (Hans-Holger Albrecht) and SEK 400,000 to the vice chair of the Board (Jonas Tellander); that SEK 50,000 (SEK 50,000) will be paid to each member of the Audit Committee and SEK 200,000 (SEK 200,000) to the chair of the committee; that SEK 50,000 (SEK 50,000) will be paid to each member of the Remuneration Committee and SEK 200,000 (SEK 200,000) to the chair of the committee; and that SEK 50,000 (SEK 50,000) will be paid to each member of the Remuneration Committee and SEK 200,000 (SEK 200,000) to the chair of the committee.
- Re-election of Ernst & Young Aktiebolag as the company's auditor. Ernst & Young Aktiebolag announced that authorized public accountant Johan Holmberg would continue to be the auditor-in-charge. Resolution that fees to the auditor will be paid according to approved invoices.
- Authorization for the Board, up until the next AGM, on one or more occasions, with or without preferential rights for shareholders, to issue in total a maximum of shares, warrants and/or convertibles, corresponding to not more than ten percent of the share capital of the cCompany after dilution.
- Establishment of a long-term performance based incentive program for key employees (LTIP 2022/2026) and directed issue of warrants of series 2022/2026 as well as approval of transfer of warrants.
- Extension of Employee Stock Option Program 2020/2023 and 2021/2024.

### **Extraordinary General Meeting, September 2022**

Storytel held an EGM on September 22, 2022. The meeting was held without physical presence, and shareholders were instead allowed to exercise their voting rights only by postal voting in accordance with the Act (2022:121) on temporary exceptions to facilitate the execution of general meetings in companies and other associations. Prior to the meeting, the shareholders were given the opportunity to submit questions in writing to the Board and the CEO. The EGM resolved, in accordance with the Nomination Committee's proposal, to elect Jared Grusd, Lina Brouneus and Lutz Finger as new Board members. Jonas Sjögren, Rustan Panday and Richard Stern stepped down from the Board in conjunction with the general meeting. The meeting further resolved that the fee to resigning Board members shall be paid for each commenced calendar month of the term between the 2022 AGM and the EGM and that the new Board members each shall receive SEK 145,000 (corresponding to approximately 7/12 of the remuneration resolved at the 2022 AGM).

### **Extraordinary General Meeting, November 2022**

Storytel held an EGM on 28 November 2022. The meeting was held without physical presence, and shareholders were instead allowed to exercise their voting rights only by postal voting in accordance with the Act (2022:121) on temporary exceptions to facilitate the execution of general meetings in companies and other associations. Prior to the meeting, the shareholders were given the opportunity to submit questions in writing to the Board and the CEO. The EGM approved the Boards' resolution from 9 November 2022 on a directed issue of class B-shares. The meeting further resolved to authorize the Board, up until the next AGM, on one or more occasions, with or without preferential rights for shareholders, to issue in total a maximum of shares, warrants and/or convertibles, corresponding to not more than ten percent of the share capital of the Company after dilution. The purpose of the authorization and the reason for a deviation from the shareholders preferential rights is to be able to carry out acquisitions.

### **2023 Annual General Meeting**

The 2023 AGM will take place on May 4, 2023. The date of the AGM was made available in conjunction with the presentation of the Q3 interim report and was originally planned to be held on May 2, 2023. The notice will be published in March 2023. For more information, please visit <https://investors.storytel.com/en/>.



## Nomination Committee

### Work of the Nomination Committee

The Nomination Committee is a body established by the AGM with the task of preparing and submitting proposals prior to the general meeting regarding the election of Board members, the chair of the Board, Board fees, potential remuneration for committee work, chair of the AGM, election of the auditor, auditor fees and principles for the Nomination Committee. The chair of the Board every year presents an evaluation of the Board's work to the Nomination Committee, which forms the basis for the Nomination Committee's work. The Nomination Committee's proposals are presented in the notice to the AGM and at <https://investors.storytel.com/en/>.

### Composition of the Nomination Committee

The Nomination Committee, in accordance with the principles for the Nomination Committee established by the 2020 AGM, shall consist of four members, three of whom must be appointed by the company's three largest shareholders. The fourth must be the company's chair of the Board. Unless otherwise agreed between the members, the member that is appointed by the largest shareholder is named the chair of the Nomination Committee. A Board member may never be the chair of the Nomination Committee. The principles for the Nomination Committee can be found in their entirety at <https://investors.storytel.com/en/nomination-committee/>.

### Meetings of the Nomination Committee

The Nomination Committee held two meetings prior to the 2023 AGM. No remuneration was paid for the work of the committee.

### Nomination Committee prior to the 2023 AGM

Members	Appointed by	Independence in relation to:	
		the company and executive management	the largest shareholder in the company in terms of votes
Fredrik Åtting, chair	EQT	Yes	No
Lars Bergkvist	Roxette Photo NV	Yes	Yes
Jonas Tellander	Jonas Tellander and Annamaria Tellander	No	Yes
Fredrik Åtting	EQT	Yes	Yes
Hans-Holger Albrecht, Chair of the Board		Yes	Yes

## Board of Directors

### Work of the Board

The Board must manage the company's affairs, safeguard the interests of the shareholders, appoint the CEO and be responsible for the company complying with applicable laws and its Articles of Association. The Board of Directors is also responsible for ensuring that the Group has an appropriate structure so the Board can optimally exercise its own responsibility over the Group, including subsidiaries, and that the bookkeeping, administration, and financial circumstances of the company can otherwise be controlled in a satisfactory manner. The Board must meet the company's auditor at least once a year without the presence of company management and evaluate the work of the CEO on an ongoing basis and at least once a year. The Board follows written rules of procedure that are revised annually and adopted at the first Board meeting each year, or another Board meeting if required. The rules of procedure prescribe how the division of work is to take place, including the role and responsibilities of the chair of the Board, instructions regarding the division of responsibilities between the Board and the CEO and the reporting of financial development to the Board.

### Composition of the Board of Directors

According to the Articles of Association, Storytel's Board of Directors must consist of a minimum of three and a maximum of eight members elected by the meeting who are elected annually for the period until the end of the following AGM. The 2022 AGM resolved that the Board shall consist of eight members elected by the meeting. Furthermore, the 2022 AGM appointed Hans-Holger Albrecht, Richard Stern, Joakim Rubin, Helen Fasth Gillstedt, Malin Holmberg, Rustan Panday, Jonas Sjögren and Jonas Tellander as Board members for the period until the end of the 2023 AGM and Hans-Holger Albrecht chair of the Board. The EGM in September 2022 elected Jared Grusd, Lina Brouneus and Lutz Finger as new Board members, replacing Jonas Sjögren, Rustan Panday and Richard Stern.

Since the EGM in September 2022, the Board consists of Hans-Holger Albrecht, Joakim Rubin, Helen Fasth Gillstedt, Malin Holmberg, Jonas Tellander, Jared Grusd, Lina Brouneus and Lutz Finger with Hans-Holger Albrecht as chair of the Board.

The average age at the turn of the year of the members elected by the general meeting was 52.7 years, and three of the eight members were women. For information about the Board members' assignments outside the Group and their holdings of shares in Storytel, see the Board of Directors' page and <https://investors.storytel.com/en/>.



### Diversity Policy

Storytel, through its Nomination Committee, strives for the Board to have a composition that is appropriate with regard to the company's operations, development stage and other conditions, characterized by versatility and breadth regarding the competence, experience, age, education and professional background of the members elected by the AGM. An even gender distribution must be sought.

## Independence of the Board

Of the Board's eight members, seven are independent in relation to the company and executive management and six are independent in relation to the company's major shareholders.

## The Board's Procedures and Policies

The Board reviews and adopts rules of procedure on an annual basis for its own work and for the work of the Board's Audit Committee, Remuneration Committee and Sustainability Committee. The Board also adopts instructions for the CEO. These procedures govern, for example, the distribution of work between the Board, the chair of the Board, the CEO and the auditor, the quorum, conflicts of interest, the work of the committees, internal and external reporting, procedures for the notice of meeting, meetings and the minutes. Furthermore, the Board reviews and adopts on an annual basis Storytel's significant steering documents such as its Code of Conduct and policies for sustainability, information security, insider information and communication, risk management and compliance.

## Evaluation of the Work of the Board

The work of the Board is evaluated on an annual basis with the aim of developing the Board's working methods and efficiency. The chair of the Board is responsible for the evaluation as a whole and for presenting it to the Nomination Committee. The intention of the evaluation is to gather feedback from Board members on how the work of the Board is performed, any measures that could be taken to improve the efficiency of the Board's work, and whether the Board is well-balanced in terms of competence. The evaluation is an important basis for the Nomination Committee prior to the AGM.

## Board Meetings

In 2022, the Board held 22 meetings, of which eleven were per capsulam and three were inaugural meetings. The CEO, the CFO and the general counsel, who is also the secretary of the Board, attend Board meetings. Other employees participate as needed to report on specific matters.

## Chair of the Board

The chair of the Board is elected annually by the general meeting. At the EGM on February 11, 2022, Stefan Blom stepped down from the Board and Hans-Holger Albrecht was elected the new chair of the Board. The AGM on May 4, 2022, re-elected Hans-Holger Albrecht as chair of the Board. The chair of the Board leads the Board's work and monitors that the Board discharges its duties. The chair is responsible in particular for ensuring that the work of the Board is well-organized, effective and in line with the development of the business. The chair of the Board monitors that the Board's decisions are executed effectively and is responsible for the annual evaluation of the work of the Board and informing the Nomination Committee about the results of the evaluation.

## Board Committees

### Audit Committee

The Board appoints the members of the Audit Committee annually at the inaugural Board meeting in conjunction with the AGM, and the committee then appoints its chair from among its members. At least one of the members must have auditing or accounting experience. The company's CEO, CFO, other employees or the auditor may be invited to participate in the committee's meetings. In 2022, the Audit Committee consisted of members Helen Fasth Gillstedt (chair), Hans-Holger Albrecht and Joakim Rubin. Hans-Holger Albrecht replaced Rustan Panday on the Audit Committee following the AGM on May 4, 2022. The Audit Committee is responsible for ensuring the quality of the financial reporting and the effectiveness of the internal control and risk management regarding financial statements.

In brief, the Audit Committee, without affecting the Board's responsibilities and tasks in general, must meet regularly with the company's auditors to learn about the audit's focus and scope. The Audit Committee shall convene at least five times each financial year. The meetings of the Audit Committee must be recorded in minutes. The Audit Committee must inform the Board about the matters it has handled. In 2022, the Audit Committee held five meetings.

### Remuneration Committee

The Board appoints the members of the Remuneration Committee annually at the inaugural Board meeting in conjunction with the AGM, and the committee then appoints its chair from among its members. The company's CEO, CFO, HR manager, other employees or the auditor may be invited to participate in the committee's meetings. In 2022, the Remuneration Committee consisted of Malin Holmberg (chair), Helen Fasth Gillstedt, and Hans-Holger Albrecht. Hans-Holger Albrecht replaced Rustan Panday on the remuneration committee following the EGM on February 11, 2022.

The tasks of the Remuneration Committee include the preparation of guidelines for remuneration structures and metrics for all or parts of the company, such as performance-based remuneration and incentive programs, and ensuring the application of the remuneration levels in the company. The committee has also been tasked with reviewing succession planning, employee satisfaction, and leadership development. The decisions regarding remuneration must be managed in a well-defined process that ensures no individual is involved in decisions regarding their own remuneration. The Board decides on the CEO's total remuneration package based on the recommendation of the Remuneration Committee. The remuneration package for other members of the management team or key staff in management positions is approved by the Remuneration Committee following recommendations by the CEO. The Remuneration Committee must meet at least four times each financial year. The meetings of the Remuneration Committee must be recorded in minutes. The Remuneration Committee must inform the Board about the matters it has handled during the year. In 2022, the Remuneration Committee held four meetings.

## **Sustainability Committee**

The Board appoints the members of the Sustainability Committee annually at the inaugural Board meeting in conjunction with the AGM, and the committee then appoints its chair from among its members. In 2022, the Sustainability Committee consisted of Helen Fasth Gillstedt (chair) and Jonas Tellander.

The Sustainability Committee is responsible for ensuring that the company works strategically and systematically with sustainability throughout the business, manages objectives and follow-up and strengthens relationships with external parties. The Sustainability Committee supports the Board in fulfilling its responsibilities regarding issues concerning climate and the environment, human rights, working conditions and anti-corruption. The Sustainability Committee must meet at least four times each year. The meetings of the Sustainability Committee must be recorded in minutes. The Sustainability Committee must inform the Board about the matters it has handled during the year. In 2022, the Sustainability Committee held four meetings.

## **CEO and Group Management**

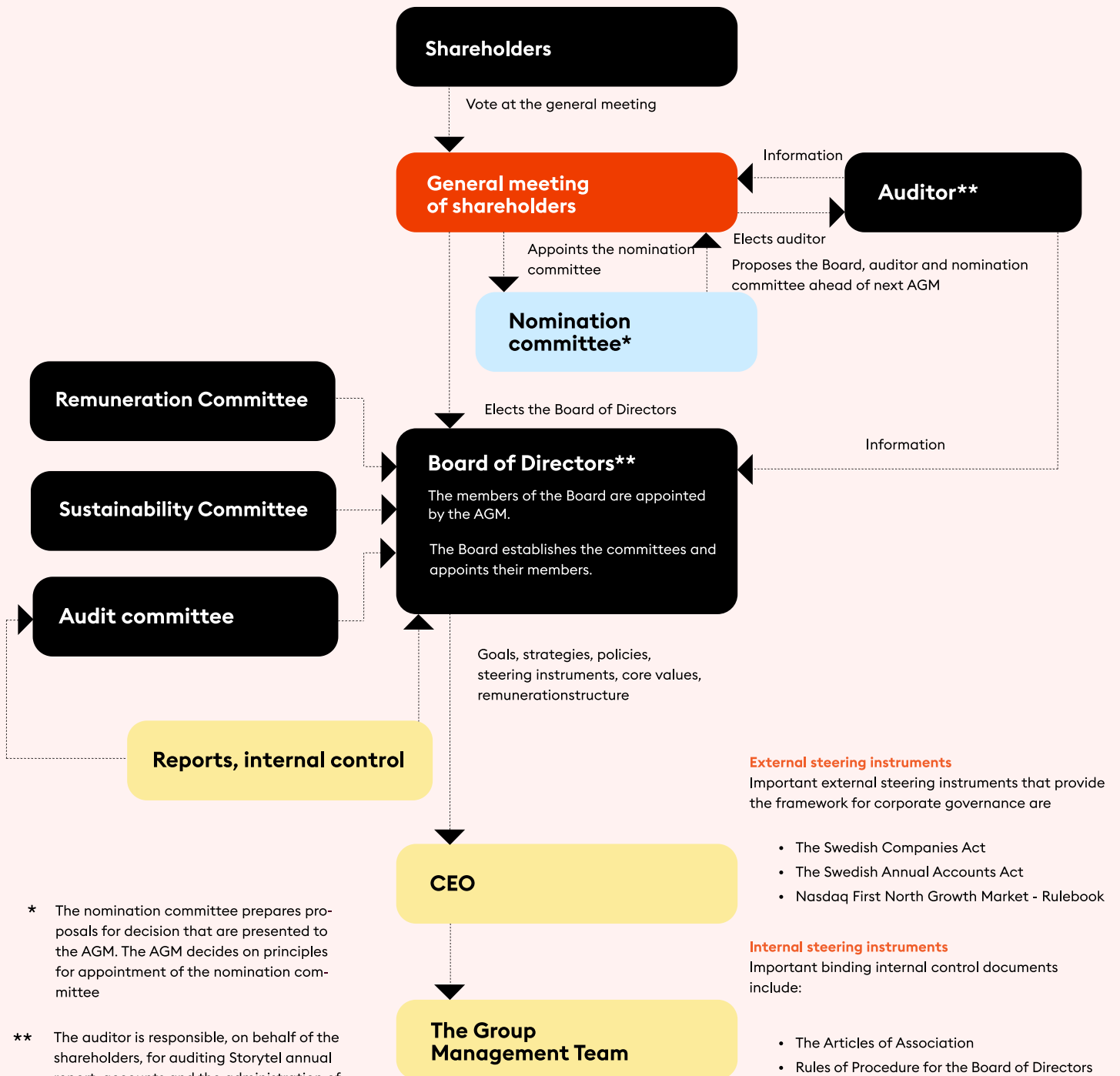
The CEO is appointed by the Board and leads the operations in accordance with the instructions adopted by the Board. The CEO is also responsible for the ongoing administration of the company's and the Group's operations in accordance with the Swedish Companies Act. Furthermore, the CEO decides, together with the chair of the Board, the agenda for the Board meetings. The Board evaluates the CEO's duties and work on an ongoing basis. The CEO is responsible for both ensuring that the Board receives the information it requires and presenting and proposing at the Board meetings the matters prepared by the company management. The CEO keeps the Board and the chair of the Board informed about the company's and the Group's financial position and performance.

Johannes Larcher has been the CEO of Storytel since October 1, 2022. On February 18, 2022, Jonas Tellander resigned as CEO of Storytel and was replaced by Ingrid Bojner as interim CEO until September 30, 2022. As at December 31, 2022, in addition to the CEO, Group management consisted of seven senior managers: the chief financial officer, the chief content officer, the chief business officer, the chief technology officer, the chief product officer, the chief operating officer and the senior adviser to the CEO. In 2023, the senior adviser to the CEO left the company, and the Group management team was expanded to also include a chief people officer, the CEO Storytel Books, senior vice president of operations and the general manager of Audiobooks. For information about the CEO and other members of Group management, see the Management Team page.

Group management holds regular management meetings, and in 2022 the meetings were held weekly. The meetings focus on the Group's strategic and operational development and result follow-ups.

## **Auditor**

The auditor is appointed by the AGM to audit the company's annual accounts and bookkeeping and the administration of the Board and the CEO. The auditor's reporting to the shareholders takes place at the AGM through the auditor's report. At the AGM on May 4, 2022, the registered auditing company Ernst & Young Aktiebolag was re-elected as the company's auditor with the authorized public accountant Johan Homberg as the auditor-in-charge.



\* The nomination committee prepares proposals for decision that are presented to the AGM. The AGM decides on principles for appointment of the nomination committee

\*\* The auditor is responsible, on behalf of the shareholders, for auditing Storytel annual report, accounts and the administration of the Board of Directors and the CEO. Reports to the Board of Directors and the shareholders.

**External steering instruments**

Important external steering instruments that provide the framework for corporate governance are

- The Swedish Companies Act
- The Swedish Annual Accounts Act
- Nasdaq First North Growth Market - Rulebook

**Internal steering instruments**

Important binding internal control documents include:

- The Articles of Association
- Rules of Procedure for the Board of Directors
- Instructions for the CEO, the audit committee, and financial reporting
- Policies



## Board of Directors



### Hans-Holger Albrecht

Chair of the board since 2022

**Born:** 1963

**Education/background:** Hans-Holger He has a Doctorate from the University of Bochum in Germany and a Master of Law from the University of Freiburg in Germany. He has a solid background as CEO, Chairman and Board Member of listed and private companies on an international basis. Most recently, he was CEO of Deezer, one of the largest music streaming services worldwide. Prior to that, he was President and CEO of the international telecom and media group Millicom International, operating in more than 15 countries in Latin America and Africa. He also served as President and CEO at Modern Times Group, MTG AB.

**Other significant board assignments:** Chair of the board of Scout24 Group and Superbet Group, board member of Deezer, nonexecutive director of VEON and Ice Group ASA.

**Independent in relation to the company and management:** Yes

**Independent in relation to major shareholders:** Yes

**Holdings in the Company:** 30,000 Class B shares

**Warrants:** -

**Call options:** 149,955



## Jonas Tellander

Founder of Storytel, CEO 2005-2022, board member since 2005 and vice Chair of the board since 2022

**Born:** 1970

**Education/background:** Jonas is the founder and former CEO of Storytel. He holds a MSc in Chemical Engineering from Lund University and an MBA from INSEAD. He has previously worked as Head of global licensing at Roche.

**Other significant board assignments:** -

**Independent in relation to the company and management:** No

**Independent in relation to major shareholders:** No

**Holdings in the company:** 4,850,000 Class B shares

**Employee stock options:** 17,847

**Warrants:** 62,500



## Lutz Finger

Board member since 2022

**Born:** 1971

**Education/Background:** Lutz has an MBA from INSEAD and an MSc in Physics from TU Berlin. He is an esteemed technologist with a diverse background in building innovative technology platforms for companies including Google, LinkedIn, and SNAP Inc. Lutz is currently the president of Product and Development at Marpai Inc., a US-based health-tech company and also serves as an advisor, nonexecutive board member and Angel investor at several data-centric corporations in Europe and the US.

**Other significant board assignments:** Non-executive board member of the 1&1 Mail & Media Applications SE.

**Independent in relation to the company and management:** Yes

**Independent in relation to major shareholders:** Yes

**Holdings in the company:** -

**Warrants:** -

**Call Options:** -



## Helen Fasth Gillstedt

Board member since 2019

**Born:** 1962

**Education/Background:** MSc in International Business and Finance & Control from the Stockholm School of Economics. She was previously a board member of amongst others Samhall AB, AcadeMedia AB, Lindorff A/S, NAI Svefa AB, Intrum Justitia AB, Swedesurvey AB and Humana AB. She has also been Vice President in different areas in the SAS Group and has had other management positions within the Statoil Group A/S.

**Other significant board assignments:** Member of the board and chair of the audit committee in Sortera AB, Viva Wine Group, PowerCell AB, Munters AB and Handelsbanken Fonder AB. Representing Handelsbanken Fonder in multiple Nomination Committees.

**Independent in relation to the company and management:** Yes

**Independent in relation to major shareholders:** Yes

**Holdings in the company:** 5,000 Class B shares

**Warrants:** 10,000

**Call options:** 10,000



## Malin Holmberg

Board member since 2020

**Born:** 1971

**Education/Background:** MBA from INSEAD and MSc in Economics and International Business from Stockholm School of Economics. Leading positions include Partner at the European venture capital firm Target Global, Chief Product Officer at Tele2 and CEO Tele2 Netherlands. She is currently CEO EMEA and AsiaPac at Experian, a world leading, global information services company.

**Other significant board assignments:** -

**Independent in relation to the company and management:** Yes

**Independent in relation to major shareholders:** Yes

**Holdings in the company:** 3,200 Class B shares

**Warrants:** 25,000

**Call options:** 10,000





## Jared Grusd

Board member since 2022

**Born:** 1966

**Education/background:** Jared received an MBA from Columbia Business School, a JD, with honors, from the University of Chicago Law School, and a BA from the University of Pennsylvania. Jared is an adjunct professor at Columbia Business School and an Advisory Council member and lecturer in law at the University of Chicago Law School. He has played a critical role in shaping some of the world's most transformative companies. Currently, Jared is the chief strategy officer of Chime, one of the fastest-growing financial technology companies. Previously, Jared served as the chief strategy officer of Snapchat, the general counsel and global head of corporate development of Spotify, and a senior executive of Google.

**Other significant board assignments:** Pupil, Inc.

**Independent in relation to the company and management:** Yes

**Independent in relation to major shareholders:** Yes

**Holdings in the company:** -

**Warrants:** -

**Call Options:** -



## Lina Brouneus

Board member since 2022

**Born:** 1982

**Education/background:** Lina holds an Msc in Corporate and Financial Management from Lund University. She has a strong track record in the European and US media industry along with significant experience from digital growth strategy, business development and international expansion. She is currently Director Film Acquisitions EMEA at Netflix. Lina was previously Chief Content Officer at Viaplay and COO Content MTGx where she was working across content, gaming and sports. She has also held several leading positions within Modern Times Group, MTG AB.

**Other significant board assignments:** -

**Independent in relation to the company and management:** Yes

**Independent in relation to major shareholders:** Yes

**Holdings in the company:** -

**Warrants:** -

**Call Options:** -



## Joakim Rubin

Board member since 2021

**Born:** 1960

**Education/Background:** Master of Engineering, Institute of Technology, Linköping University. Has previously worked as Partner Zeres Capital, Senior Partner CapMan and Head of Corporate Finance and Dept for Handelsbanken Capital Markets.

**Other significant assignments:** Board member of AFRY AB.

**Independent in relation to the company and management:** Yes

**Independent in relation to major shareholders:** No

**Holdings in the company:** -

**Warrants:** -

**Call options:** -

# Management Team



## Johannes Larcher

Chief Executive Officer (CEO) since 2022

**Born:** 1967

**Education/background:** Master of Arts from the University of Music and Performing Arts in Vienna and a Master of Business Administration from the Wharton School at the University of Pennsylvania. He most recently served as the Head of HBO Max International at WarnerBros. Discovery. Before HBO Max International he served as the Managing Director of Digital at MBC Group Co-Founder and CEO of SubVRsive, Senior Vice President at Hulu and President and CEO of Academy123.

**Holdings in the company:** 125,000 Class B shares

**Employee stock options:** –

**Warrants:** –



## Susanne Ekblom

Interim Chief Financial Officer (CFO) since 2022

**Born:** 1966

**Education/background:** Business Administration and Economics from Stockholm University. Previous positions include CEO and President of Vectura Fastigheter, CFO at Investor, CFO at SVT, various positions at Scania and present consultant in Susanne Ekblom AB.

**Holdings in the Company:** 4,500 Class B shares

**Employee stock options:** –

**Warrants:** –



## Helena Gustafsson

Chief Content Officer (CCSO) since 2020

**Born:** 1973

**Education/background:** Bachelor of Arts, Literature. Joined the company in 2013 as CEO of Storyside, after Storytel's acquisition of the audiobook publisher. In addition to her role as Chief Content Officer, Helena is the CEO of Storyside. She has previously had several key roles at Storytel such as Head of Global Publishing.

**Holdings in the Company:** 18,258 Class B shares

**Employee stock options:** 7,066

**Warrants:** –



## Johan Stähle

Chief Product Officer (CPO) since 2021

**Born:** 1984

**Education/background:** Master of Science in Business Administration from the Stockholm School of Economics. Johan has a background as an entrepreneur and co-founded Dreams, and BBH Stockholm. He has held several CPO positions and been an expert engagement manager at McKinsey.

**Holdings in the Company:** 594 Class B shares

**Employee stock options:** -

**Warrants:** 15,000



## Claus Wamsler-Nielsen

Chief Operating Officer (COO) since 2021

**Born:** 1975

**Education/background:** MSc in Economics from Copenhagen Business College. Before joining the management team as the COO, he was country manager for Denmark between 2018 and 2021. Prior to joining Storytel, his experiences include various management positions at Telmore A/S.

**Holdings in the Company:** 4,056 Class B shares

**Employee stock options:** 14,832

**Warrants:** 10,000



## Mark Pasternak

Chief Technology Officer (CTO) since 2021

**Born:** 1978

**Education/background:** MSc in Computer Science at Stockholm University. Mark has more than 20 years of experience in the tech industry. He has held several senior leadership roles across leading Nordic tech and media companies. His experience includes leading product and platform teams as Director of Engineering at Schibsted Media Group and Epidemic Sound.

**Holdings in the Company:** -

**Employee stock options:** -

**Warrants:** 15,000



## Ian Small

General Manager Audiobooks.com

**Born:** 1977

**Education/background:** Business Administration & Marketing, Sheridan College, Ontario, CA. Ian has 17 years of experience in the North American audiobook markets as the General Manager of Audiobooks.com. He joined the Storytel in 2022 through the acquisition of Audiobooks.com.

**Holdings in the Company:** –

**Employee stock options:** –

**Warrants:** –



## Linda Säresand

CEO Storytel Books

**Born:** 1974

**Education/Background:** Background and education in economics and markets with extensive leadership experience, and more than 20 years of leading position in the publishing industry, including CEO, Deputy CEO, and Head of Finance and Publishing manager. Linda has also held a number of Board positions within the publishing business. Linda was appointed CEO of Storytel Books as the Group parent Storytel AB gathered its wholly owned book-related businesses under one company in 2021. She was also appointed Chair of the Board of the publishing houses Norstedts Förlagsgrupp (SWE), Gummerus (FIN) and People's (DEN).

**Holdings in the Company:** –

**Employee stock options:** –

**Warrants:** –



## Åse Ericson

Chief Business Officer (CBO) Nordics since 2022

**Born:** 1976

**Education/background:** Bachelor of Arts, TV-production from Dramatiska Institutet and Executive Leadership Program from Stockholm School of Economics. Åse joined Storytel in 2019 as country manager for Sweden and is also the Regional Manager for the Nordic operations since 2021. She has held several management roles prior to Storytel, most recently as Head of Marketing and Sales at Novamedia.

**Holdings in the Company:** 550 Class B shares

**Employee stock options:** 11,484

**Warrants:** 15,000



## Kristin Widell

Chief People Officer (CPO) since 2023

**Born:** 1974

**Education/background:** Degree in Human Resources Management. She most recently served as the Director of People Operations at Peltarion. Kristin has over 15 years of executive experience across strategical, tactical and operational HR services and practices while leading digital transformation and innovation in renowned companies such as HiQ, SAAB and Tieto.

**Holdings in the Company:** -

**Employee stock options:** -

**Warrants:** -



## Anna Etzler

Senior Vice President Operations since 2023

**Born:** 1981

**Education/background:** Master of Science in Industrial Engineering and Management from the Royal Institute of Technology in Stockholm. Anna has more than 15 years of experience in operational excellence and business transformation. Previous positions include Director of Operational Excellence at Klarna, COO at Karolinska University Hospital's Cancer division and Strategic Initiatives Leader at GE Capital International.

**Holdings in the Company:** -

**Employee stock options:** -

**Warrants:** -

Sofie Zettergren and Ingrid Bojner have left the company prior to the publication of the 2022 Annual Report.



## Financial Reporting

The Board is responsible for ensuring that the company's organization is designed so that the company's financial conditions can be controlled in a reassuring manner and that financial statements such as interim reports and annual accounts to the market are prepared in accordance with law, applicable accounting standards and other requirements for companies listed on Nasdaq First North Growth Market.

The Board of Directors must monitor the financial performance, safeguard the quality of the financial reporting and internal control, and regularly follow up on and evaluate the operations.

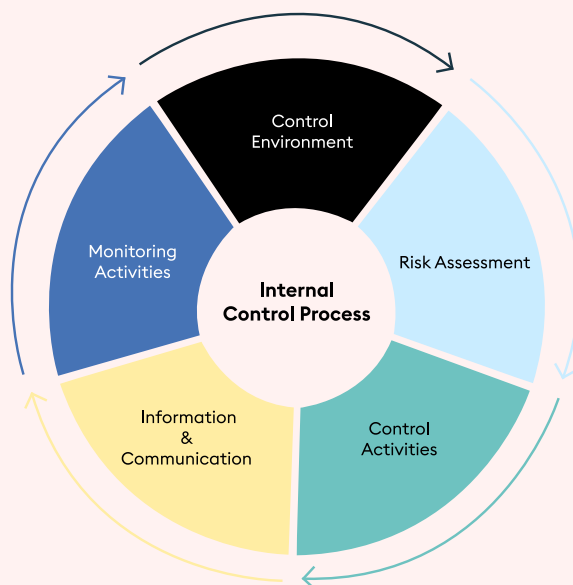
The Audit Committee is responsible for the preparation of the Board's work to ensure the quality of the company's financial reporting. However, the Audit Committee does not address only the Group's financial statements and more significant accounting issues but also issues regarding internal control, compliance, significant uncertainty in carrying amounts, events after the balance sheet date, changes in estimates and assessments and other circumstances that affect the quality of the financial statements. The CEO must ensure that the bookkeeping of the Group's companies is conducted in accordance with applicable law and that the administration is managed in a satisfactory manner. The accounts are prepared for the Group every quarter and submitted to the Board and Group management. A profit/loss statement, balance sheet and investment budget are prepared on a quarterly basis. The main budget is defined in the Q4 planning process for the upcoming fiscal year. For each quarter, an updated budget forecast is prepared to better reflect the financial outlook for the rest of the fiscal year period.

### **Financial information is regularly provided to the market in the form of**

- Interim reports
- Annual report
- Press releases with inside information in accordance with regulatory
- Presentations for financial analysts, investors, and the media on the day the year-end report and interim reports are published and on Capital Markets Day
- Meetings with financial analysts and investors held regularly during the year

## Internal Control over Financial Reporting

The overall aim of internal control over financial reporting is to ensure, with reasonable assurance, that the internal and external reporting is reliable. The internal control must also ensure that the operations are conducted in accordance with applicable laws and regulations and comply with requirements for companies listed on Nasdaq First North Growth Market. An internal control framework has been established within Storytel and continuously developed in recent years with the aim of supporting the organization and the systems and processes that contribute to Storytel's ability to meet the above-mentioned requirements on financial reporting. Storytel's internal control framework is based on COSO, which has been issued by the Committee of Sponsoring Organizations of the Treadway Commission. This framework rests on five components: Control Environment, Risk Assessment, Control Activities, Information And Communication, and Monitoring Activities. Below follows a description of Storytel's internal control work based on these components.



### Control Environment

The control environment for financial reporting is based on various governing documents such as policies and guidelines, instructions, and manuals that define responsibilities and authorizations. Examples of governing documents, specifically with regards to financial reporting, are the Code of Conduct, Financial Policy, Signing and Approval Policy and Storytel's Financial Manual. These internal documents, together with laws and other external regulations, constitute the so-called control environment that must be implemented in working processes and procedures and followed by every employee. Furthermore, the Board has established an Audit Committee that assists the Board regarding the supervisory responsibility of the Board linked to the efficiency and effectiveness of Storytel's internal control framework. The Audit Committee also assists with matters concerning significant accounting principles that the Group applies.

### Risk Assessment

The risk assessment includes identifying risks based on the fundamental requirements on financial reporting: completeness, accuracy, valuation, and reporting. Risks in conjunction with financial reporting are primarily related to misstatements in the accounting related to valuation of assets and liabilities, revenue recognition, and royalty costs. The risk assessment forms the basis for the risk of misstatements in the financial reporting and is the basis for the design and implementation of the control activities carried out by the business. The overall risk assessments at Group level are an integral part of the reporting to the Audit Committee and the Board of Directors.

### Control Activities

Control activities aim to prevent and identify at an early stage significant misstatements in the financial reporting in order to be managed and remediate them. Control activities are present at both generic and more detailed levels within the Group and are manual, IT-dependent and automated. Procedures and activities have been designed to manage and remediate significant risks related to the financial reporting that have been identified in the risk assessment. Depending on the nature and location of the control activity, corrective measures, documentation, and quality assurance occurs at the Group, subsidiary or process level. In 2023, the work will continue with evaluation of subsidiaries' processes and control structures as well as clarification of accountability and responsibility at a local level. In addition, a greater focus will also be placed on improving the formalization of key controls and risks in significant business processes for additional subsidiaries.





## Information and Communication

Storytel has well-established information and communication procedures to ensure that its financial reporting is complete and accurate. Storytel regularly communicates updates of its financial manual and related instructions to relevant parties.

Another important communication channel is the company's whistleblower function, where any non-compliance to accounting and internal control can be reported anonymously.

## Monitoring Activities

Storytel's process for internal control includes systematic follow-up of risk assessments and control activities in order to evaluate, remediate and constantly improve. Storytel's Internal Control function coordinates follow-up activities and compiles an aggregate picture for reporting to the CFO and the Audit Committee. The Board's follow-up of the internal control for financial reporting occurs primarily through the Audit Committee.

The monitoring activities related to internal control also occur as part of the external audit. The Audit Committee follows up on the financial accounting and receives reports from both the Internal Control function and the external auditors.

## Evaluation of the need for a separate internal audit function

At Storytel, there is currently no formal internal audit function. The Board conducts an annual review of this arrangement and has for the 2022 financial year assessed that existing structures for follow-up and evaluation are satisfactory. If a need for specific internal audit efforts is identified, the need can be fulfilled through temporary external resources.



## Risk Management and Risks

Like for all companies, Storytel's way of doing business is associated with risks. The ultimate purpose of risk management at Storytel is to identify and manage events that could have an adverse impact on the achievement of Storytel's objectives.

Storytel's work with risk management is based on international standards under the leadership and coordination of the company's Internal Control function. Overall principles as well as roles and responsibilities for risk management are further defined in the company's Risk Management and Compliance Policy, which, together with other Group policies, is adopted by Storytel's Board and subject to annual review.

To ensure that Storytel's risk work is based on a company-wide perspective that includes all business objectives of different nature, a number of risk categories have been developed to also form the basis for the assessment scale used in assessing the impact of risks.

On an annual basis, Storytel Group performs a risk assessment to identify, evaluate and prioritize the risks that are most important for achieving set business objectives within the Group. Thereafter, appropriate activities are decided upon in order to either reduce the probability of the risk occurring or mitigate any consequences. Risks are assigned to an owner who is responsible for monitoring and following up on decided activities and that their impact is lowering the risk as intended. The company performs a review and reports on the status of the most significant enterprise risks at least once a year, and the results are reported to the Audit Committee and the Board of Directors.

As part of its work to reduce risk exposure in select areas, the company takes out different types of insurance policies for the risks that are insurable. These include property and interruption insurance policies, general product and liability policies, CEO and Board liability policies as well as business travel policies. These are reviewed annually in consultation with insurance brokers.

Below is an overview of important risk areas for Storytel and how the risks are being addressed.

## The Macroeconomic Outlook

Negative macroeconomic factors such as high inflation and increased energy and supplier costs have affected society as a whole throughout 2022. They have led to increased uncertainty about consumption trends in both the short and long term, challenges in the manufacturing and transport sector, and an accelerated digitalization transition tied to the physical book trade. There is a risk that Storytel will not be able to effectively monitor and adapt the business quickly enough to new conditions in, among other things, customer behavior and resale channels as a result of the macroeconomic factors. To manage this risk, Storytel carefully follows and analyzes trends and market conditions by looking into scenarios to handle different economic outlooks.

## Competition in a Broader Perspective

Storytel competes for subscribers and content with local and international players within the audiobook and publishing field, but also for consumers' time in general. This competition is expected to increase in coming years. If Storytel fails to develop its product offering, this could negatively impact Storytel's business and future earnings. Storytel continuously works to improve its products, its offer to customers and its business model, including the ability to source competitive content and acquire and retain customers in a cost-effective way.

## Content Risks

In order for Storytel to be able to offer high-class content and reach a broad international customer group, we need to identify and manage the risks arising from our content. Risks associated with our ability to offer an attractive content catalog by attracting and retaining important content creators are managed through a focus on relationship building, credibility and high competence as well as carefully following the industry development and regulations in order to offer fair compensation. Storytel has also made, and plans to continue to make, investments in exclusive content in targeted markets to offer unique listening experiences.

Storytel Streaming provides content that is aligned with our vision and mission, for example meeting requirements associated with human rights and freedoms. There is a risk that we will not detect and prevent offensive content from being made available to customers in our service. As a company handling third-party intellectual property, there is also a risk of infringements of third-party rights in our service. Offensive content, infringements of third-party rights and failure to identify and remove such content could have a negative impact on, for example, our credibility with various stakeholder groups, such as rights holders, publishers and customers. Storytel has established a Content Committee to set up general content requirements and review specific material. Storytel Streaming has also adopted routines and internal guidelines to mitigate and handle such risks and potential claims related to infringing content. Read more in our sustainability report about how we protect our intellectual property.

## Product and Production Risks

Storytel is and will continue to be a premium product when it comes to our app and its user-friendliness. An increasingly digital world combined with tough competition also places increasingly higher demands on the app's areas of use and compatibility. It also pushes product development to the forefront. Therefore, Storytel has further strengthened its expertise in product development and innovation during the year and rightsized the team and capabilities for future profitable growth.

The production of physical books in Storytel Books is highly dependent on the development of energy costs and general inflation in the economy. With the significant recent increase in energy costs, there is a risk that production costs will increase more than the retail price of physical books. This is also impacted by higher inflation in general. Storytel Books actively monitors the production cost per edition and the key ratio of sold books to printed books in order to optimize the cost and related capital tied up.

In book production, there are also risks that picture books for children and other non-book products will not meet applicable safety requirements. We place and communicate high demands on our suppliers and require adherence to established safety directives and product certifications in this area to mitigate this risk.

## Global Presence and Expansion Increase Risk Exposure in Several Directions

Storytel is on a trajectory of sustainable and long-term profitable growth in the booming audiotainment segment. The company's strategic focus for investments is mainly directed to its profitable core markets. However, Storytel's growth consists of expansion into new growth markets. When Storytel expands to markets where audiobook listening is still low, risks arise regarding how new customers are acquired and retained, as well as the company's ability to be innovative and current in the market in question. There is a risk that Storytel will not sufficiently take into account the market conditions that an expansion entails, both in terms of customer behavior and based on the regulatory situation or other country-specific conditions. There is also a risk that the overall acquisition strategy or the actual company acquisitions that are carried out will not succeed in delivering the expected growth. This risk is managed by continuously reviewing, clarifying and developing the process prior to an acquisition decision and the subsequent integration process.

Storytel Books places considerable focus on cooperation between the different Storytel-owned publishers in order to improve the operational profit and continue to offer rights holders a stronger offer. This is essential in order to strengthen the companies' positions in the geographical areas where they are present in an increasingly globalized and competitive market.

For our publishers within Storytel Books who work with publishing, rights holders and journalistic issues, there are also risks associated with political unrest along with a broad global presence that involves risks related to our basic foundations of freedom of expression and human rights. The publishers within the Group support both the domestic PEN organizations in each country as well as international PENs and other bodies that promote freedom of expression. These organizations are important voices for protecting free speech and persecuted and harassed writers.

## **Sustainable Growth Requires a Scalable Organization**

Storytel's growth strategy also places high demands on a scalable and agile organization, and there is a risk that processes, IT systems and competence will not be adequate to support this development. As the organization grows, both organically and through company acquisitions, higher demands are placed on, for example, clear goal-setting and goal management, centralized coordination, reduced dependencies on individuals, and data-driven business follow-up. Failure to adequately manage our growth may negatively impact Storytel's organization and business. Storytel works actively to enhance the scalability and agility of the organization. This is done for example by improving integrations of new subsidiaries in an efficient way, reviewing organizational structures and processes in order to right-size, simplifying and automating where possible, and clarifying roles and responsibilities in governing documents.

## **Strategic Workforce Planning and Talent Acquisition**

Storytel's business model and growth strategy place high demands on the skill of our employees. There are risks that Storytel lacks important skills in key roles such as publishers or in areas such as senior leadership and product development. Storytel works actively to develop and improve the offer we can give our employees in the form of remuneration and development opportunities and invests heavily in creating a workplace where we can recruit and retain competent employees regardless of their nationality or domicile. During this year, Storytel continued to carry out recruitments in important leadership roles in line with the growth strategy and continued to invest in employee health and activities to promote the corporate culture.

## **Legal and Regulatory Risks**

The Storytel Group operates in several different jurisdictions and is thus exposed to various legal requirements that also increase as the business expands into more geographical markets. There is a risk that Storytel will not take into account the complexity that legal requirements entail and/or succeed in establishing efficient and safe processes. Storytel works proactively to monitor changes in legal conditions in order to meet the requirements set. Storytel has, among other things, built up internal competence to support the business in managing various legal risks and works regularly with external advisers.

## **Personal Data**

Following the entry into force of the GDPR (General Data Protection Regulation) in 2018, Storytel has continuously worked to implement organizational, technical and administrative changes and resources to meet the requirements of the regulation. As a result of this regulation, EU/EEA countries have issued supplementary legislation and national interpretations thereof. Countries outside the EU/EEA have also increasingly issued national legislation, which in many cases is based on the GDPR but where there may also be deviating or stricter rules. Interpretation of this regulation is thus constantly changing. This places high demands on a global organization, both technically and organizationally, and there is a risk that the company will not take into account the complex requirements and therefore not implement processes quickly enough or to a sufficient degree. Severe penalties may also be imposed pursuant to the GDPR, and the company, depending on the nature and extent of a possible breach, may risk both injunctions for measures with a short implementation time and penalties or sanctions.

## Business Ethics

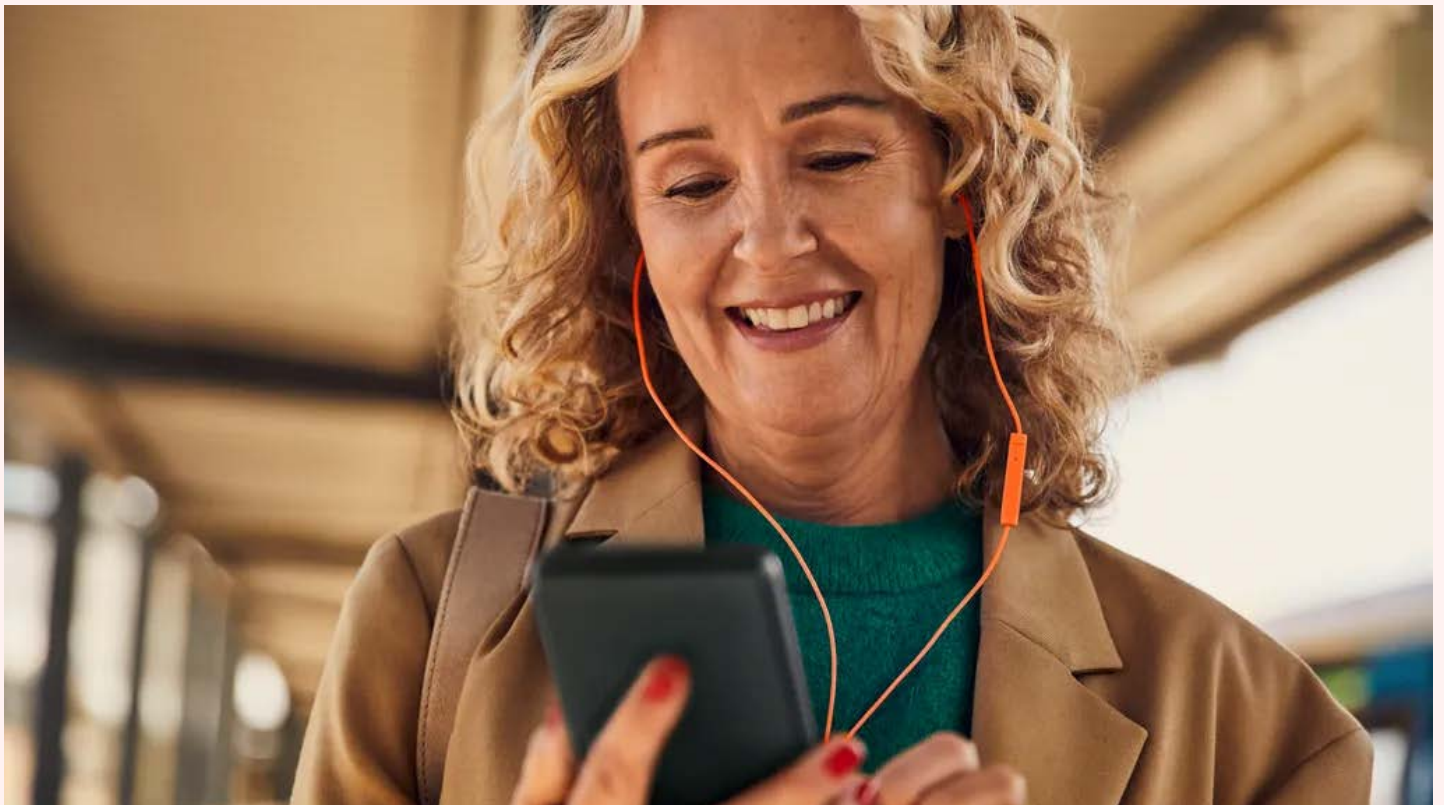
Storytel places great value on conducting responsible business free from bribery, corruption or other types of unethical conduct. There is a risk of unwanted behavior on the part of internal staff as well as external suppliers and partners. Storytel has adopted a Code of Conduct as well as a number of other governing documents and guidelines that all employees must read and understand in conjunction with employment. There is also a compliance program with the aim of maintaining and developing knowledge in compliance with the rules and what it means for individual employees, as well as specific training that is carried out for selected groups under the guidance of Storytel's lawyers. Storytel has established a process and channel for whistleblowing that is accessible to employees and managed by a team with relevant skills. Since unethical behavior by an external party can also damage Storytel, Storytel is vigilant in choosing partners and works continuously to improve the work of setting requirements for our partners and suppliers. Storytel has committed since 2021 to following the ten principles of UN Global Compact on human rights, labor, environment and anti-corruption. These principles are integrated into the company-wide Sustainability Policy, and in 2022, Storytel launched an updated Supplier Code of Conduct for its Streaming business that integrates the ten principles. Read more in the 2022 Sustainability Report.

## Environmental & Climate Risks

Companies, including Storytel, play a central role in driving down greenhouse gas emissions and building a resilient zero-emissions economy. Costs associated with emissions are increasing year by year, and rising temperatures and resource scarcity around the world can lead to disruption for Storytel's operations. There is a risk that Storytel fails to build a value chain and operations that are resilient to the impact of climate change. As a signatory of UN Global Compact, Storytel wants to engage with its suppliers to address environmental impacts, apply the precautionary approach, and promote greater environmental responsibility and the use of clean technologies across its value chain. Read more about Storytel's environmental & climate risks and its management in our sustainability report.

## Financial Risks

Storytel is in an expansionary phase and could thus be dependent on external financing to achieve its strategic objectives. Changes in the financial markets, for example due to general market fluctuations, macroeconomic effects such as higher interest rates, or new and amended laws and regulations, may entail risks that will make it more difficult or more expensive to raise capital in the future. Storytel manages its financing strategy on the basis of a financial policy adopted by the Board, which is reviewed at least annually. The finance policy regulates management in areas such as cash and cash equivalents, financial exposure, future cash flows and financial instruments and how Storytel will work with these issues at Group level. For information on Storytel's financial risks and their management, see Note 25.





# 2022 Storytel Sustainability Report

## A Word from the Sustainability Committee

2022 was an exceptional year in Storytel's history, where our goal of profitable growth and long-term sustainable success, together with changing market conditions, drove a shift in Storytel's strategy. However, **we remain committed to working toward the well-being of people and the planet.** In this year's report, we present an updated Materiality Assessment at the Group level, which frames Storytel's most important sustainability areas and our approach to them.

Stories, audiobooks, books and reading continue to be a very important part of society and people's well-being and prosperity. Perhaps stories are even more important in an unstable world to help us relax, learn or simply escape for a moment. We are very proud that 82 percent of all Storytel customers say that they read more since subscribing to Storytel. As an audiobook streaming service and a publishing house, Storytel's very purpose is to **empower people through stories.**

In the Materiality Assessment, all of Storytel's stakeholders rate climate impact as a top priority. In April 2022, we committed to set science-based targets, reduce emissions in line with the Paris Agreement and set a net zero target. Closing 2022, we are well underway to set long-term targets and a reduction plan.

**Helen Fasth Gillstedt and Jonas Tellander, Sustainability Committee.**

“

**Storytel's vision is to make the world a more empathetic and creative place.**

”

### About Storytel

Storytel aspires to be a global market leader in digital storytelling. The Storytel Group consists of two main divisions, Streaming and Publishing, which operate within the media & entertainment and print publishing industries, respectively. Today, Storytel is both a provider of a digital platform for stories and a publishing group, allowing the company to bring together the best of publishing and technology. By accessing stories via a digital platform, Storytel's subscribers can enjoy the benefits of reading and listening in a way that fits the modern lifestyle.



### Highlights 2022

- Updated our Materiality Assessment at the Group level.
- Committed to the Science Based Targets Initiative.
- Rolled out a Supplier Code of Conduct aligned with the 10 principles of UN Global Compact.
- Supported the 100th anniversary of International PEN.

## Key Figures 2022

82%

of users say that they read/listen to books more often since subscribing to Storytel.

87%

of employees feel that they can be their authentic selves.

10,064

tCO2e in total emissions for the Storytel Group, which is 41 percent lower than in 2021.

## Objectives 2023

- Help one million people read one book per month.
- Finalize setting Science Based Targets and reduction plan.
- Achieve an eNPS and Engagement Score above industry benchmark.
- Prepare the Storytel Group for compliance with the Corporate Sustainability Reporting Directive (CSRD).

## Storytel's approach to sustainability

Storytel divides its sustainability work into three areas. You can read more about Storytel's work in each area on this site.



### Brainprint

Well-being of customers



### Footprint

Well-being of the planet



### Fingerprint

Well-being of people and partners



## Storytel's Sustainability Journey

# 2018

First Sustainability Report & Materiality Assessment



# 2019

First Sustainability Policy



# 2020

First Mapping of GHG Emissions



# 2021

Committed to UN Global Compact



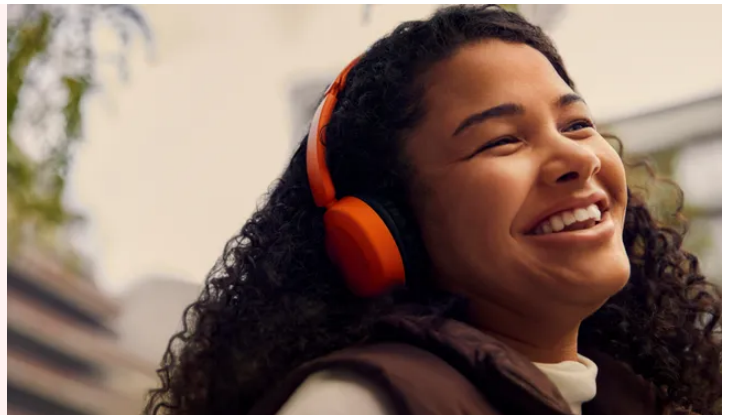
# 2022

Committed to the Science Based Targets Initiative



### About the report 2022

This Sustainability Report is prepared in accordance with the Swedish Annual Accounts Act. Storytel has reported with reference to the GRI standards, and the GRI content index is available on pages 78-80. The report mainly covers Storytel Streaming which stands for more than 80% of the group's revenues. Sections that cover Storytel Books and its publishing houses are clearly marked in the report.





# ESG at Storytel


ESG stands for Environmental, Social and Governance, which together make up a well-established framework for corporate sustainability. Storytel has drawn on this framework and divided its approach to ESG into three components—Footprint, Brainprint and Fingerprint—to better understand and show the impact that Storytel has on society at large.



**Brainprint**  
Well-being of customers



**Footprint**  
Well-being of the planet



**Fingerprint**  
Well-being of people and partners

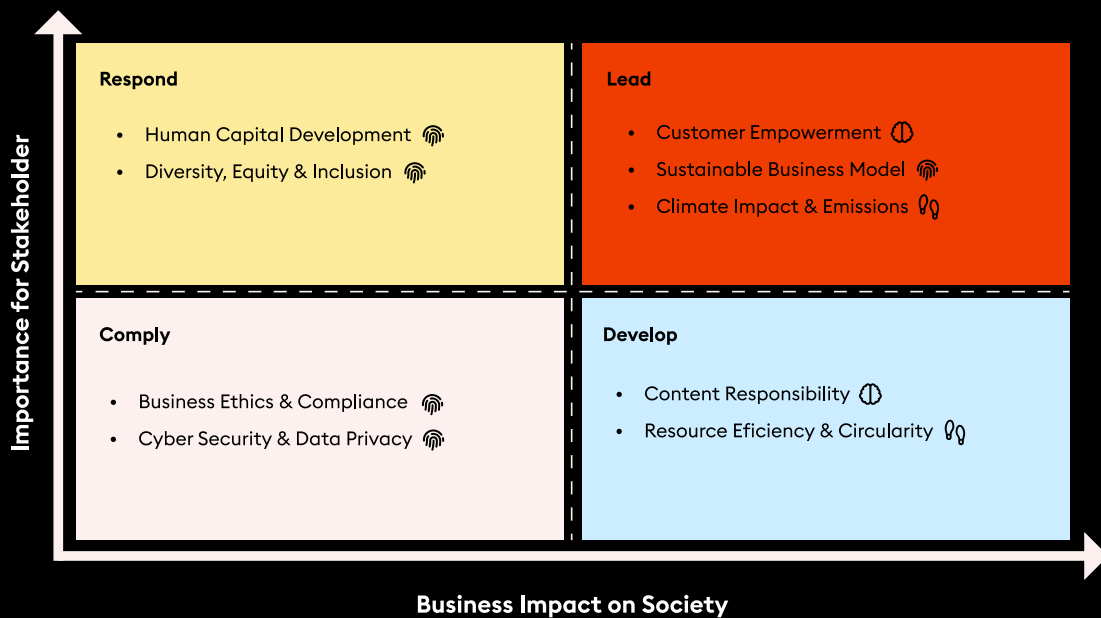
## Storytel's Materiality Assessment

Storytel carried out its first materiality assessment in 2018 to build a foundation for the initial sustainability strategy and focus areas. In 2022, Storytel updated the materiality assessment at the Group level. The goal was to identify material topics that 1) are value drivers for the Storytel Group, 2) are closely aligned with the Group's most significant risks, and 3) are measurable and have clear ownership in the organization. As part of this process, Storytel mapped its stakeholders, analyzed global sustainability trends and engaged a total of about 1,500 people across internal and external stakeholder groups, 959 of which were customers. The outcome was a list of nine material topics, each of which has been mapped into a quadrant—Lead, Develop, Respond or Comply—to show how the company approaches each topic. These material topics will be elaborated on throughout this report.

### Group view of Material ESG topics

The Storytel Group will review its Materiality Assessment on a regular basis through continued stakeholder dialogue.

Materiality Assessment on Group level



## ESG & Risk Management

Storytel Group performs a risk assessment on an annual basis to identify, evaluate and prioritize the risks that are most important for achieving set business objectives within the Group. Thereafter, the Group will decide on appropriate activities to either reduce the probability of the risk occurring or mitigate any consequences. Risks are assigned to an owner, who is responsible for monitoring and following up on decided activities and that their impact is lowering the risk as intended. As a minimum, the Group will review and report on the status of the most significant enterprise risks once a year, and this information is to be included in the report to the Audit Committee and the Board of Directors. ESG-related risks are part of the Group-wide risk assessment, and the Governance Report contains a description of the significant risks and related risk responses for the Group.

## Division of responsibilities

The Board of Directors reviews once a year the goals, policies and processes connected to sustainability. Storytel reports on the progress toward these goals in its annual Sustainability Report, which the Board of Directors reviews and approves. Storytel has a Sustainability Committee within the Board of Directors that meets on a quarterly basis to review and discuss ESG topics. The purpose of this Committee is to manifest Storytel's strategic and systematic commitment to its sustainability efforts across the business, oversee the company's continued goal-setting and reporting processes, strengthen relationships with external stakeholders, and ensure that the business operates with a high level of ethics. The Sustainability Committee supports the Board in fulfilling its responsibilities to specifically address climate and environmental matters, human rights, labor standards, and anti-corruption practices. Twice a year, the management team reviews the progress toward Storytel's sustainability goals.





## Brainprint Well-being of customers

### Brainprint Highlights 2022

- 82 percent of users say that they read/listen to more books since subscribing to Storytel.
- Mapped content sensitivity and developed a Content Contingency Plan.

### Brainprint Objective 2023

- Help one million people read one book per month.

## Customer Empowerment

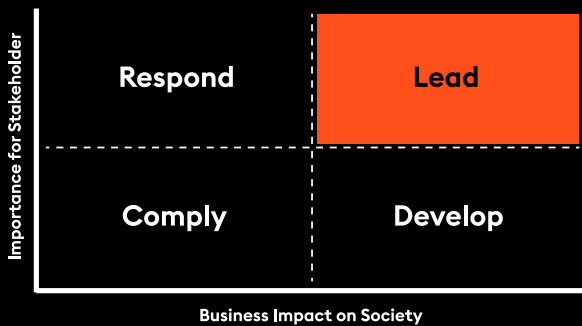
Storytel is on a mission to help people discover the right stories at the right time, promote reading and make books more accessible and compatible with everyday life. Stories improve our well-being because they trigger the brain to release the feel-good hormone oxytocin, helping people relax and unwind. Stories also provide tools that empower people during times that are challenging both emotionally and practically. Whether a person wants to learn something, find a moment of comfort, or just feel less bored, Storytel gives them the power to do so. Storytel wants to help people read more, and our purpose is to empower and enhance the well-being of people through stories.

<sup>1</sup> *How Stories Change the Brain* by Paul Zak in the Greater Good Magazine, 2013.

[https://greatergood.berkeley.edu/article/item/how\\_stories\\_change\\_brain](https://greatergood.berkeley.edu/article/item/how_stories_change_brain) Storytelling increases oxytocin and positive emotions and decreases cortisol and pain in hospitalized children by G. Brockington, A. Gomes Moreira, M. Buso, S. da Silva, E. Altszyler, R. Fischer and J. Moll, 2021.

<https://www.pnas.org/content/118/22/e2018409118>

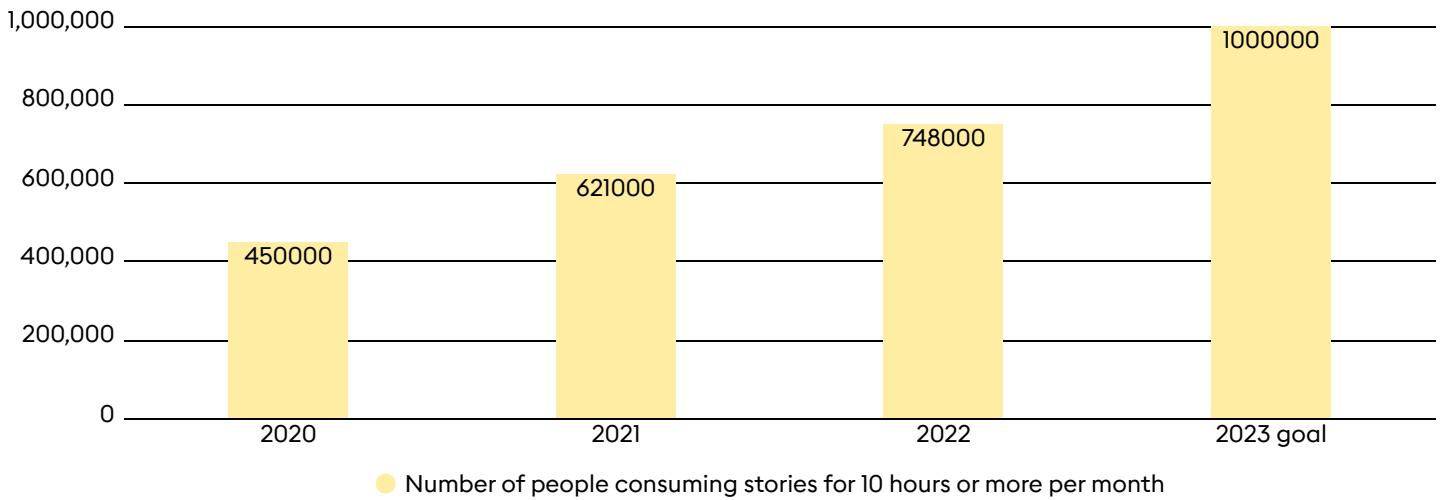
<sup>2</sup> *Reading can help reduce stress according to University of Sussex* by Any Chiles in The Argus, 2009. <https://www.theargus.co.uk/news/4245076.reading-can-help-reduce-stress-according-to-university-of-sussex-research/>



Opportunities & Risks	Primary Stakeholders	Policies & Guidelines
<ul style="list-style-type: none"> <li>+ Brand strength</li> <li>+ Customer attraction &amp; retention</li> <li>+ Partnerships</li> <li>- Loss of market share</li> </ul>	<ul style="list-style-type: none"> <li>Customers</li> <li>Partners</li> </ul>	<ul style="list-style-type: none"> <li>Sustainability Policy</li> <li>Brand Platform</li> </ul>

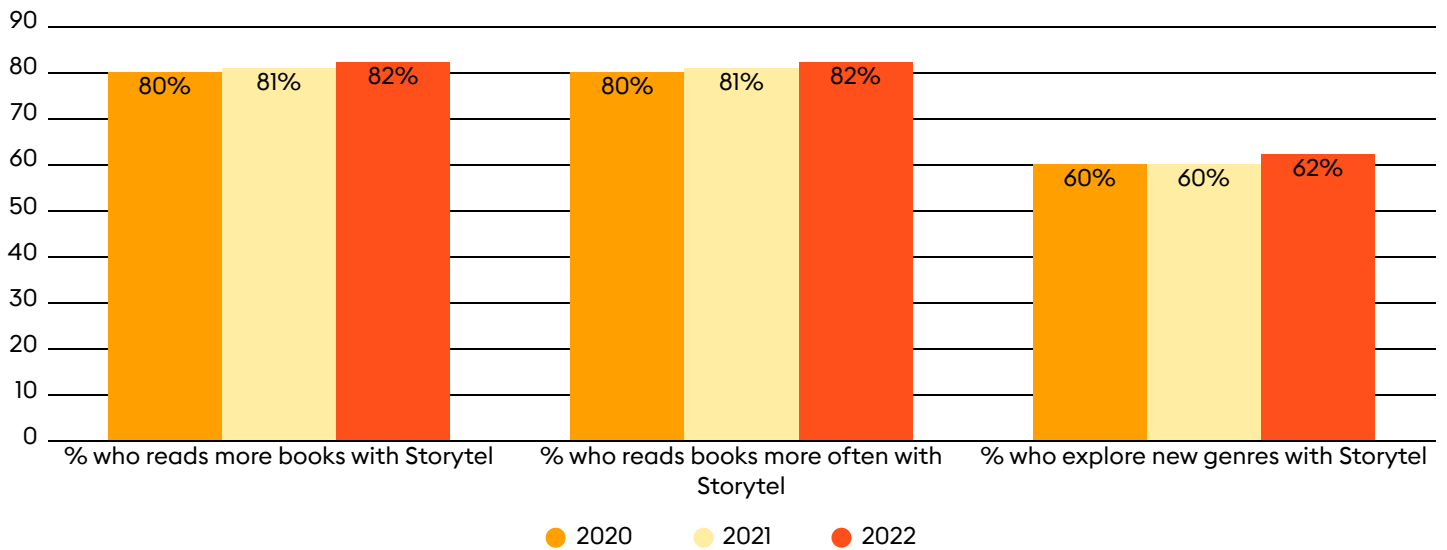
## A product that helps people read more

Storytel's goal for the core user experience is to make it easy for as many people as possible in the world to read at least one book per month. Our guiding metric is the number of people consuming stories for ten hours or more per month, which roughly translates to one book.



On a global level, the average user spends approximately 30 hours per month on the Storytel platform, which means that Storytel is a truly integrated part of users' everyday lives. In the Nordic region, more than 40 percent of all paid subscribers listen to Storytel every day.

Storytel's ambition is not merely to have subscribers spending time on the service—they should also find the time with Storytel valuable. In a Swedish pilot study in 2022, we asked Storytel users if they found time with Storytel to be time well spent. The results from the pilot indicate that users confirm that this is time well spent, and they find it more valuable than time spent on other streaming services (podcasts, video, music) and social media. Time well spent for our users is an area that Storytel will continue exploring in 2023.



	2020	2021	2022
% who reads more books with Storytel	80%	81%	82%
% who read books more often with Storytel	80%	81%	82%
% who explore new genres with Storytel	60%	60%	62%

Throughout 2022, Storytel has sent out a survey to a total of 27,221 users in its geographic markets.



### Ställ om by Maria Soxbo

Norstedts, Sverige

The world needs to transition. The solution to the climate crisis is often formulated as a bunch of lifestyle prohibitions that most of us do not enjoy. At the same time, we rush upward/forward with an increasing feeling of inadequacy. What if we rethink things? What if we can start building a different kind of life? The book is divided into some of life's major building blocks: dreams, time, work, community, values, consumption, and happiness. The goal is to try to answer the question: "What's in it for me?" The beauty of the transition—both personal and societal—is that the vast majority of us will emerge as winners.





“

**Storytel's objective in 2023 is for one million people to read at least one book per month.**

”

## Product Missions

Storytel's product teams have two missions for the core experience: to help users find the right stories and to help people enjoy their stories. The product missions guide Storytel's product development and ensure prioritization is in line with the overarching missions.

To help users find the right stories, Storytel works to deliver a great mix of AI-, algorithmic- and editorial recommendations to provide an inspiring and engaging self-exploration experience. In 2022, Storytel made investments to give all users more personalized and relevant book recommendations and focused on creating a more immersive way to explore stories, for example through the introduction of book trailers, in order to lower the threshold for finding the next great book.

To help users enjoy their stories, our focus is on providing a reliable and seamless reading and listening experience that makes listening to and reading stories both easy and delightful. In 2022, Storytel invested in a platform expansion, launching compatibility with cars and wearables to make it easier for customers to continue to listen while on the move.

## Read Hour

In 2022, Storytel partnered with Read Hour, an initiative that promotes reading by encouraging everyone to read one hour on UN International Literacy Day. In the Nordics, Storytel communicated the initiative to new and existing customers and also partnered with the Moomin characters in Finland and the non-profit Läsrörelsen (The Reading Movement) in Sweden.

## Research Study GIH

In 2021, Storytel partnered with a research project led by the Swedish School of Sport and Health Sciences, which aims to understand how physical well-being is connected to mental well-being. In phase one of the study in 2022, 2,700 14–15-year-old Swedish students had their school day prolonged by 60 minutes three times a week to participate in physical activities such as audiobook-walks provided by Storytel. The pupils were then evaluated on sedentary time, physical activity, cognitive functions, mental health, self-esteem and motivation. The study will be conducted on a larger scale in 2023, and the final results will be presented in 2024.

## Accessibility

Storytel works to develop products that are inclusive and accessible. Including accessibility criteria into the development of Storytel products is an integral part of the company's product development since the company is preparing for compliance with the pending Web Content Accessibility Guidelines (WCAG) 2.1. In 2022, Storytel developed its design system to better support efforts within accessibility areas such as readability and voice-over support.

## Promoting children's reading - Storytel Books

Rabén & Sjögren, one of the imprints for children's books in Norstedts Publishing Group, initiated and arranged the Big Reading Challenge together with partners from the book industry and external partners. The challenge was held during the fall school term in 2022, and 30,000 Swedish fourth graders (10–11-year-olds) competed, together reading for almost 700,000 hours. The winning school class read 2,200 hours during the fall and was awarded a school trip. The amount of reading increased almost 70 percent compared to a normal school term.



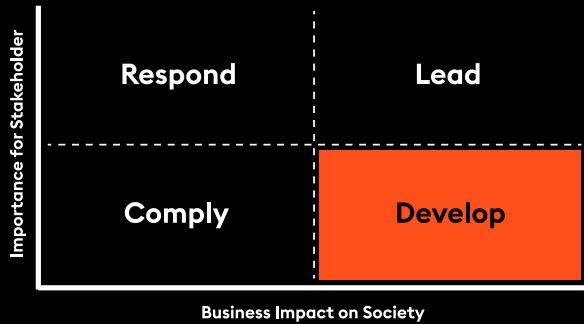
### Sober - the Story of a Party Girl by Hanna Tikander and Wilma Ruohisto with Hanna Tikander

#### Storytel Finland

In this true story, one of Finland's biggest podcasters and influencers opens up about her relationship with alcohol and party-drugs and investigates the non-alcoholic lifestyle trend that's been growing in Finland. Hanna is a party girl who loves her wine until she starts to notice that alcohol is not good for her. In party situations, anxiety takes over and hangover depression spreads into everyday life. Hanna tells her story about getting sober in a funny, surprising and fast-paced way –just like Hanna herself. Sober was one of Finland's most-listened-to podcasts during 2022 and generated a lot of media attention.

## Content Responsibility

Organizations that create and distribute content hold a powerful position in society through the impact and influence of that content. Storytel has a broad catalog of content, which is a mix of content produced by Storytel across all of the local markets and licensed content from third parties globally. This makes Storytel both a publisher and distributor of content. Storytel has responsibilities pertaining to human rights, such as freedom of expression, and diversity and pluralism in its content. Storytel also aims to facilitate understanding and cultivate empathy among its readers while being compliant with local laws and regulations.



Opportunities & Risks	Primary Stakeholders	Policies & Guidelines
<ul style="list-style-type: none"> <li>+ Trust &amp; Safety for users</li> <li>- Reputational damage</li> <li>- Legal proceedings</li> <li>- Failure to protect content rights</li> </ul>	<ul style="list-style-type: none"> <li>Customers</li> <li>Authors</li> <li>Publishers</li> </ul>	<ul style="list-style-type: none"> <li>Content Guidelines</li> <li>Content Sensitivity Mapping</li> <li>Content Contingency Plan</li> </ul>

## Content Guidelines

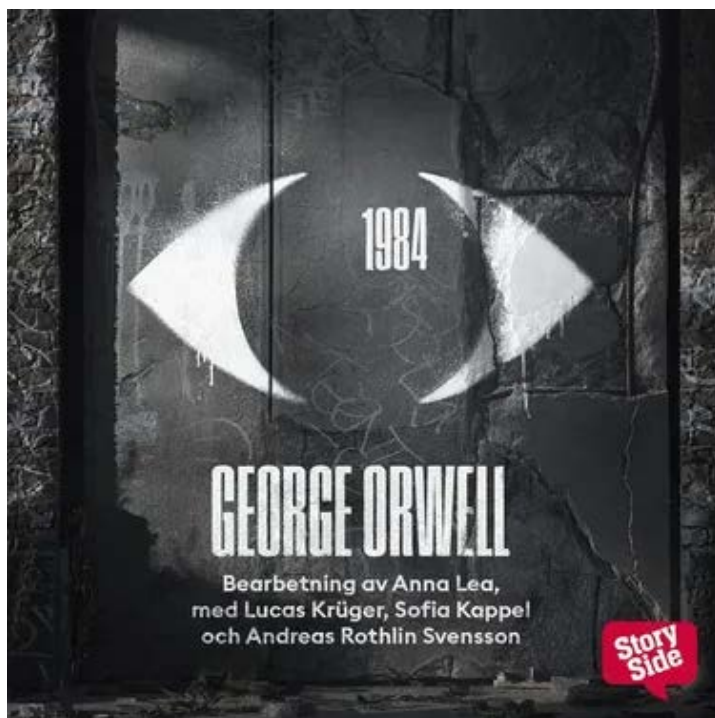
Storytel's content guidelines consist of two parts. The first is technical criteria, which refer to the technical and editorial quality of audiobooks and e-books. For example, each title should have proper credit, a registered publisher and correct metadata. The second is content principles, which refer to the legality and sensitivity of the content. For example, Storytel does not accept toxic content such as hate speech, disinformation or misinformation, encouragement or idealization of self-harm, suicide or solicitations to commit a crime. If a title breaches the content guidelines, Storytel can remove it from the service both proactively and reactively.

To complement the content guidelines, Storytel has mapped the content sensitivity to better understand topics that are culturally sensitive in each local market and ensure appropriate consideration for these topics. Storytel has also developed a content contingency plan to guide Storytel employees in critical situations connected to the content in the service. The plan points out three broad areas of risk and how to handle them:

1. Breach of rights
2. Controversial content
3. Harmful content

## Content Committee

The Content Committee within Storytel is the decision-making body on content-related issues. This group works to mitigate risks related to handling and monitoring content from an integrity and safety perspective. It is responsible for updating the content guidelines when necessary in respect of publishers and authors and works to resolve content-related issues both proactively and reactively. Users, employees, partners or other stakeholders can all report content, allowing the Content Committee to reactively review complaints. The Content Committee is a collaboration between various departments within the organization in order to apply a collective Storytel perspective to content reported as illegal, insensitive or in other ways unsuitable for the service. The Committee also assists local Storytel markets in making well-informed decisions about freedom of expression as well as local laws, culture and politics.



### 1984 by George Orwell and Anna Lea

#### Global Storytel Original

George Orwell's classic from 1949 is a dystopian vision about a society where Big Brother follows your every move. In this newly produced audio drama, the story was rewritten and made for 2022. It's a story about resistance, passion and strength to fight dark forces. The production was made by award-winning Kate Jones. 1984 was released in ten Storytel markets with a creative marketing campaign.

## Curation

At Storytel, curation is the process of aggregating, selecting, arranging and exhibiting content with the main goal of engaging customers to find their next great book. Curation can be used to quickly hide a reported title that is awaiting a formal decision from an investigation by the Content Committee.

The Storytel app has a function called Kids Mode, which serves as parental control. When the Kids Mode is switched on, content is restricted to the Kids category and remains that way until a parent enters a passcode. This filter allows children to explore stories on the Storytel platform.

## Protecting Intellectual Property (IP)

At Storytel, IP serves as the foundation on which the business can thrive. Storytel takes a strict and consistent approach to prevent activities that infringe upon proprietary and licensed third-party rights. To ensure a consistent high level of quality, Storytel conducts awareness training related specifically to trademarks and copyrights and continuously works to ensure the use of high-level license template agreements, especially related to copyrights and neighboring rights license agreements. Storytel strives to be considered a safe place for publishers and creators to harbor their rights and works to protect the integrity of each title by investing in the security and technology necessary to honor its contractual obligations and prevent misuse of the streaming service, copying and illegal file sharing.

## Evaluation of Brainprint 2022 goals

*Green = Completed, Yellow = Ongoing/Partially completed, Red = Not started*

2022 Goal	Status	Comment
Be an advocate for reading and well-being.	●	Storytel has set a goal that one million users should read one book per month. Read more in the Customer Empowerment section.
Within Storytel Books, work to advance children's reading.	●	Norstedts has initiated "The Big Reading Challenge." Read more in the Customer Empowerment section.
Integrate accessibility requirements into product development.	●	Read more in the Customer Empowerment section.
Improve tools and processes for content moderation.	●	Read more in the Content Responsibility section.
Produce more Storytel Original content impact projects.	●	Examples of projects are spread throughout the report.





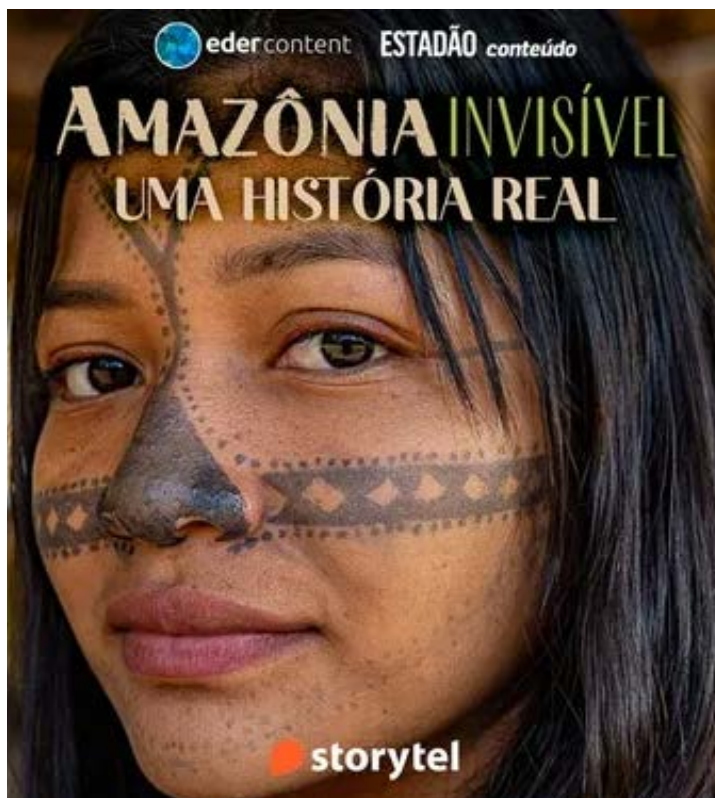
## Footprint Well-being of the planet

### Footprint Highlights 2022

- Committed to the Science Based Targets Initiative
- Started work to set long-term targets and create a long-term reduction plan for emissions
- Included Audiobooks.com in the emissions mapping for both 2021 and 2022

### Footprint Objective 2023

- Finalize the setting of science-based targets and the reduction plan.



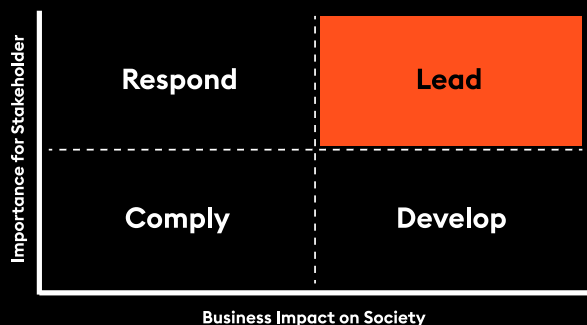
### Invisible Amazon by Storytel and Estadão with Andréia Lago

#### Storytel Brasil

Amazônia Invisível is a journalistic podcast about the Brazilian Amazon, its inhabitants and the dangers that the forest faces. The Amazon is home to thousands of living beings—like Beka, a young Munduruku warrior, who guides us on this emotional journey. Her voice, along with many other strong young voices, is emerging in a new environmental activism generation equipped with cell phones and cameras. Invisible Amazon was produced by Agencia Eder Content and distributed by the daily newspaper Estadão.

## Climate Impact & Emissions

Companies play a central role in driving down greenhouse gas emissions and building a resilient zero-emissions economy. The race is on to limit global warming to 1.5°C and prevent the worst effects of climate change. Storytel is committed to reducing the environmental impact from its direct and indirect business operations to protect the planet.



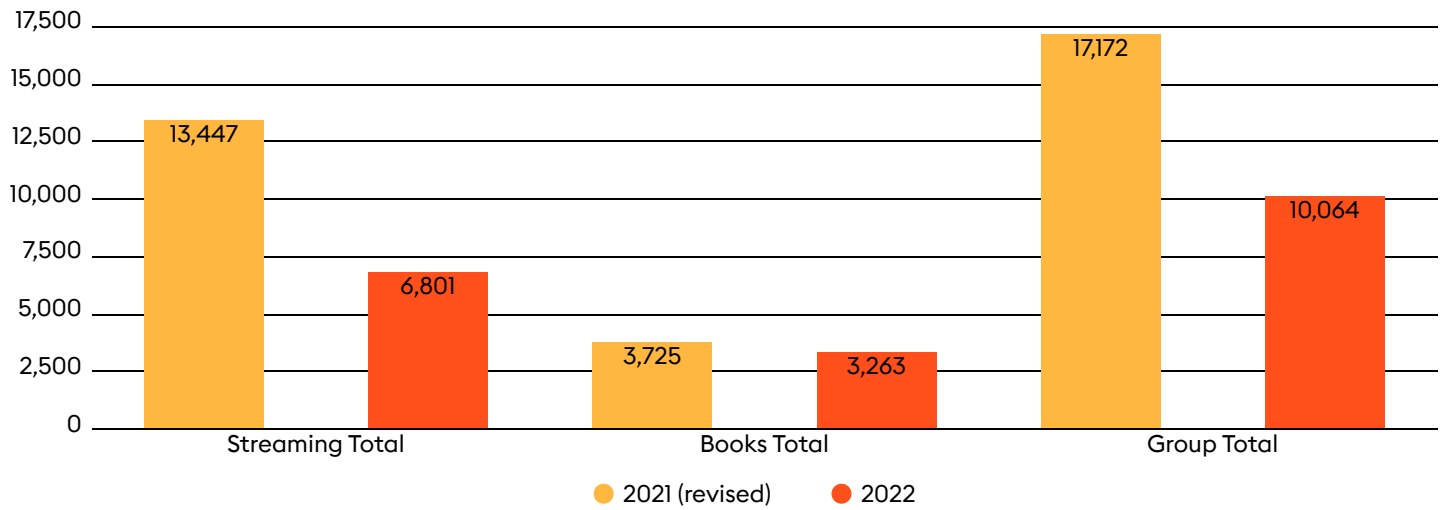
Opportunities & Risks	Primary Stakeholders	Policies & Guidelines
<ul style="list-style-type: none"> <li>+ Future-proofing the Business</li> <li>+ Access to financing</li> <li>- Rising cost for emissions</li> <li>- Reputational damage</li> </ul>	<ul style="list-style-type: none"> <li>Investors</li> <li>Employees</li> <li>Authors</li> </ul>	<ul style="list-style-type: none"> <li>Sustainability Policy</li> <li>Travel Guidelines</li> </ul>

## Overview of emissions

Storytel uses a market-based approach to calculate its environmental impact. System boundaries were defined using the control approach, i.e., including in the calculation entities where Storytel has operational control. Storytel Streaming includes emissions from the acquired company Audiobooks.com. Storytel Books does not yet include emissions from Lind & Co, of which the Storytel Group owns 70 percent.

Storytel revised its Streaming segment’s calculation of emissions for 2021 to incorporate Audiobooks.com, and the calculation has also been refined to include more accurate emission factors for online marketing activities and the use of consultancy services.

Total emissions for the Storytel Group in 2022 were 10,064 tCO<sub>2</sub>e, which is 41 percent lower than in 2021. Storytel Streaming’s emissions have decreased by 50 percent in 2022 compared to 2021. This is primarily due to an extensive reduction in costs throughout the year since the company underwent a significant strategic shift, pivoting from a focus on growth to a focus on profitability. The emissions are also lower due to improved accuracy of measurements and the use of more recent emission factors.



### Storytel Group (Streaming and Books)

tCO2e	Scope 1	Scope 2	Scope 3	Total
2021, reported in 2022	26	175	19,415	19,616
2021, revised in 2022	71	192	16,909	17,172
2022	78	148	9,838	10,064

### Storytel Streaming

tCO2e	Scope 1	Scope 2	Scope 3	Total
2021, reported in 2022	0	138	15,753	15,891
2021, revised in 2022	45	155	13,247	13,447
2022	54	120	6,627	6,801

### Storytel Books

tCO2e	Scope 1	Scope 2	Scope 3	Total
2021	26	37	3,662	3,725
2020	24	28	3,211	3,263



## Scope 1 and 2 emissions

Scope 1 emissions made up 0.78 percent of the Storytel Group's total emissions in 2022. These emissions come from fuels, more specifically mobile combustion from company vehicles, and from stationary combustion at one Storytel office. Scope 2 emissions made up 1.47 percent of emissions in 2022, and come from electricity, heating and cooling at the Storytel offices.

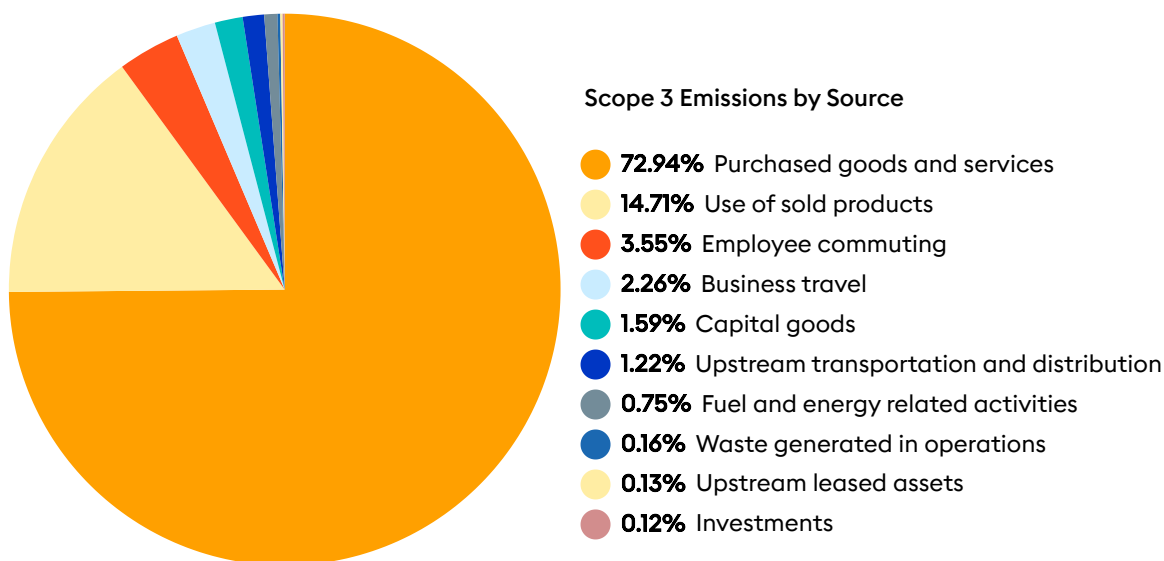
Today, 40 percent of Storytel's offices are powered by renewable energy. By 2025, 100 percent of all Storytel offices should be powered by renewable energy, using Energy Attribute Certificates in markets where renewable energy is not yet available.

## Scope 3 emissions

Scope 3 emissions made up 97.8 percent of the Storytel Group's total emissions in 2022.

### Storytel Streaming - Scope 3 emissions

Scope 3 emissions made up 97.5 percent of the Storytel Streaming's total emissions in 2022. Below is a breakdown of the different categories.



Purchased goods and services made up 73 percent of Storytel Streaming's emissions in 2022. The majority of the emissions in the purchased goods and services category come from marketing, IT services, and consultancy services.

Use of sold products made up 15 percent of Storytel Streaming's emissions in 2022. Storytel uses Google Cloud Services. Google has carbon neutral operations and is working toward running on carbon-free energy at all of its data centers by 2030. Even though Storytel's net operational emissions from Google are zero, we are optimizing cloud utilization, for example by identifying underutilized resources, and implementing changes to reduce waste.

Solveig Roepstorff

# KLIMA PSYKO LOGI

Hvorfor vi holder klimakrisen ud i strakt arm  
og den forbundethed, der venter,  
når vi begynder at handle

People's



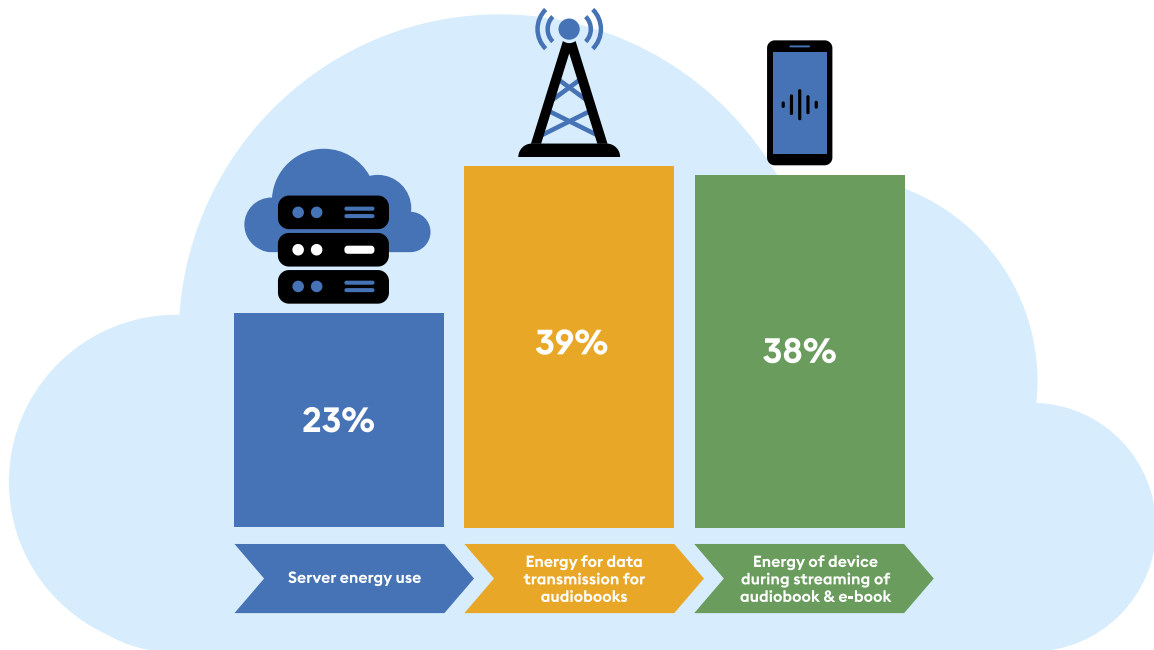
## Climate Psychology by Solveig Roepstorff

Peoples, Denmark

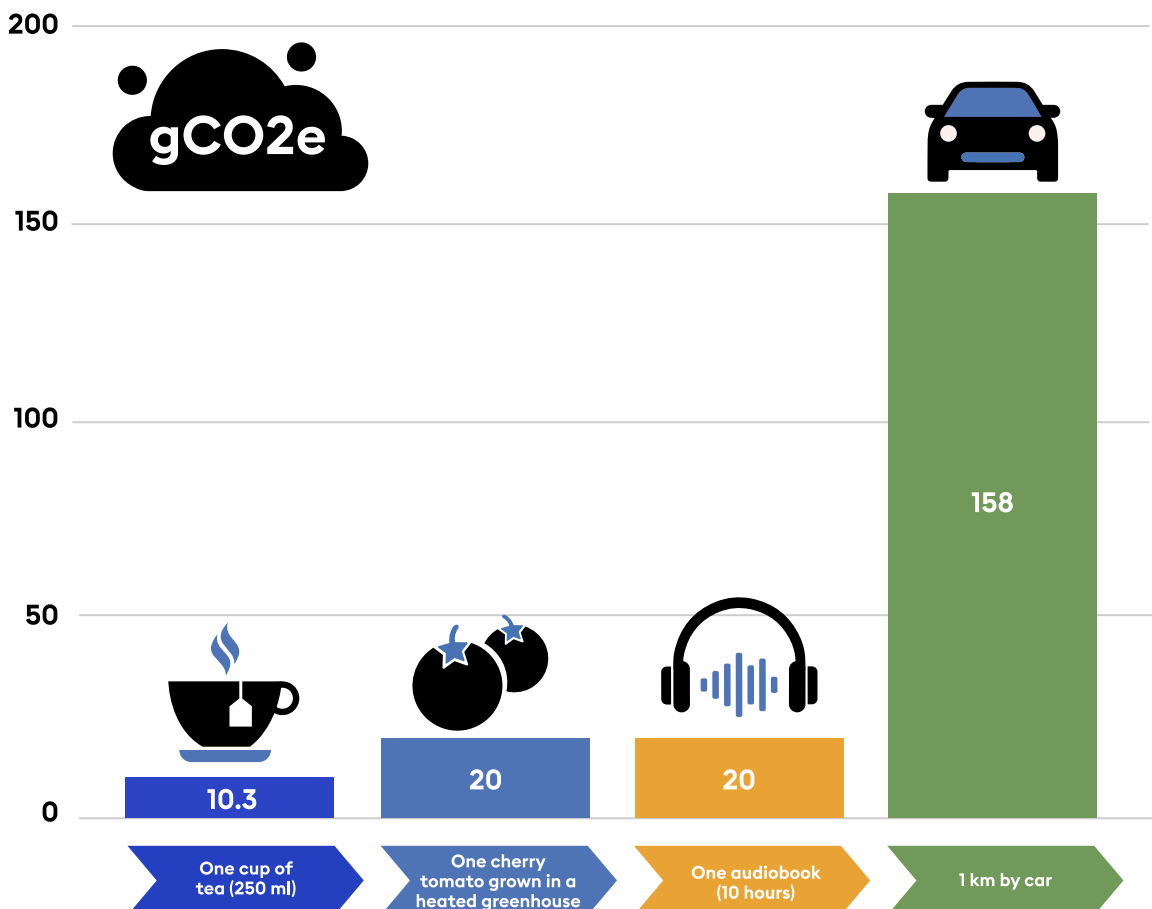
We know today that it is our own behavior and lifestyle that have put pressure on the planet's climate systems. And we know that we must radically change the way we live, work and live. So why do most of us continue our lives as if nothing had happened?

Precisely because we are human, psychologist Solveig Roepstorff explains in this new book, which describes the range of automatic reactions and behavior patterns that the news about the state of the planet activates in us. This book shows how optimistic points from climate psychology can be used to lift ourselves and each other out of worry and apathy and into the acting community that can save both our world and ourselves.

## Product breakdown - Streaming Service



Looking at the value chain, the main sources of emissions come from the energy required for data transmission and the device used to stream an audiobook. Compared to 2021, the share of emissions from data transmission is significantly lower. This is because a newer energy intensity has been used for data transmission.

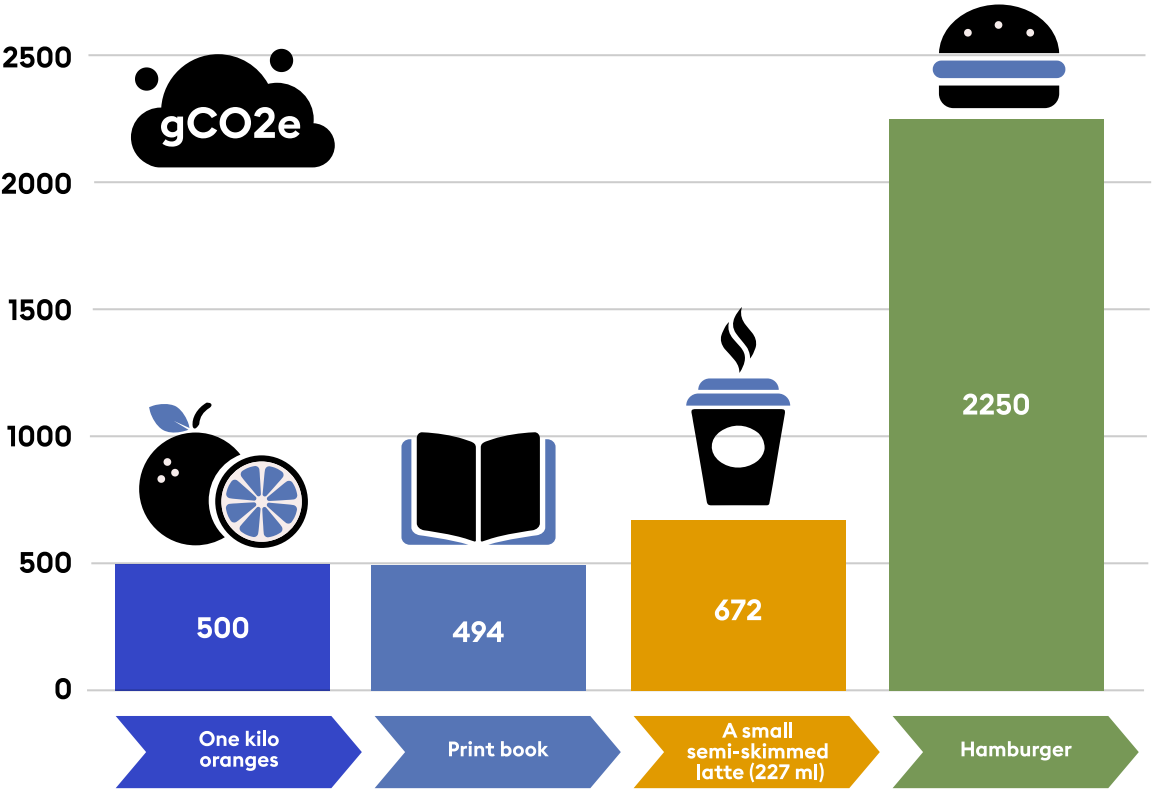
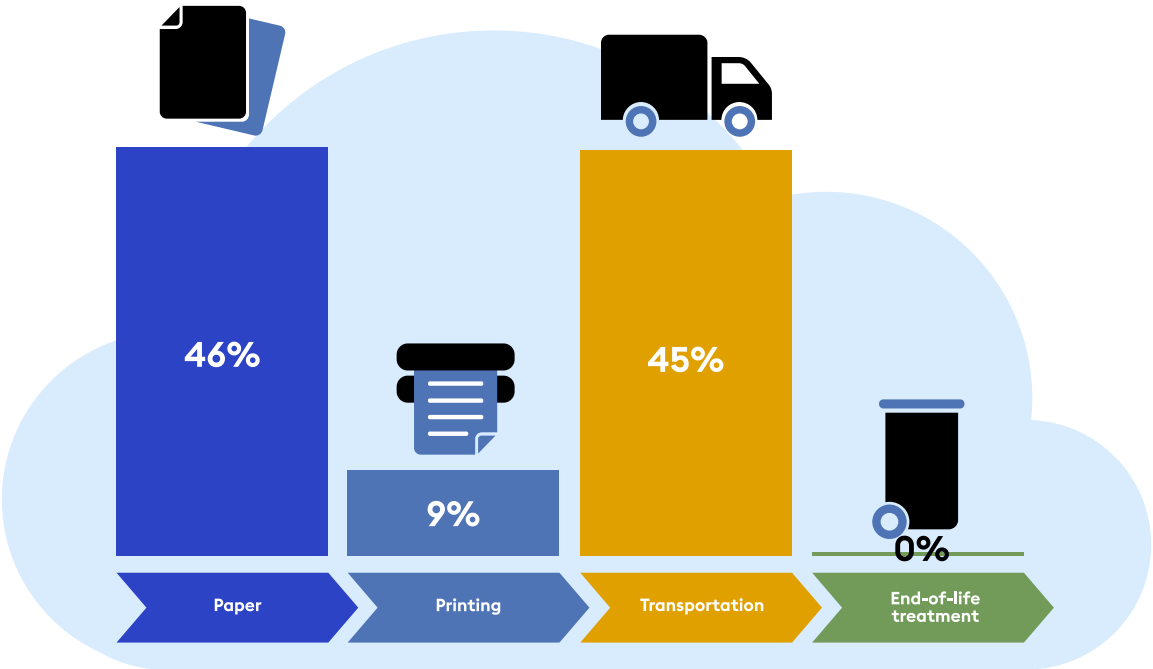


### Audiobook impact comparison

One hour of listening to an audiobook on Storytel emits 2 grams of CO<sub>2</sub>e. This is equivalent to one land-grown cherry tomato. One ten-hour audiobook emits 20 grams of CO<sub>2</sub>e, which is equivalent to one greenhouse-grown cherry tomato. Audiobook emissions are 70 percent lower than reported last year, which is driven by a more recent energy intensity for data transmission.

## Product breakdown - Print Books

Within the Publishing segment, emissions primarily occur from the paper required for the books and transportation of the books. High-impact initiatives include using more sustainable paper for the books and fossil-free transportation. During 2022, emissions from the production process increased due to the war in Ukraine, which affected the energy market.

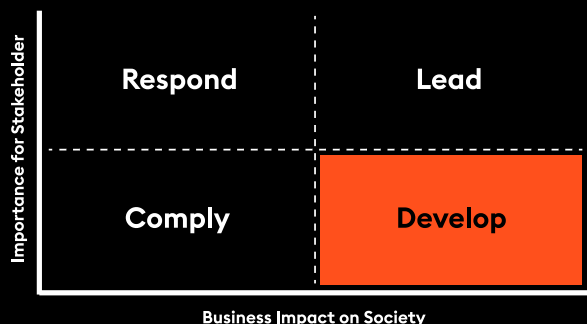


### Print Book impact comparison

One printed book from Storytel Books emits on average 494 grams of CO2e. This is equivalent to 20 percent of a hamburger in terms of emissions.

## Resource Efficiency & Circularity

Supply chains are the engines of today's global economy, serving to deliver goods and services around the world. A sustainable supply chain integrates ethical and environmentally responsible practices into a competitive and resilient model. As a signatory of UN Global Compact, Storytel wants to engage with its suppliers to address environmental impacts, apply a precautionary approach, and promote greater environmental responsibility and the usage of clean technologies across its value chain.



Opportunities & Risks	Primary Stakeholders	Policies & Guidelines
<ul style="list-style-type: none"> <li>+ Industry Leadership</li> <li>+ Decreased Scope 3 Emissions</li> <li>- Reputational damage</li> <li>- Increased supplier costs</li> </ul>	<ul style="list-style-type: none"> <li>Suppliers</li> <li>Authors</li> <li>Employees</li> </ul>	<ul style="list-style-type: none"> <li>Sustainability Policy</li> <li>Supplier Code of Conduct</li> </ul>

## Paper Usage

Norstedts Publishing Group, the largest publishing house within Storytel Books, strives to develop print production with environmental labels that meet high environmental requirements. As part of this environmental work, almost all books within the publishing group are printed on FSC-certified paper (Mixed Sources). Furthermore, all non-book products within the company are CE-certified (Conformité Européenne) according to European regulations. In 2021, Norstedts Förlagsgrupp switched paper type, which resulted in 30 percent lower emissions per printed book.

Unsold books are recycled in cooperation with our distribution partner Speed Logistics, which in turn engages a paper recycling center. The unsold books are chopped into small pieces and pressed into bales, which the paper recycling center runs to paper mills for reuse. These can be recycled 6–7 times before the fiber is consumed. Books with lower recycling quality, for example plasticized or thinner books with little paper, are taken care of in another flow to become paper material.

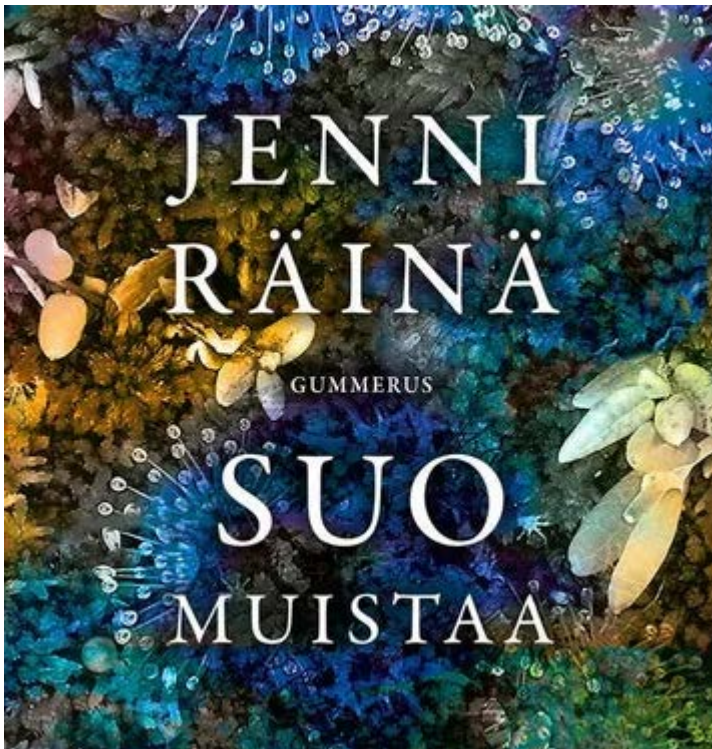
## Supplier Engagement

In 2022, Storytel introduced within the Streaming segment a Supplier Code of Conduct that is aligned with the UN Global Compact principles for responsible business. This SCoC extends to suppliers' subsidiaries, employees, consultants, subcontractors and other representatives. The Code of Conduct outlines expectations on suppliers' work with the following items:

- Labor rights
- Workplace safety
- Diversity, equality and non-discrimination
- Anti-corruption and anti-competitive behavior
- Personal data and confidential information
- Environmental responsibility

Since 2013, Norstedts Förlagsgrupp has had a strict code of conduct for its suppliers worldwide and prioritizes suppliers with a clear environmental policy. The Code of Conduct is based on internationally adopted initiatives and standards, such as the UN's Global Compact, the UN's declaration of human rights, the UN's conventions on children's rights and abolition of all forms of discrimination against women, OECD guidelines for multinationals companies and ILO conventions. Suppliers of both goods and services to Norstedts Publishing Group must meet the requirements of its Code of Conduct and take measures to ensure that subcontractors meet the requirements of the Code.

In Sweden, there is a climate initiative within the publishing industry to measure the industry's climate impact, create standards, put pressure on suppliers, and set industry-wide targets. Both the Publishing and Streaming divisions are involved in this initiative.



**The memory of Mire by Jenni Räinen with Ville-Veikko Niemelä and Anna Paavilainen**

**Gummerus Finland**

Suo muistaa (The Memory of Mire) is a topical and timely novel about swamps and people in the middle of the eco-crisis. It focuses on an eco-village restoring mires in the north of Finland and shows how our nature, landscape and even memories are disappearing.

Jenni Räinen (b. 1980) is a journalist and award-winning non-fiction author living in Oulu.

## Evaluation of Footprint 2022 goals

Green = Completed, Yellow = Ongoing/Partially completed, Red = Not started

2022 Goal	Status	Comment
Commit to the Science Based Targets Initiative and create a reduction plan.	●	Committed to the Science Based Targets Initiative. Work is ongoing to set long-term targets and a reduction plan.
Investigate emissions related to marketing to find action points for reduction.	●	Refined the emission calculation for online marketing and identified focus areas as part of the reduction plan.
Launch Green Office Guidelines that cover purchasing, recycling and waste management.	●	Green Office Guidelines completed but not yet rolled out.
Power 50 percent of Storytel's offices with renewable energy.	●	The number of offices with renewable energy increased from 31 percent in 2021 to 40 percent in 2022.
Launch a travel management service that automatically tracks and measures the carbon footprint of all business travel.	●	Rolled out in Sweden and Denmark, preparing for launch in additional markets.
Introduce fossil-free distribution of the Storytel Reader from the warehouse to the customer in all markets.	●	Deprioritized during the year.
Initiate a Sustainability Committee for the publishers within Storytel Books to increase knowledge-sharing and best practices.	●	New production strategy within Storytel Books to coordinate print practices with the goal to lower the climate impact.





# Fingerprint

## Well-being of people and partners

### Fingerprint Highlights 2022

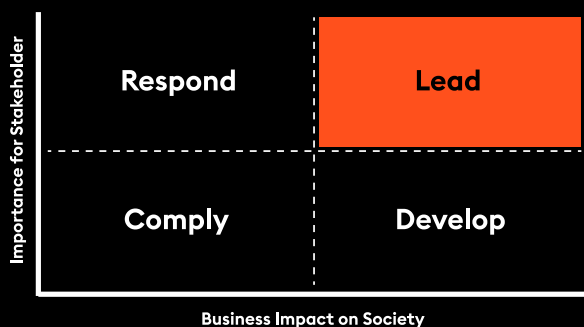
- Held IT security training across the organization
- Launched Supplier Code of Conduct

### Fingerprint Objectives 2023

- Achieve an eNPS and Engagement Score above industry benchmark.
- Prepare the Storytel Group for compliance with the Corporate Sustainability Reporting Directive (CSRD).

### Sustainable Business Model

Since its start in 2005, Storytel has been one of the leading actors in spearheading the digitalization of the book industry. Storytel has invested heavily in growing the industry: in local languages, authors, stories and narrators. The company's ambition is to have a fruitful relationship with publishers, authors, narrators and translators, and together nourish the storytelling tradition in different formats. For Storytel to operate successfully in the future, the business needs to be financially sustainable by assuring a profitable business model across our value chain.





Opportunities & Risks	Primary Stakeholders	Steering Documents
<ul style="list-style-type: none"> <li>+ Increased investment in the audiobook market</li> <li>+ Better access to financing</li> <li>- Failure to sign and maintain critical content agreements</li> <li>- Reputational damage</li> </ul>	<ul style="list-style-type: none"> <li>Investors</li> <li>Authors</li> <li>Publishers</li> </ul>	<ul style="list-style-type: none"> <li>Financial Policy</li> <li>Signing &amp; Approval Policy</li> <li>Code of Conduct</li> </ul>

## Storytel Streaming’s Business Model

Storytel’s business model is about connecting storytellers and authors with their audience. Having a sustainable business model means setting the right price point for the customer while having terms with publishers that are sustainable for both Storytel and content providers. Storytel has a revenue share model, which means that a share of the income from the listeners’ monthly fees is shared between Storytel and the publishers. Authors are then reimbursed by their publishers. In this way, all parties benefit when Storytel’s business grows.

## Creating value for the Industry

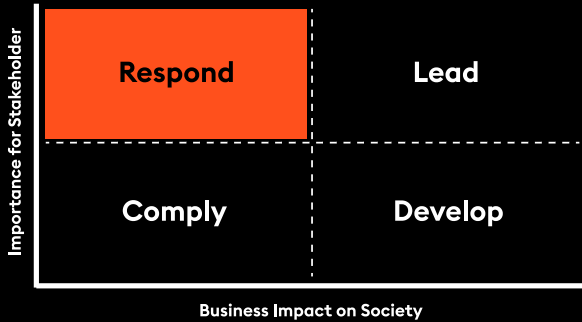
Storytel, through its publishing labels and audiobook platform, has contributed to the strong growth of the book industry. By investing in marketing, we promote titles and authorships while contributing to the promotion of reading. One of Storytel’s main tasks is to make the book relevant and ensure that existing and new authors reach the largest audience possible. We contribute to both increased book consumption and new revenue streams for many authors. Storytel has a global catalog of more than 1,100,000 titles in 41 languages. In 2022, more than 75 percent of the audiobooks consumed on Storytel had been released more than one year ago, also known as backlist titles. This helps bring older books and authorships back to life and find new audiences.

As a publisher of Storytel Originals, which are “audio first,” Storytel develops the audiobook format. Storytel also produces licensed content, making existing books available in the audio format for the first time. When entering a new market, Storytel invests in building a catalog in the local language with local publishers and authorships. Of all consumption, 90 percent in each market is in the local language.



## Human Capital Development

Storytel's ambition is to attract and develop exceptional people by nourishing a diverse workplace built on trust, innovation and collaboration. Storytel employees, and their contribution to a high-performing organization, are a cornerstone of the company's ability to deliver on its strategy. Storytel strives to ensure a great workplace where employees are engaged, develop and feel good in order to attract, develop and retain talent.



Opportunities & Risks	Primary Stakeholders	Steering Documents
<ul style="list-style-type: none"> <li>+ High Performing Organisation</li> <li>+ Employer Brand</li> <li>- Failure to attract and retain key personnel, and associated costs</li> <li>- Employee absence</li> </ul>	<ul style="list-style-type: none"> <li>Employees</li> <li>Investors</li> </ul>	<ul style="list-style-type: none"> <li>Code of Conduct</li> <li>Employee Handbook (SE &amp; DK)</li> <li>Public Flexible Holidays Guidelines</li> </ul>

## Overview of The Storytel Group

The Storytel Group consists of two main divisions, Streaming and Publishing, which operate within the media & entertainment and print publishing industries, respectively. Storytel's streaming business is conducted under the brands Storytel, Mofibo (Denmark) and Audiobooks.com (North America) and operates in over 25 markets around the globe: Sweden, Norway, Denmark, Finland, the Netherlands, Belgium, Poland, South Korea, Germany, France, Spain, Iceland, Israel, UAE, the United States, Saudi Arabia, Egypt, Italy, Turkey, Brazil, Mexico, Colombia, Bulgaria, India, Indonesia, Singapore and Thailand. Storytel is headquartered in Stockholm, Sweden.

The publishing division comprises the specialized audiobook publisher StorySide and the Storytel subsidiary Storytel Books, which includes renowned publishing houses and imprints such as Swedish publishers Norstedts, Printz Publishing, Rabén & Sjögren, B. Wahlströms, Tiden, Brombergs, Lind & Co, the Danish publisher People's, and the Finnish publishers Gummerus and Aula & Co. Through its publishing houses and imprints, Storytel is a well-known publisher and literary agency in Europe and particularly in the Nordic countries.

<b>Business Area</b>	<b>Primary Footprint by number of FTEs</b>	<b>Number of FTEs (Average during the year)</b>
Storytel Streaming	Sweden, Denmark, North America (Audiobooks), Finland, Poland.	478
Storytel Books AB	Sweden	4
Storytel Books: Norstedts Förlagsgrupp	Sweden	98
Storytel Books: People's	Denmark	24
Storytel Books: Gummerus	Finland	26
Storytel Books: Lind & Co	Sweden	23
Storytel Books: Aula	Finland	5
		Total: 658

## Storytel Streaming - Organizational Development in 2022

In 2022, Storytel underwent a significant strategic shift, pivoting from a growth focus to a profitability focus, in response to both internal and external factors. This shift has also been accompanied by, and resulted in, considerable changes to the Storytel organization. In January, Hans Holger Albrecht was appointed Storytel's new chair of the Board. In February, Storytel's founder Jonas Tellander stepped down as CEO and Ingrid Bojner was appointed interim CEO. In March, Storytel announced significant downsizing of the global staff and an increased focus on its core markets. The global headcount was reduced by 33 percent during the year. In March, Storytel also ceased all operations in Russia as a result of the war in Ukraine. In August, Johannes Larcher was appointed CEO of the Storytel Group. Storytel made significant changes to its Streaming organization in 2022, but it was able to successfully turn the page and show EBITDA profitability in both Q3 and Q4.

## Storytel Streaming - Strategic Workforce Planning

Succession planning is discussed on an annual basis in Storytel's Remuneration Committee. Through Storytel's performance appraisal process and development goal-setting, the company is able to identify talent that can take on larger responsibilities. When recruiting, Storytel advertises a majority of new roles internally to promote opportunities. Storytel has an annual graduate trainee program that allows the trainee to experience various rotations throughout different departments before taking on a permanent role in the organization.

## Storytel Streaming - Learning & Development

Storytel employees have an annual appraisal talk with their manager to evaluate performance and development and set individual goals. This is followed up throughout the year with at least one mid-year review.

	2019	2020	2021*	2022	Target
“Storytel gives me opportunities to grow and develop”	84%	88%	82%**	61%	80% ( <i>Storytel gives me the opportunity to grow and develop my skill set</i> )
% of FTEs who have participated in an appraisal process		94%	93%	96%	100%

\* In 2021, Storytel switched to a new tool for internal surveys; in this process this question was broken down into several more detailed questions.

\*\* Storytel is a great company for me to make a contribution to my development.

There is an individual budget set for each employee to use for learning and development. Storytellers are also encouraged to take part in external training and webinars and are allowed to use their working time for this.

## Benefits & Incentives

### Loyalty programs

Storytel launched its first loyalty program in 2019, a stock option program where employees were granted options that could be exercised after three years. In 2022, Storytel launched a new performance-based long-term incentive program, in which some employees were offered restricted stock units that give the right to free shares. The options and restricted stock units are earned throughout certain dates during employment.

### Parental Salary

Storytel offers parental salary in Sweden, Denmark and Finland, where a majority of its employees are located.

### Hybrid Work

Storytel’s hybrid work approach gives employees the opportunity to work from home or another location three days a week.

### Public Flexible Holidays

Storytel employees are offered public flexible holidays, which means that an employee can choose to work on a public holiday and instead take a free day on a day of their choice.

## Employee Engagement

Employee engagement is one of Storytel's most important metrics and is assessed regularly. The employee net promoter score (eNPS) is calculated by asking employees if they would recommend their employer as a great place to work. During fall of 2021, we saw Storytel's eNPS start to decline, and the average eNPS score for 2022 was -19. This is a significant drop from the previous years' scores. The Employee Engagement Score is measured through five questions, for example if employees are proud to work at Storytel, if they think about looking for a new job, and if they would recommend Storytel as a great place to work. We could also see a decline in this score in 2022, from 82 to 50. Some metrics in the Engagement Score have dropped, and some are still high. We are happy to see that 74 percent of all employees say they are proud to work at Storytel in 2022. It is Storytel's utmost priority to increase employee engagement in 2023 with the goals of landing over the industry benchmark in 2023 and in the long-term having an eNPS over 50.

	2019	2020	2021	2022	Industry benchmark (CultureAmp)	Long term target
Employee Engagement Score			82	50	74	>80
eNPS	54	52	49	-19	31	>50

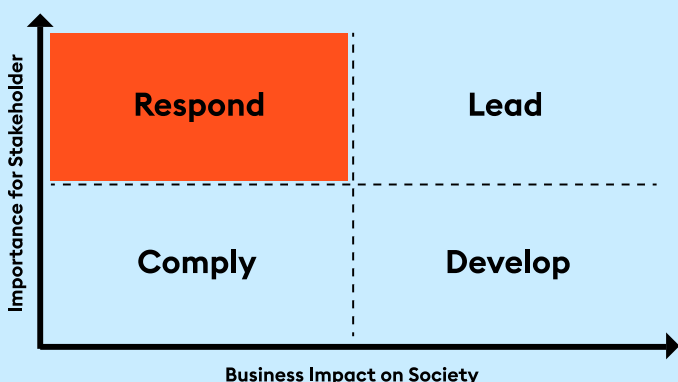
## Employee Wellbeing

One important measure to create a work environment where everyone feels safe to talk about well-being and prevent illness is to lower the threshold to dare to ask for help. Storytel has collaborated with an external company since 2020 to offer employees anonymous sessions with therapists; this has served as a stepping stone to talk more openly about mental health at Storytel.

In the summer of 2022, Storytel formed an employee task force for well-being, resulting in the launch of a number of initiatives aimed at increasing employee well-being. A mental health talk was also held in connection with Mental Health Day 2022. During the fall, Storytel arranged Storytel Moves, an initiative to promote movement of all kinds.

## Diversity, Equity & Inclusion

For Storytel to be successful in the long term, the workforce needs to be as diverse as the people and partners served. Storytel is committed to nurturing a diverse, equitable and inclusive working environment that empowers people to be themselves at work. Through Storytel's content, service and operations, the company works to promote diversity, equity & inclusion.



Opportunities & Risks	Primary Stakeholders	Steering Documents
+ Employer Brand + Relevant catalog and service for a global audience - Failure to attract and retain key personnel	Employees Authors Investors	Code of Conduct Supplier Code of Conduct Work Environment Instruction

## Diversity Plan

Storytel has employees all over the world and welcomes people of all genders, identities, disabilities, sexual orientations, ethnicities, ages, religions or other beliefs. Storytel's Diversity Plan covers topics such as working conditions, practices on salaries, recruitment and promotion, education and competence, development, and the possibility to combine work life and parenthood. Every year, Storytel maps the salaries in Sweden and Denmark, where 66 percent of all employees are located, to detect and prevent gender pay gaps.

In December 2022, Storytel sent a Diversity and Inclusion survey to all employees at Storytel. The purpose of this anonymous survey was to gain insight into and evaluate the work that had been done within diversity, equity and inclusion and discover any potentially necessary actions.

87%

of employees feel that they can be their authentic selves

71%

of employees feel that Storytel values diversity

93%

of employees feel respected by their manager

72%

of employees feel they belong at Storytel

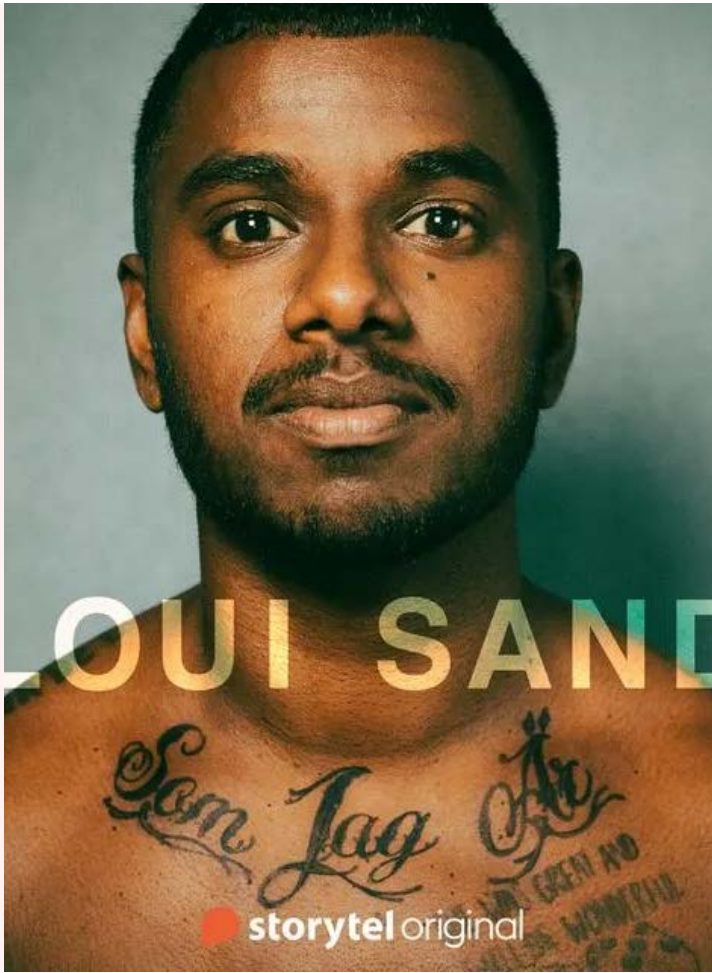
## Diversity Policy Board of Directors

Storytel, through its Nomination Committee, strives for the Board of Directors to have a composition that is appropriate with regard to the company's operations, development stage and other conditions, characterized by versatility and breadth regarding the competence, experience, age, education and professional background of the members elected by the AGM. An even gender distribution must be sought.

## Equal Opportunity

Equal opportunity is about ensuring a good work environment for all and an unbiased recruitment process. Storytel's Work Environment Instructions outline the goals and responsibilities with regard to the workplace and what Storytel accepts and does not accept. Storytel investigates all cases of poor health and accidents or incidents at work or during work time. Storytel does not accept, and works proactively to prevent, any type of discrimination, harassment, sexual harassment and retaliation. The whistleblowing tool enables employees to anonymously report shortcomings in the work environment. Leadership is an essential part of a good work environment, and during 2023 we will renew Storytel's leadership principles and set a new leadership program.

Storytel has started using anonymous applications in its recruiting and is working on scaling these to cover more recruitment processes. Hiring managers have also received training in unbiased recruitment.



## As I am by Loui Sand and Mari-Anne Knutas with Loui Sand

### Storytel Sweden

In 2019, after more than 100 international handball matches, Louise Sand suddenly announces that her career is over. The sports pages are filled with headlines quoting Sands' own words about the initiation of an investigation into gender dysphoria. At age 26, Louise stops, and Loui starts. A new true life can finally begin. In the audiobook "As I Am," Loui talks about life, identity, sports, love and prejudice. It is a story about tough and sensitive questions, and Loui opens up in an honest way, for his own sake, but also for other people going through hardships.

## Age and Gender Distribution - Storytel Streaming

Data is based on permanent employees at Storytel Streaming (excluding consultants, temporary employees and interns) as at December 31, 2022.

### Age distribution

	<30	31-50	50+
Board of Directors		25%	75%
Management Team	0%	89%	11%
Managers	7%	85%	8%
Employees	24%	71%	5%

### Gender distribution

	Female	Male	Other	Undeclared
Board of Directors	37,5%	62,5%		
Management Team	55,5%	44,5%		
Managers	53%	47%		
Employees	56,5%	43,3%	>1%	

## Age and Gender Distribution - Audiobooks.com

Data is based on permanent employees at Audiobooks.com (excluding consultants, temporary employees and interns) as at December 31, 2022.

### Age distribution

	<30	31-50	50+
Management Team		100%	
Managers	25%	75%	
Employees	39%	57%	4%

### Gender distribution

	Female	Male	Other	Undeclared
Management Team		100%		
Managers	50%	50%		
Employees	68%	32%		

## Age and Gender Distribution - Storytel Books

Data is based on permanent employees at Storytel Books (excluding consultants, temporary employees and interns) as at December 31, 2022. This includes Norstedts Förlagsgrupp, Gummerus, People's, Aula & Co and Lind & Co. Each publishing house has its own Board of Directors and management team.

### Age distribution

	<30	31-50	50+
Board of Directors	0%	72%	28%
Management Team	0%	47%	53%
Managers	0%	43%	57%
Employees	4%	65%	31%

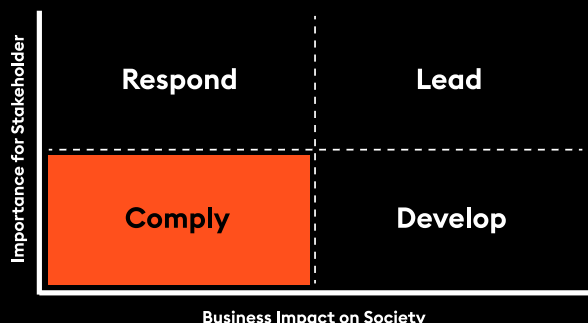
### Gender distribution

	Female	Male	Other	Undeclared
Board of Directors	84%	16%		
Management Team	59%	41%		
Managers	79%	21%		
Employees	84%	16%		



## Business Ethics & Compliance

Growing sustainably means ensuring ethical business practices and compliance across the organization and value chain. Storytel is committed to operating with high ethical standards, and policies are vital documents for assuring compliance and steering Storytel employees to act ethically and in line with its Code of Conduct. Storytel is also committed to UN Global Compact and has zero tolerance for corruption and anti-competitive behavior.



Opportunities & Risks	Primary Stakeholders	Steering Documents
<ul style="list-style-type: none"> <li>- Failure to adhere to core values, policies and guidelines</li> <li>- Legal proceedings, fines and penalties</li> <li>- Reputational damage</li> </ul>	<ul style="list-style-type: none"> <li>Employees</li> <li>Investors</li> </ul>	<ul style="list-style-type: none"> <li>Code of Conduct</li> <li>Anti-Bribery and Corruption Guidelines</li> <li>Whistleblowing Instruction</li> <li>Risk Management and Compliance Policy</li> <li>Trade Sanctions Instruction</li> <li>Insider and Communication Policy</li> <li>Work Environment Instructions Sustainability Policy</li> <li>Supplier Code of Conduct</li> </ul>

## Policy Development

Storytel policies are vital documents in assuring compliance within the organization and to steer Storytel employees to act ethically and in line with the Code of Conduct. There are several global instructions and guidelines that complement the policies and give more information. Each policy is reviewed and revised on an annual basis or more often if needed.

## Compliance Program

Storytel has a compliance program focused on ethical business practices, and compliance training is part of the onboarding process for all new employees. During their initial weeks of employment, all new employees are expected to read and understand the Code of Conduct, the global policies, the Information Security Instruction and the Work Environment Instruction. All new employees must sign the Code of Conduct.

## Anti-corruption, bribery and fair competition

Storytel is committed to full compliance with applicable antitrust and competition laws and regulations in the countries in which it operates. Storytel's Code of Conduct outlines zero tolerance for bribes and corruption and includes specific instructions for avoiding or declaring potential conflicts of interest. Since 2020, all new employees within Storytel Streaming must sign the Code of Conduct as part of the employment contract. As per December 31 2022, 57 percent of employees within Storytel Streaming have signed the Code of Conduct. As the company grows, so does its presence in countries where both legislation and the business operational environment may differ and be more challenging. This changing landscape has amplified the level of risk: both in terms of an increased risk of incidents in these countries and the risk that different cultures have different perceptions of what corruption is and what is regarded as accepted business practice. Storytel implemented a Supplier Code of Conduct in 2022 to support its work to ensure that we use ethical business partners.

Storytel works proactively to mitigate these risks through different parts of its compliance program, through onboarding, and by providing awareness training and legal expertise. We offer a whistleblowing tool to ensure that stakeholders can report misconduct anonymously if needed.

## Whistleblowing Tool

To raise concerns regarding serious misconduct that should be prevented or corrected, Storytel stakeholders can make anonymous reports using a whistleblowing channel provided by a third party and managed by a team at Storytel. The service is independent of Storytel's IT solution and does not track IP addresses or other data that could identify the person sending a message. Storytel has whistleblowing instructions in place to guide such stakeholders, and the tool can be accessed easily on the intranet.

## Work Environment

Storytel has a Work Environment Committee in Sweden and Denmark with representation from both employees and management. Storytel's Global Work Environment Policy outlines the work environment that Storytel provides and what is expected of each employee in terms of behavior and responsibility. As stated in the Code of Conduct, Storytel has zero tolerance for harassment, bullying and retaliation. If Storytel is made aware of or suspects that someone has been subject to, or has subjected someone else to, harassment, sexual harassment, bullying or retaliation, Storytel will initiate an investigation and take appropriate action, which can include termination of employment. Anyone is able to anonymously report incidents through the whistleblowing tool.

## Sustainability Policy

Storytel has a Sustainability Policy that applies to all Storytel employees and consultants. The purpose of this policy is to describe Storytel's approach to sustainability, outline the guiding principles and objectives, and guide employees to make sustainable decisions in their everyday work and when cooperating with external partners.

- We are committed to pursuing sustainable growth and we act for the long term
- We are committed to minimizing our environmental impact
- We are committed to adding value to people's lives with our products and services
- We are committed to protecting the integrity of our customers and partners
- We are committed to equality and diversity
- We are committed to cultivating a sustainable workplace
- We are committed to doing business with high ethical standards

## Commitment to Human Rights

In 2021, Storytel became a participant of UN Global Compact (UNGC). Storytel has incorporated the ten principles into the company's Sustainability Policy. In 2022, Storytel launched a Supplier Code of Conduct that requires suppliers to operate in line with the UN Global Compact principles. Storytel is working on developing measurements for its work with Human Rights that can be disclosed and followed up on.

Storytel Books, Norstedts Förlagsgrupp, Gummerus and People's are members of their respective national PEN Organizations. Norstedts Förlagsgrupp is also a member of the International Publishers Association, PEN International and shareholder of WEXFO.

## Corporate Sustainability Reporting Directive (CSRD)

In November 2022, the European Parliament voted overwhelmingly to pass the Corporate Sustainability Reporting Directive (CSRD). In 2023, Storytel will initiate a cross-functional task force to map the requirements, perform a gap analysis, and identify Storytel Group's path forward toward compliance with the CSRD.



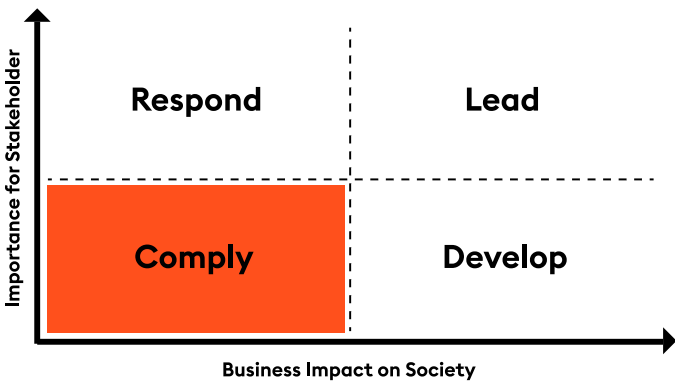
**Zona - stories from the restricted zone by Marcin Kołodziejczyk and Marta Mazus with Maciej Stuhr and more**

**Storytel Poland**

Zona is a reporter’s story about the people in a strip of land near the Polish-Belarusian border. A state of emergency area, a restricted zone and a new blind spot on the map. Imagine. One day they just take over your land and you have no say. They wear uniforms, and they’ve found proof that you are helping refugees in the zone, who in their eyes are dangerous agents of foreign powers. This zone really happened. In the 21st century, in the middle of Europe. In Poland. This is a story about people who—to act humanely—were forced to break the law. Mazus is a reporter who has been describing the lives of refugees in Bosnia, France and Great Britain, and Kołodziejczyk is a writer who has won Amnesty’s International’s Pen of Hope. The project was made in partnership with the Ocalenie Foundation and the Granica Group.

**Cyber Security & Data Privacy**

Information security and data protection are important for customers of digital products and services and are a central part of Storytel’s overall work with compliance, risk, and control. It is Storytel’s ambition to take a proactive approach to promote privacy and data protection throughout the entire data, IT and process lifecycle and to embed privacy by design in Storytel’s services. Moreover, Storytel works to ensure adequate training internally to manage security and privacy.



Risks	Primary Stakeholders	Steering Documents
- Unlawful use of personal data	Employees	Information Security Policy
- Cyber security attacks	Contractors	Information Security Instruction
- Reputational damage	Customers	Supplier Code of Conduct
	Partners	Partnership Guidelines
	Investors	

## Overview

Storytel operates in a large number of countries both within and outside of the EU/EEA, of which many have implemented national laws for data protection. This places high demands on the organization, both technically and in terms of how it is organized, and there is a risk that Storytel will not implement processes to accommodate this as fast as or to the extent required.

Storytel's approach for implementing adequate levels of data protection is to have processes and procedures in place and make these an integral part of business operations. In 2022, Storytel continued to work with sustainable expansion, taking into account local data protection and information security requirements and strengthening internal processes, dedicated resources, and global collaboration within this area.

## Policies and Processes

The Information Security Policy, which is approved by the Board of Directors and applies to all Storytel companies, employees and consultants, describes the overall principles set proactively to protect data, information, and IT assets from unauthorized use and inappropriate disclosure. For data protection, there are two main privacy governing documents: an external Privacy Policy for customers and an internal Privacy Instruction aimed to guide employees and contractors in privacy processes. All of Storytel's central governing documents are supported by more detailed instructions and procedures. No affiliate in the Group may adopt practices that go against these governing documents unless required by national law.

Storytel's policies and processes are reviewed continuously to provide accessible and practical information and tools for all employees & contractors. To implement data protection and information security organically into the organization, Storytel has a data privacy coordinator network that continuously works to improve internal data protection processes.

## Security Team

Storytel employs a dedicated security team that is responsible for key security activities.

## Security Audit & Assurance

Storytel's public-facing systems are continuously assessed by security researchers through a private bounty program. One of the premier bug bounty platforms hosts the bug bounty program, and researchers are rewarded cash bounties. In addition to manual assessments, Storytel is also using commercial automated security scanners that continuously scan & monitor the security posture of Storytel's systems.

## Vulnerability Disclosure Program







The Storytel Vulnerability Disclosure program is open for anyone to disclose security findings to the Storytel Security Team. It is accessible here: <https://security.storytel.com>

## Awareness Training

Storytel employees and contractors undergo continuous information security and data protection awareness training to guarantee adequate understanding and practical guidance on the processes and written procedures in place to ensure compliance. Prioritized activities for information security and data protection during 2022 included cyber risk workshops, increased efforts in a systemized security awareness training program, data protection training, process improvements, and increased focus on information security requirements and follow-ups aimed at third parties.

## Evaluation of Fingerprint 2022 goals

*Green = Completed, Yellow = Ongoing/Partially completed, Red = Not started*

2022 Goal	Status	Comment
Have an employee net promoter score (eNPS) for employee satisfaction over 50.		Target not achieved but remains a top priority. Read more in the Human Capital Development section.
Launch 1-3 employee well-being initiatives.		During 2022 there have been several initiatives for employee well-being; read more in the Human Capital Development section.
Oversee Storytel's recruitment process to reduce unconscious biases and enable the business to identify and recruit talent.		Training for hiring managers, upscaling the amount of anonymous applications in the recruitment process.
Through Storytel Books, support different international freedom of expression projects.		In 2022, International PEN turned 100, and Norstedts förlagsgrupp helped organize celebrations in Sweden.
Continue integrating the ten principles of the UN Global Compact into Storytel's operations.		Storytel participated in the United Nations SDG Accelerator Programme.
Launch a supplier code of conduct that aligns with UN Global Compact principles.		Read more in the Resource Efficiency & Circularity and Business Ethics & Compliance sections.

# GRI Index

## GRI Content Index with reference

**Statement of use** Storytel Publ (AB) has reported the information cited in this GRI index for the period January 1, 2022, to December 31, 2022, with reference to the GRI Standards.

GRI 1 used GRI 1: Foundation 2021

GRI Standard	Disclosure	Location	Comment
<b>General disclosures</b>			
GRI 2: General Disclosures 2021	2-1 Organizational details	4, 13, 67	
	2-2 Entities included in the organization's sustainability reporting	5, 41, 43, 55	
	2-3 Reporting period, frequency and contact point		Annual reporting per calendar year, same as for financial reporting. Reporting date: March 31, 2023. Contact point: investorrelations@storytel.com
	2-4 Restatements of information	55-56	Emissions for the Streaming segment have been recalculated for 2021.
	2-5 External assurance		No external assurance of the report.
	2-6 Activities, value chain and other business relationships	5-6, 43, 59-60	

	2-9 Governance structure and composition	18-26, 43
	2-10 Nomination and selection of the highest governance body	17-18
	2-11 Chair of the highest governance body	22
	2-12 Role of the highest governance body in overseeing the management of impacts	19-20, 44,
	2-13 Delegation of responsibility for managing impacts	44
	2-14 Role of the highest governance body in sustainability reporting	20, 44
	2-15 Conflicts of interests	19, 73
	2-22 Statement on sustainable development strategy	3-12, 39
	2-23 Policy commitments	73-74
	2-24 Embedding policy commitments	73-74
	2-26 Mechanisms for seeking advice and raising concerns	73-74
	2-28 Membership associations	UN Global Compact
	2-29 Approach to stakeholder management	43-44
<b>Material topics</b>		
GRI 3: Material Topics 2021	3-1 Process to determine material topics	43-44
	3-2 List of material topics	43
<b>Customer Empowerment</b>		
GRI 3: Material Topics 2023	3-3 Management of material topics	46-50
<b>Sustainable Business Model</b>		
GRI 3: Material Topics 2023	3-3 Management of material topics	64-65

<b>Climate Impact &amp; Emissions</b>		
GRI 3: Material Topics 2023	3-3 Management of material topics	55-60
<b>Content Responsibility</b>		
GRI 3: Material Topics 2023	3-3 Management of material topics	51-53
<b>Resource Efficiency &amp; Circularity</b>		
GRI 3: Material Topics 2023	3-3 Management of material topics	61-62
<b>Human Capital Development</b>		
GRI 3: Material Topics 2023	3-3 Management of material topics	66-69
<b>Diversity, Equity &amp; Inclusion</b>		
GRI 3: Material Topics 2023	3-3 Management of material topics	69-72
<b>Business Ethics &amp; Compliance</b>		
GRI 3: Material Topics 2023	3-3 Management of material topics	73-75
<b>Cyber Security &amp; Data Privacy</b>		
GRI 3: Material Topics 2023	3-3 Management of material topics	75-77



# Directors' Report

## Information about the operations

The Board of Directors of Storytel AB (publ) hereby submit the annual report and consolidated financial statements for the 2022 financial year. The annual report has been prepared in Swedish kronor (SEK) with all figures stated in SEK thousand (TSEK) unless otherwise specified. Storytel was founded in 2005 as a subscriber service for audiobooks. The Storytel Group currently comprises two business segments: Streaming and Publishing. The Streaming business area offers a subscription-based service for audiobooks and e-books under the brands Storytel, Mofibo and Audiobooks.com in more than 25 markets, where the Nordics represent the largest proportion of revenue. The Streaming segment also includes audiobook publishing, which is primarily run through the audiobook publisher Storyside. The Publishing business area includes the publishers Norstedts and Lind & Co. in Sweden, People's in Denmark, Gummerus in Finland and Aula & Co, Rabén & Sjögren and B.Wahlströms. The company has its registered office in Stockholm.

## Significant events during the year

Storytel has entered the American audiobook market through the acquisition of Audiobooks.com. The purchase price was paid in cash and calculated based on an enterprise value of MUSD 135 on a debt and cash free basis. The acquisition was financed through existing funds and a newly issued MSEK 500 bridge loan facility. The bridge loan was taken as part of an amendment to the company's existing credit facility, where the company's revolving credit facility was extended for another three years from November 2021 and the available amount increased to MSEK 850 (from MSEK 500).

Through the acquisition of Audiobooks.com, Storytel passes two million paying subscribers.

Storytel is adapting its strategy to the current global conditions and focusing on profitable growth that is driven by its profitable core markets in the Nordics as well as Poland, the Netherlands, Turkey, Bulgaria and the USA.

An Extraordinary General Meeting was held on February 11 to elect Hans-Holger Albrecht following the resignation of Stefan Blom. All other regular members of the Board will continue.

Storytel announces on February 17 that company's founder Jonas Tellander would step down from his role as CEO and Ingrid Bojner would take over as interim CEO. Jonas continues in his role as a Board member.

On March 4, Storytel decides to wind down its operations in Russia due to Russia's invasion of Ukraine.

The Annual General Meeting was held on May 4, 2022. Rustan Panday, Jonas Sjögren, Richard Stern, Helen Fasth Gillstedt, Malin Holmberg, and Joakim Rubin were re-elected as Board members. Hans-Holger Albrecht was re-elected chair of the Board, and Jonas Tellander was elected as vice chair. The AGM resolved, in accordance with the board of directors' proposal, to implement a long-term performance-based incentive program for key employees and key consultants in the Company and the subsidiaries operating within the business area Streaming (LTIP 2022/2026). If all warrants issued within LTIP 2022/2026 are exercised for subscription of shares of series B, the number of shares of series B and votes in the Company will increase with 466,250.

On August 25, the Board appoints Johannes Larcher CEO with the task of achieving the company's growth ambitions and leading the business and implementation of Storytel's strategy. Johannes has worked in the media and content industry for many years, most recently as the head of HBO Max International. He takes over on October 1, 2022.

An Extraordinary General Meeting was held on September 22, at which Jared Grusd, Lina Brouneus and Lutz Finger were elected as regular Board members, thus replacing Jonas Sjögren, Rustan Panday and Richard Stern, who are not re-elected. The EGM resolved, in accordance with the Board's proposal, to implement a restricted stock unit ("RSU") program for the new CEO in the Company (LTIP 2022/2026:2), where a maximum of 600,000 RSUs may be allotted to the CEO.

On November 9, Storytel 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 subscription price in the directed issue was set at SEK 45.50 per Class B share through an accelerated book building process performed by ABG Sundal Collier AB and Swedbank AB (publ). The directed issue was significantly oversubscribed. The participants in the directed issue include a number of Swedish and international institutional investors consisting of both new and existing shareholders.

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"), have undertaken to subscribe for all shares in Tranche 2. An extraordinary general meeting is proposed for November 28, 2022.

An Extraordinary General Meeting was held on November 28 and approved Tranche 2 of the directed share issue decided by the Board of Directors on November 9.

### **Significant events after the end of the year**

Kristin Widell and Anna Etzler appointed Chief People Officer and SVP Operations. Peter Messner and Oleg Nesterenko appointed CFO and CMO, joining later in the year.

The Board of Directors decided to change the date of the Annual General Meeting to May 4, 2023. The Annual General meeting was originally planned for May 2, 2023.

### **Anticipated future development, significant risks and uncertainties**

#### **Anticipated future development**

Storytel's ambition is to be a global market leader in digital storytelling. The Company's strategic focus is driven by profitable growth with a focus on the Nordics, the Netherlands, Poland, Bulgaria, France and the USA. Storytel's remaining market are markets where the audiobook is less developed but the company intends to grow to the market leader in the long term. Storytel will continuously develop its service and content to continue to be the market leader.

#### **Risks associated with Storytel's expansion**

Even if the COVID-19 pandemic is in a more stable phase, there are still risks and uncertainty linked to potential future effects.

The Storytel Group will continue to invest in international expansion. In some cases, Storytel may be entering less-developed audiobook markets, which could entail a risk that it may take longer than expected to form new patterns of behaviour and encourage customers to start consuming the content in the service. Many of Storytel's markets are also significantly different than Storytel's domestic market of Sweden. This includes, but is not limited to, stricter laws and regulations, sanctions and corruption, for example. There is a risk that the company may not take all of these elevated risks into account when entering new markets.

The expansion rate also imposes high demands on the organisation to have efficient processes and IT systems in place. There is a risk that the company will not invest in these areas quickly enough or may not find the right competence for the company.

Storytel is growing both organically and through acquisitions. There is a risk that the company will not find suitable

acquisitions to grow its operations, that acquisitions may not successfully integrate, or that they may not perform in other ways in line with expectations from Storytel and the market.

#### **Risks associated with processing personal data**

On May 25, 2018, the new EU regulation GDPR (General Data Protection Regulation) came into force. Storytel has implemented organizational, technical and administrative changes and resources to meet the requirements set out in the new regulation. Subsequently, countries within the EU/EEA have issued supplementary legislation and national interpretations thereof. Countries outside the EU/EEA have also increasingly issued national legislation which in many cases is based on GDPR but where there may also be deviating or stricter rules. Interpretation of this regulation is thus constantly changing. These places high demands on the organisation, both technically and organisationally, and there is a risk that the company will not take into account the complex requirements and therefore not implement processes quickly enough or to a sufficient degree. GDPR also has strict consequences, and there is a risk of the company, depending on the nature and scope of any deficiencies, incurring both injunctions on measures with a short implementation period and damages or administrative fines of up to MEUR 20 or four percent of Storytel's global net sales.

#### **Opportunity for future expansion**

Storytel's ability to attract new customers is largely dependent on the company continuing to successfully deliver an innovative and technically feasible service with attractive content. Storytel is also dependent on being able to continue to maintain and strengthen the company's brand. If Storytel is not able to do this, the company is at risk of not attracting new customers, which means that it would not be able to continue to grow its business.

To provide a satisfactory service, Storytel is dependent on filling the service with attractive content: both content that Storytel licences itself from copyright holders and content from other publishers. There is a risk that it could become more difficult for the company to sign agreements with rights holders or that the terms could change drastically. There is also a risk that current agreements with other publishers could run out or may not be able to be renewed on the same terms as today.

#### **Opportunities for continued operation**

The Storytel Group reported a loss in 2022, although it was strongly impacted by items affecting comparability associated with an organizational restructuring in line with a shift in focus to profitable growth. Excluding items affecting comparability, Storytel was EBITDA profitable. The reported loss was in line with forecasts and was both attributable to the investments made in the company's growth, where these are driven primarily by investments in the company's prioritized markets, and the previously mentioned restructurings that were completed during the first six

months of the year. In 2022, Storytel operated on 28 markets, nine of which were EBITDA-profitable. Storytel AB (publ) is listed on Nasdaq First North Growth Market and thus makes the assessment that capital will be available via the capital market or bank financing. It is therefore assessed that there is no threat to the Group's status as a going concern.

### Commitments within the Group

Storytel Group has lodged a security of MSEK 20 to PRI (Own pension) in the form of funds held in an escrow account. Storytel AB (publ) has also acted as a guarantor for Norstedts Förlagsgrupp AB. The security and parent company guarantee are related to the Norstedts Förlagsgrupp pension obligation to its employees, which takes the form of a pension fund.

### The share

The closing price on December 30, 2022, the final day of trading, was SEK 44.23. The share was not traded on December 31, 2022. During the financial year, the lowest share price was SEK 31.57 and the highest SEK 173.35. The average price was SEK 68.33 during the financial year. An average of 334,604 shares were traded per day, with a high of 4,218,864 shares on a single day.

	2022	2021	2020
Number of shares at the end of the year	77,073,120	68,281,911	62,545,035
Where of A-shares:	635	635	635
Earnings per share after tax, SEK	-5.51	-5.68	-3.07

### Multi-year overview

Group (TSEK)	2022	2021	2020	2019*	2018*
Net sales	3,200,382	2,620,797	2,236,751	1,843,267	1,459,952
Profit before tax	-383,672	-352,324	-191,700	-380,186	-260,962
Operating margin (%)	-12.2%	-13.4%	-7.4%	-19.6%	-16.9%
Profit margin	-11.9%	-14.2%	-8.4%	-17%	-14.5%
Equity	2,192,950	1,910,603	955,607	342,200	624,079
Balance sheet total	4,388,480	3,008,720	1,889,963	1,305,901	1,367,803
Equity-to-assets ratio (%)	50.0%	63.5%	50.1%	26.2%	45.6%
Number of employees	766	830	685	539	383

Parent Company (TSEK)	2022	2021	2020	2019*	2018*
Net sales	43,096	20,896	4,717	3,788	3,186
Profit after financial items	-553	35,459	-14,241	-27,822	-8,685
Balance sheet total	5,443,161	3,835,947	2,534,087	1,867,313	1,633,214
Soliditet (%)	77.4%	99.6%	99.4%	78.4%	89.1%

\* The years 2018 and 2019 have not been restated to IFRS but are presented in accordance with the previous accounting principles, K3.

### Top shareholders

#### Largest shareholders as of 31 december 2022

Shareholder	Capital, %	Votes, %
EQT	14.4%	14.4%
Jonas Sjögren & associated companies	9.3%	9.3%
Jonas Tellander	6.3%	6.3%
Vitruvian Partners	4.3%	4.3%
Annamaria Tellander	3.9%	3.9%
Total largest shareholders	38.2%	38.2%
Others	61.8%	61.8%
Total	100.0%	100.0%

### Sustainability Report

A Sustainability report has been prepared and is presented on pages 38-80 as a separate document from the annual report. The aim of this sustainability report is to clarify our sustainability goals and explain how we are working to achieve them. This report covers the operations of the entire Storytel Group.

### Use of financial instruments

Further information on use of financial instruments is found in Note 18.

### Corporate governance report

Storytel has chosen to voluntarily prepare a corporate governance report as a separate document from the annual report. The corporate governance report can be found on pages 13-37 and covers all of Storytel Group's operations.

### Proposed appropriation of profits

The following profits are available to the Annual General Meeting:

Retained earnings	37,735
Share premium reserve	4,128,701
Profit for the year	-1,990
	<b>4,164,446</b>
To be distributed such that	
To shareholders (SEK 0 per share)	0
To be carried forward	4,164,446
	<b>4,164,446</b>

### Financial statements and notes

Storytel Group's performance and financial position in general are presented in the following statements of comprehensive income, financial position, cash flows, and changes in equity, as well as the notes. The performance and financial position of the Parent Company Storytel AB (publ) are presented in the following income statement, statement of comprehensive income, balance sheet and changes in equity, as well as the cash flow statement and notes.

<b>CONSOLIDATED STATEMENT OF INCOME</b>		<b>1/1/2022</b>	<b>1/1/2021</b>
<b>Amounts in TSEK</b>	<b>Note</b>	<b>-12/31/2022</b>	<b>-12/31/2021</b>
Net sales	3,4	3,200,382	2,620,797
Cost of products sold	6,7,8,9,10	-1,987,237	-1,607,690
<b>Gross profit/loss</b>		<b>1,213,145</b>	<b>1 013 107</b>
Selling and marketing expenses	6,7,8,9,10	-942,799	-957,338
Technology and development expenditure	6,7,8,9,10	-322,699	-206,913
Administrative expenses	6,7,8,9,10	-370,020	-221,372
Other operating income	5	34,424	17,554
Profit from participations in associates	23	-1,070	4,208
<b>Operating profit</b>		<b>-389,019</b>	<b>-350,754</b>
Financial income	11	57,245	16,717
Financial expenses	12	-51,898	-18,287
<b>Profit before tax</b>		<b>-383,672</b>	<b>-352,324</b>
Tax	13	3,402	-20,761
<b>Profit for the year</b>		<b>-380,270</b>	<b>-373,085</b>
Profit for the year attributable to:			
Parent Company shareholders		-382,957	-381,587
Non-controlling interests		2,687	8,502
		<b>-380,270</b>	<b>-373,085</b>
<b>Earnings per share, calculated on earnings attributable to Parent Company shareholders</b>	14		
Earnings per ordinary share, basic (SEK)		-5.51	-5.68
Earnings per ordinary share, diluted (SEK)		-5.51	-5.68
<b>CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME</b>		<b>1/1/2022</b>	<b>1/1/2021</b>
<b>Amounts in TSEK</b>	<b>Note</b>	<b>-12/31/2022</b>	<b>-12/31/2021</b>
<b>Profit for the year</b>		<b>-380,270</b>	<b>-373,085</b>
<b>Other comprehensive income</b>			
<i>Items that will be reclassified to profit/loss (after tax)</i>			
Translation difference	24	162,821	8,626
<i>Items that will not be reclassified to profit/loss (after tax)</i>			
Revaluation of defined-benefit pension plans	10	113,675	-469
Tax attributable to defined-benefit pension plans	13	-7,138	80
Revaluation of hedging instruments	24	10,031	-10,031
<b>Total other comprehensive income for the year, after tax</b>		<b>279,389</b>	<b>-1,794</b>
<b>Total comprehensive income for the year, after tax</b>		<b>-100,881</b>	<b>-374,879</b>
<b>Total comprehensive income for the year attributable to:</b>			
Parent Company shareholders		-103,568	-383,381
Non-controlling interests		2,687	8,502
		<b>-100,881</b>	<b>-374,879</b>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

Amounts in TSEK	Note	12/31/2022	12/31/2021
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets, goodwill	15	1,266,553	418,383
Other intangible assets	15	1,355,863	644,762
Property, plant and equipment	16	25,985	27,675
Right-of-use assets	17	115,360	131,421
Other non-current receivables	18	54,025	31,492
Participations in associates	23	20,594	10,872
Deferred tax asset	13	13,071	3,750
<b>Total non-current assets</b>		<b>2,851,451</b>	<b>1,268,355</b>
<b>Current assets</b>			
Inventories	19	102,107	65,662
Trade receivables	18,25	222,632	311,901
Receivables in associates	25	23,249	25,582
Other receivables	18	65,755	152,370
Prepaid expenses and accrued income	20	346,944	278,967
Cash and cash equivalents	18,21	776,341	905,882
<b>Total current assets</b>		<b>1,537,029</b>	<b>1,740,365</b>
<b>TOTAL ASSETS</b>		<b>4,388,480</b>	<b>3,008,720</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
	24		
Share capital		38,537	34,139
Other capital contributions		3,578,102	3,192,821
Reserves		157,846	-15,010
Retained earnings including profit/loss for the year		- 1,651,609	-1,375,189
<b>Equity attributable to Parent Company shareholders</b>		<b>2,122,876</b>	<b>1,836,761</b>
Non-controlling interests		70,074	73,842
<b>Total equity</b>		<b>2,192,950</b>	<b>1,910,603</b>
<b>Non-current liabilities</b>			
Liabilities to credit institutions	18,25	598,416	-
Lease liabilities	17,18	81,590	95,276
Pension provision, net	10	8,148	116,449
Deferred tax liability	13	137,343	31,883
Long-term provisions	26	5,810	13,034
<b>Total non-current liabilities</b>		<b>831,307</b>	<b>256,642</b>

<b>Current liabilities</b>			
Liabilities to credit institutions	18,25	500,000	-
Lease liabilities	17,18	35,836	36,383
Trade payables	18,25	121,430	171,092
Current tax liabilities		21,636	15,330
Derivative instruments		-	10,031
Other current liabilities	18,25	49,414	80,462
Accrued expenses and deferred income	4,27	600,846	507,284
Short-term provisions	26	35,061	20,893
<b>Total current liabilities</b>		<b>1,364,223</b>	<b>841,475</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>4,388,480</b>	<b>3,008,720</b>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts in TSEK	Note 24	Equity attributable to shareholders in parent company							Non-controlling interests	Total equity
		Share capital	Other capital contributions	Translation reserve	Hedging reserve	Retained earnings including profit/loss for the year	Total			
<b>Opening equity as of 1/1/2021</b>		<b>31,273</b>	<b>1,931,152</b>	<b>-13,605</b>	<b>-</b>	<b>-993,213</b>	<b>955,607</b>	<b>-</b>	<b>955,607</b>	
Profit for the year		-	-	-	-	-381,587	<b>-381,587</b>	8,502	<b>-373,085</b>	
Minority share from the acquisition of Lind & Co		-	-	-	-	-	-	65,340	<b>65,340</b>	
Other comprehensive income for the year:										
Translation difference				8,624			8,624		<b>8,624</b>	
Revaluation of defined-benefit pension plans	10	-	-	-	-	-469	<b>-469</b>	-	<b>-469</b>	
Tax attributable to defined-benefit pension plans		-	-	-	-	-80	<b>80</b>	-	<b>80</b>	
Cash flow hedges		-	-	-	-10,031	-	<b>-10,031</b>	-	<b>-10,031</b>	
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>-</b>	<b>8,624</b>	<b>-10,031</b>	<b>-381,976</b>	<b>-383,383</b>	<b>73,842</b>	<b>-309,541</b>	
<b>Transactions with the Group's owners</b>										
New share issue		2,868	1,252,208	-	-	-	<b>1,255,076</b>	-	<b>1,255,076</b>	
Issue expenses		-	-13,476	-	-	-	<b>-13,476</b>	-	<b>-13,476</b>	
Share-related compensations	9	-	22,937	-	-	-	<b>22,937</b>	-	<b>22,937</b>	
<b>Total</b>		<b>2,868</b>	<b>1,261,669</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,264,537</b>	<b>-</b>	<b>1,264,537</b>	
<b>Closing equity as at 12/31/2021</b>		<b>34,141</b>	<b>3,192,821</b>	<b>-4,981</b>	<b>-10,031</b>	<b>-1,375,189</b>	<b>1,836,761</b>	<b>73,842</b>	<b>1,910,603</b>	
<b>Opening equity as of 1/1/2022</b>		<b>34,141</b>	<b>3,192,821</b>	<b>-4,981</b>	<b>-10,031</b>	<b>-1,375,189</b>	<b>1,836,761</b>	<b>73,842</b>	<b>1,910,603</b>	
Profit for the year		-	-	-	-	-382,957	<b>-382,957</b>	2,687	<b>-380,270</b>	
Minority share from the acquisition of Dar Al-Muna								-449	<b>-449</b>	
Dividend to minority owners								-6,000	<b>-6,000</b>	
Other total comprehensive income for the year:										
Translation difference		-	-	162,827	-	-	<b>162,827</b>	-6	<b>162,821</b>	
Revaluation of defined-benefit pension plans	10	-	-	-	-	113,675	<b>113,675</b>	-	<b>113,675</b>	
Tax attributable to defined-benefit pension plans						-7,138	<b>-7,138</b>	-	<b>-7,138</b>	
Cash flow hedges		-	-	-	8,580	-	<b>8,580</b>	-	<b>8,580</b>	
Cash flow hedge for business combination		-	-	-	1,451	-	<b>1,451</b>	-	<b>1,451</b>	
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>-</b>	<b>162,827</b>	<b>10,031</b>	<b>-276,420</b>	<b>-103,562</b>	<b>-3,768</b>	<b>-107,330</b>	



<b>Transactions with the Group's owners</b>									
New share issue		4,396	395,604	-	-	-	400,000	-	400,000
Issue expenses		-	-8,932	-	-	-	-8,932	-	-8,932
Share-related compensations	9	-	-1,391	-	-	-	-1,391	-	-1,391
<b>Total</b>		<b>4,396</b>	<b>385,281</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>389,677</b>	<b>-</b>	<b>389,677</b>
<b>Closing equity as of 12/31/2022</b>		<b>38,537</b>	<b>3,578,102</b>	<b>157,846</b>	<b>-</b>	<b>-1,651,609</b>	<b>2,122,876</b>	<b>70,074</b>	<b>2,192,950</b>

**CONSOLIDATED STATEMENT OF CASH FLOW**

Amounts in TSEK	Not	1/1/2022 -12/31/2022	1/1/2021 -12/31/2021
<b>Operating activities</b>			
Profit after financial items		-383,672	-352,326
<i>Of which interest paid</i>		-28,761	-3,849
Adjustments for non-cash items	28	288,614	194,613
Tax paid		-22,517	-17,286
<b>Cash flow from operating activities before changes in working capital</b>		<b>-117,575</b>	<b>-174,999</b>
<b>Cash flow from changes in working capital</b>			
Change in inventory		-33,195	-4 996
Changes in operating receivables		125,083	-146 023
Changes in operating liabilities		-74,758	107 318
<b>Cash flow from operating activities</b>		<b>-100,445</b>	<b>-218 700</b>
<b>Investing activities</b>			
Acquisition of intangible assets	15	-250,437	-317,651
Acquisition of property, plant and equipment	16	-6,092	-9,935
Business combinations	31	-887,095	-41,759
Acquisition of financial non-current assets		2,234	-1,973
<b>Cash flow from investing activities</b>		<b>-1,141,390</b>	<b>-371,319</b>
<b>Financing activities</b>			
	28		
New share issue		391,069	1,157,184
Dividend to minority owners		-6,000	-
Warrants		-	6,998
External borrowings		1,200,000	-
Repayment of debt		-464,129	-2,116
Amortization of lease liability	17	-35,590	-30,497
<b>Cash flow from financing activities</b>		<b>1,085,350</b>	<b>1,131,569</b>
<b>Cash flow for the year</b>		<b>-156,485</b>	<b>541,550</b>
Cash and cash equivalents at beginning of year		905,882	361,646
Exchange rate difference in cash and cash equivalents		26,945	2,686
<b>Cash and cash equivalents at year-end</b>	21	<b>776,341</b>	<b>905,882</b>

## CONSOLIDATED NOTES

### Note 1 Significant accounting principles

This annual report and consolidated accounts include the Swedish Parent Company Storytel AB (publ), CIN 556575-2960, and its subsidiaries.

The Group's main business is to offer streaming services of audiobooks and publishing of books and has been described in more detail in the Directors' Report.

The Parent Company is a limited liability company with its registered office in Stockholm, Sweden. The address of the head office is Tryckerigatan 4, 111 28 Stockholm, Sweden.

On March 29, 2023, the Board of Directors approved this annual report and consolidated financial statements, which will be submitted for adoption at the Annual General Meeting on April 3, 2023. Storytel's formal financial statements are included on pages 1-152 of this document.

### Basis for the consolidated accounts

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) as adopted by the European Union (EU). Furthermore, the Group applies the Annual Accounts Act (1995:1554) and RFR 1 Supplementary Accounting Rules for Groups issued by the Swedish Financial Reporting Board.

The consolidated financial accounts have been prepared on the basis of the assumption of going concern. Assets and liabilities are measured on the basis of acquisition value with the exception of certain financial instruments that are measured at fair value. The consolidated financial statements have been prepared in accordance with the acquisition method and all subsidiaries in which controlling influence is exercised are consolidated as of the date this influence was acquired.

Preparing reports in accordance with IFRS requires that several estimates be made by management for accounting purposes. The areas that include a high degree of assessment, which are complex or such areas where assumptions and estimates are of significant importance for the consolidated accounts are stated in Note 2 Significant estimates and assessments. These assessments and assumptions are based on historical experience and other factors that are deemed reasonable given the prevailing circumstances. Actual outcome may differ from assessments made if these assessments change or other conditions exist.

The Parent Company applies the same accounting principles as the Group except in the cases specified in the section "Parent Company accounting principles." The Parent Company applies the Annual Accounts Act (1995:1554) and RFR 2 Accounting for Legal Entities. The deviations that occur are caused by restrictions on the possibilities of applying IFRS in the Parent Company as a result of the Annual Accounts Act and current tax rules.

The accounting principles set out below have, unless otherwise specified, been applied consistently to all periods presented in the consolidated financial statements.

This is Storytel's first financial statements prepared in accordance with IFRS. Storytel has applied IFRS1 First-time Adoption of International Financial Reporting Standards in the preparation of these financial statements. The transition to IFRS is described in more detail in Note 33 Transition to IFRS.

The new standards and interpretations that come into force for financial years beginning after January 1, 2023 have not been applied in the preparation of this financial report. None of these new IFRS or IFRIC amendments are expected to have any significant effect on the consolidated financial statements in the future.

## **Consolidation**

### ***Subsidiaries***

Subsidiaries are all companies over which Storytel AB exercises a controlling influence. The Group controls a company when it is exposed to or has the right to a variable return from the holding in the company and has the opportunity to influence the return through its influence in the company. Subsidiaries are included in the consolidated financial statements from the date on which the controlling influence is transferred to the Group, and are excluded from the consolidated financial statements from the date on which the controlling influence ceases.

Subsidiaries are reported according to the acquisition method. This method means that the acquisition of a subsidiary is regarded as a transaction whereby the Group indirectly acquires the subsidiary's assets and takes over its liabilities. The acquisition analysis determines the fair value on the acquisition date of acquired identifiable assets and assumed liabilities as well as any non-controlling interests. Transaction expenses, with the exception of transaction expenses that are attributable to the issue of equity or debt instruments, are recognized directly in profit/loss. In business combinations where transferred remuneration exceeds the fair value of acquired assets and assumed liabilities that are recognized separately, the difference is recognized as goodwill. When the difference is negative, so-called acquisitions at a low price, this is recognized directly in profit/loss.

In the event that the accounting for certain items in a business combination is incomplete in connection with the first accounting period, preliminary amounts are recognized for these items. In the event that new information regarding conditions as at the date of acquisition is received, the items may be adjusted during the measurement period.

For acquisitions that include acquisition options for non-controlling interests, and if the conditions for the option are assessed to entail that all financial benefits and disadvantages flow to Storytel already at the date of acquisition, no non-controlling interests are recognized. The acquisition option is reported as a financial liability corresponding to the fair value of the future exercise price and any changes in value are recognized in profit/loss. Contingent consideration is classified as a financial liability and revalued at fair value in each period. Any changes in value are recognized in profit/loss.

In the event that Storytel acquires a controlling influence but where the ownership share is less than one hundred percent, non-controlling interests are reported either as a proportionate share of the fair value of identifiable net assets excluding goodwill or at fair value. This choice of principle is made for each individual business combination.

In the case of acquisitions that take place in stages, goodwill is determined on the day a controlling influence arises. Previous holdings are measured at fair value, and the change in value is recognized in profit/loss. If additional shares are acquired, i.e., after obtaining controlling influence, this is reported as a transaction between owners under Equity.

### ***Associated companies/other jointly controlled companies***

Shareholdings in associated companies and joint ventures in which the Group holds a minimum of 20 percent and a maximum of 50 percent of the votes or otherwise has a significant influence, are recognized according to the equity method.

The equity method means that the recognized value of the shares in associated companies and joint ventures in the Group corresponds to the Group's share in the associated companies' and joint ventures' equity as well as consolidated surplus and deficit values. The equity method is applied until the time when the significant influence ceases or the jointly owned company ceases to be jointly owned.

### ***Transactions eliminated upon consolidation***

Intra-group receivables and liabilities, income or expenses and unrealised gains or losses arising from intra-group transactions between Group companies are eliminated in their entirety in the preparation of the consolidated financial statements.

## **Currency**

### ***Functional currency and reporting currency***

The functional currency for the Parent Company is Swedish kronor, which is the reporting currency for the Parent Company and the group. All amounts are stated in thousands of kronor unless otherwise stated.

### ***Transactions in foreign currency***

Transactions in foreign currency are translated into the functional currency at the exchange rate prevailing on the transaction date. Monetary assets and liabilities in foreign currency are translated into the functional currency at the exchange rate prevailing on the balance sheet date. Non-monetary items, which are measured at historical cost in a foreign currency, are not translated. Exchange rate differences that arise in the translations are recognized in profit/loss for the year. Exchange gains and losses relating to operating receivables and liabilities are recognized in operating profit, while exchange gains and losses relating to financial receivables and liabilities are reported as financial items.

### ***Recalculation of foreign subsidiaries***

Assets and liabilities in foreign operations are translated from the functional currency of the foreign operations, i.e., the main currency applicable in the economic environment in which each company operates, to the Group's reporting currency at the exchange rate prevailing on the balance sheet date. Income and expenses in a foreign operation are translated into Swedish kronor at an average exchange rate that constitutes an approximation of the exchange rates at the time of each transaction. Translation differences that arise from currency translation of foreign operations are reported in other comprehensive income and accumulated in the translation reserve under equity. When the controlling influence ceases for a foreign operation, the associated translation differences are reclassified from the translation reserve under equity to profit/loss.

### ***Restatement regarding hyperinflation (IAS29)***

The Group's subsidiaries in countries that pursuant to IAS 29 are classified as high inflationary economies are reported in the consolidated financial statements after restatement for hyperinflation. Currently, Storytel's operations in Turkey, which has the functional currency TRY, pursuant to IAS29, are reported including goodwill that is consolidated from TRY to SEK.

The non-monetary items in the balance sheet have been restated using a general price index. The index that Storytel used for restatement is a Turkish consumer price index with base period June 2005. The items that have been restated in the financial statements are based on reporting at historical cost.

Restatement of the consolidated goodwill balance is reported as part of other comprehensive income. The effect in other comprehensive income, TSEK 5 266, is included in the translation difference. This handling assumes that goodwill would have been booked to equity if it had been moved to subsidiary level. It also does not contribute to a change in the monetary net position in the subsidiary.

The restatement of the non-monetary balance and profit/loss items in the subsidiary are part of net profit or loss and reported in the income statement as part of the financial income and expenses. The income statement has been restated at the most recent rate on the balance sheet date at the end of the year, see note 12.

## **Classification**

Non-current assets and non-current liabilities essentially consist of amounts that are expected to be recovered or paid after more than twelve months from the balance sheet date. Current assets essentially consist of amounts that are expected to be realised during the Group's normal business cycle, which is twelve months after the reporting period. Current liabilities essentially consist of amounts that are expected to be settled during the Group's normal business cycle, which is twelve months after the reporting period.

## **Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Executive Officer (CEO). The Chief Executive Officer is the function responsible for allocating resources and assessing the operating segments' performance. In the Group, this function has been identified as the CEO. An operating segment is a part of the Group that conducts operations from which it can generate revenue and incur costs and for which independent financial information is available. The Group's division into segments is based on the internal structure of the Group's business operations, which means that the Group's operations have been divided into three reportable segments: Streaming Nordics, Streaming Non-Nordics and Books (formerly Publishing).

The same accounting principles are used in the segments as for the Group with the exception of IFRS 16 Leases and IAS 19 Employee Benefits, with respect to defined-benefit pensions.

## Revenue from contracts with customers

The Group reports revenue when the Group fulfils a performance commitment, which is when a promised product or service is delivered to the customer and the customer takes over control of the product or service. Control of a performance commitment can be transferred over time or at a single point in time. Revenue consists of the amount that the company expects to receive as compensation for transferred goods or services. In order for the Group to be able to report revenues from contracts with customers, each customer contract is analysed in accordance with the five-step model found in the standard:

Step 1: Identify a contract between at least two parties where there is a right and a commitment.

Step 2: Identify the various promises (performance commitments) contained in the contract.

Step 3: Determine the transaction price, i.e., the amount of compensation that the company is expected to receive in exchange for the promised goods or services. The transaction price must be adjusted for variable parts, for example any discounts.

Step 4: Distribute the transaction price across the various performance commitments.

Step 5: Report revenue when the performance commitments are met, i.e., control passed to the customer. This is done at a single point in time or over time if any of the criteria specified in the standard are met.

The Group's significant revenue relates to the provision of streaming services to private and corporate customers and book sales of both printed and digital books.

### *Sales of streaming services*

The largest part of the Group's revenue consists of sales of Storytel's Streaming service. Customers mainly consist of private individuals, and contracts arise when the customer signs up for the service. The length of the subscriptions is generally short since customers pay in advance and usually are bound on a monthly basis. Longer binding periods of three, six or twelve months occur in some markets. If the customer does not cancel their subscription, the streaming service will continue to the next payment period. The service is sometimes sold to private individuals through Storytel's partnerships with other companies. In these cases, Storytel is normally the principal in the transaction, but an assessment of the co-operation is made on a case-by-case basis. For the sale of gift cards, see below.

Storytel assesses that the commitment to deliver the streaming service to customers is a distinct set of services. Therefore, the Group considers that in contracts with these customers there is a single performance commitment, i.e., to deliver and make available time-limited access to digital services. The transaction price is mainly fixed over the binding period to which the contract relates.

Revenue from streaming services are reported when control has been transferred to the customer and the performance commitment is thus fulfilled, which takes place over the agreement period. At the same time, the customer receives and consumes the benefits provided through the company's performance when the company fulfils its commitment by providing access to the streaming service. Revenue from streaming services are reported on a straight-line basis over the contract period since the customer then has access to the streaming service and Storytel thereby fulfils the performance commitment over time throughout the contract period.

### *Gift cards for streaming services*

Storytel also sells gift cards to both private and corporate customers for subscription to the streaming service. Remuneration received is reported as a liability when the gift cards are sold, and the income is reported at the time of use. If a gift card refers to a six-month subscription to the streaming service, the income is reported over that period. Some gift cards are not used within the period of validity (normally between 1-2 years), and for these the revenue is reported during the validity period of the gift card based on the estimated share of gift cards that will not be redeemed.

### *Sale of books*

The Group generates publishing income through the sale of printed and digital books to retailers. The digital books that are sold are mainly licensed. The transaction price is mainly fixed, but there can be variable remuneration to some extent, such as the right of return and volume-based price adjustments.

Variable remuneration is recorded as a liability until Storytel assesses that it is no longer probable that a significant reversal of accumulated income can take place. The invoice is normally due for payment after 30–60 days.

Revenue from the sale of books is reported when control has been transferred to the customer and the performance commitment is thus fulfilled, which normally occurs at a specific point in time. Where compensation for a right-of-use license for a digital book is based on consumption, the income is first recognized at the time when consumption has taken place.

#### *Sales of streaming-related products*

Storytel also sells streaming-related products such as the Storytel Reader tablet. The transaction price is mainly fixed, and revenue from the sale of the product is recognized at the point in time when control of the product has been transferred to the customer. Where Storytel Reader is sold together with other products or services, for example Storytel's streaming services, the revenue is allocated based on a distribution of the independent price of each performance commitment.

## **Employee benefits**

Employee benefits refer to all forms of compensation provided by the company to its employees. These include salary, social security contributions, holiday pay, bonuses, share-based pay and post-employment compensation.

#### *Short-term benefits*

Short-term benefits to employees such as salary, social security contributions and holiday pay are expensed in the period when the employees perform the services.

#### *Defined-contribution and defined-benefit pension plans*

Storytel's pension commitments are covered by defined-contribution and defined-benefit plans.

A defined-contribution pension plan is a pension plan for which the Group pays fixed fees to a separate legal entity. The Group has no legal or informal obligations to make additional contributions if this legal entity does not have sufficient assets for paying all employee benefits related to the employees' service during the current or previous periods. The Group thus has no additional risk. The Group's obligations regarding fees to defined-contribution plans are reported as an expense in the income statement at the rate at which they are earned by the employees performing services for the Group during the period.

Defined-benefit plans are different plans for post-employment benefits than defined-contribution plans. The accounting of defined benefit plans includes measurement of the obligation based on actuarial calculations and assumptions, whereby a present value is calculated according to the assumption of a discount rate. Actuarial calculations are made according to the so-called Projected Unit Credit Method and are performed by an independent actuary. Plan assets are measured at fair value. If the value of the commitment exceeds the value of the plan assets, a net debt is reported in the statement of financial position. When the value of the plan assets exceeds the commitment, a net asset is recognized (taking into account the effect of a so-called asset ceiling that may limit the accounting of a net asset). The pension costs for the period are reported as a personnel cost in profit/loss, with the exception of the net interest rate, which is reported as a financial item. Revaluations of the defined-benefit net debt (net asset) are reported in other comprehensive income.

#### *Compensation in the event of termination*

A cost for compensation in connection with redundancies is only reported if the company is demonstrably obliged, without a realistic possibility of withdrawal, by a formal detailed plan to terminate an employment before the normal time. When compensation is provided as an offer to encourage voluntary redundancy, a cost is reported if it is probable that the offer will be accepted and the number of employees who will accept the offer can be reliably estimated.

#### *Share-based compensation*

Employees at the Group's streaming companies participate in several warrant programs where the parent company Storytel AB (publ) issued warrants that entitle the holder to acquire shares in Storytel AB (publ). The cost of share-based compensation to employees is based on the fair value of the warrants as per the allocation date, calculated in accordance with the Black & Scholes model except for one of the new programs 2022 that is calculated in accordance with the Monte Carlo model. The cost is recognized as a personnel cost together with a corresponding increase in equity during the period in which the vesting conditions are met, until the warrants are fully vested and the employee is fully entitled to remuneration.

Social security expenses attributable to share-based compensation according to the above are expensed over the periods during which the services are performed. The liability for social security contributions that arises is remeasured at every balance sheet date based on a new calculation of the contributions that are expected to be paid when the warrants are redeemed. This means that the warrants are marked to market at each period end.

The vesting conditions require that the employee must remain in employment during the vesting period, and the assessment regarding fulfilment is reflected in the number of employee warrants that are expected to be able to be exercised at the end of the program. For employee stock option 2021/2025 and restricted stock unit programs 2022/2026 an earnings condition regarding fulfilment of the Group's KPIs is also included.

The Storytel Group implemented during the year 2022 two new restricted stock unit programs, 2022/2026:1 and 2022/2026:2. The program 2022/2026:1 includes a maximum of 373,000 restricted stock unit warrants. The participants in the program are divided into four categories, for participants in three of the categories, 75 percent of the restricted stock units will be vested three years after grant and the remaining 25 percent four years after grant. For participants in the fourth category 25 percent of the restricted stock units will be vested one year after grant and thereafter, 6.25 percent will be vested every quarter. 25 percent of vesting occurs after 1 year and 75 percent after 3 years as of the issue on June 1, 2022. Exercise of the restricted stock units redemption occurs during the period June 2023–December 2026. The 2022/2026:2 program includes a maximum of 600,000 employee warrants, and vesting occurs on a straight-line basis each quarter until September 30, 2026

## **Financial income and expenses**

### *Financial income*

Financial income consists of interest income, exchange rate changes and any capital gains on financial assets. Interest income is reported in accordance with the effective interest method. The effective interest rate is the interest rate that discounts the estimated future inflows and outflows during the expected maturity of a financial instrument to the reported net value of the financial asset or liability. The calculation includes all fees paid or received by the parties to the contract that are part of the effective interest rate, transaction costs and all other premiums and discounts. Financial income is recognized in the period to which it relates.

Dividends received are recognized when the right to receive dividends is determined.

### *Financial expenses*

Financial expenses mainly consist of interest expenses on financial liabilities which are calculated using the effective interest method, interest expenses relating to available credit facilities, interest expenses on lease liabilities, pension provisions and exchange rate changes. Financial expenses are recognized in the period to which they relate.

## **Income tax**

Income tax consists of current tax and deferred tax. Income taxes are recognized in profit/loss for the year except when the underlying transaction is recognized in other comprehensive income or equity, whereby the related tax effect is recognized in other comprehensive income or equity.

Current tax is tax that is to be paid or received for the current year, with application of the tax rates that have been decided or in practice decided per balance sheet date. Current tax also includes an adjustment of current tax attributable to previous periods.

Deferred tax is recognized in its entirety, according to the balance sheet method, on all temporary differences that arise between the tax value of assets and liabilities and the carrying amounts. Temporary differences are not taken into account when recognizing goodwill or for the initial reporting of an asset acquisition since the acquisition does not impact either recognized or taxable profit. Furthermore, temporary differences attributable to participations in subsidiaries that are not expected to be reversed in the foreseeable future are also not taken into account. The measurement of deferred tax is based on how and in which jurisdiction the underlying assets or liabilities are expected to be realized or settled. Deferred tax is calculated using the tax rates and tax rules that are decided or announced on the balance sheet date and that are expected to apply in the jurisdiction when the relevant deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets and deferred tax liabilities are set off if there is a legal right to set off current tax assets against current tax liabilities and the deferred tax is attributable to the same unit in the Group and the same tax authority. Deferred



tax assets relating to deductible temporary differences and loss carryforwards are recognized only to the extent that there are sufficiently strong factors that convincingly indicate that these will be utilized after taking into account the right of set-off for deferred tax liabilities. The existence of deficits is seen as a strong indication that taxable surpluses may not be generated. The value of deferred tax assets is reduced when it is no longer considered probable that they can be utilized.

### **Earnings per share**

Earnings per share (basic) are calculated by dividing the net profit attributable to the Parent Company shareholders by the weighted average number of shares outstanding during the year.

Earnings per share (diluted) are calculated by dividing the net profit attributable to the Parent Company shareholders, adjusted where applicable, by the sum of the weighted average number of ordinary shares and potential ordinary shares that may give rise to a dilution effect. The dilution effect of potential ordinary shares is only reported if a conversion to ordinary shares would lead to a reduction in earnings per share after dilution.

### **Intangible assets**

An intangible asset is recognized if it is probable that the future economic benefits that can be attributed to the asset will accrue to the company and the acquisition value can be calculated in a reliable manner. An intangible asset is measured at cost when it is recognized for the first time in the financial statement. Intangible assets with a limited useful life are recognized at cost less amortization and any impairment. Intangible assets with an indefinite useful life are tested annually for impairment and in cases where there are indications of impairment may be needed. Even for the intangible assets with an indefinite useful life, a reassessment of the useful life is made at each balance sheet date.

#### *Goodwill*

Goodwill represents the difference between the cost a business combination and the fair value of acquired net assets. Goodwill is measured at cost less any accumulated impairment. Goodwill is allocated to cash-generating units that are expected to benefit from the synergy effects of the business combination. The factors that constitute reported goodwill are mainly synergy effects, personnel and their know-how. Goodwill is considered to have an indefinite useful life and is thus tested at least annually for impairment and following indication of impairment.

#### *Internally generated intangible assets*

The Group's work on internally generated intangible assets is divided into two phases in accordance with IAS 38: the research phase and the development phase. Costs that arise during the research phase are expensed on an ongoing basis as they arise and are never capitalized afterwards. Costs that arise during the development phase are capitalized as intangible assets when, in the management's assessment, it is probable that they will result in future financial benefits for the Group, the costs can be measured reliably and other criteria for capitalization are met.

Capitalized expenditure for development work is recognized during the development phase at cost less accumulated amortization and any accumulated impairment. The expenditure that is capitalized includes expenses for materials including external consulting costs, direct salary and a share of associated indirect costs and other expenses directly attributable to the project. All other costs that do not meet the criteria for capitalization are charged to profit/loss when they arise. Internally generated intangible assets are recognized under capitalized expenditure for development work when the development projects are completed and the product is ready for use. Ongoing projects are reported under the heading Ongoing work capitalized expenses. The Group's internally generated intangible assets mainly relate to the development of Storytel's technical platform and Storytel's digital catalogue for audiobooks and e-books.

#### *Rights, licenses, brands*

Rights, licenses, brands mainly refers to acquired rights regarding books and acquired trademarks and are reported at cost less accumulated amortization and any accumulated impairment. Where brands are considered to have an indefinite useful life, they are tested for impairment in the same way as other assets with an indefinite useful life.

#### *Other intangible non-current assets*

Other intangible non-current assets refers to rental units and similar rights and are recognized at cost less accumulated amortization and any accumulated impairment.

#### *Amortization principles*

Intangible non-current assets are amortized systematically over the asset's estimated useful life. The useful life is reconsidered at each balance sheet date and adjusted if necessary. When the amortizable amount of the assets is determined,

the residual value of the asset is taken into account where applicable. For intangible assets with a definable useful life, amortization is reported in line with the expected consumption of the economic benefits from these assets. Goodwill that has an indefinite useful life is tested for impairment annually or as soon as indications arise that the asset in question has decreased in value. Intangible assets with a definable useful life are amortized from the date they are available for use.

Estimated useful lives for significant intangible non-current assets are as follows:

Capitalized development expenditure	3–10 years
Rights, licenses, brands , customer relations	3–15 years
Tenancy rights and similar rights	3–5 years
Leased premises	1–9 years
Leased assets, other	3–5 years
Goodwill	Indefinite

### **Property, plant and equipment**

Property, plant and equipment are reported as an asset in the balance sheet if it is probable that future economic benefits will benefit the company and the cost of the asset can be calculated in a reliable manner. Property, plant and equipment are reported in the Group at cost after deductions for accumulated depreciation and any impairment. Cost includes the purchase price and expenses directly attributable to the asset to bring it into place and in condition to be utilized in accordance with the purpose of the acquisition.

The carrying amount of an asset is removed from the balance sheet upon disposal or divestment or when no future economic benefits are expected from the use or disposal/divestment of the asset. Gains or losses arising from the sale or disposal of an asset consist of the difference between the selling price and the asset's carrying amount less direct selling expenses. Profit and loss are reported as other operating income/expenses.

#### *Additional expenses*

Additional expenses are added to cost only if it is probable that the future economic benefits associated with the asset will benefit the Group and the cost can be calculated in a reliable manner. All other additional expenses are recognized as an expense in the period in which they arise.

#### *Depreciation principles*

Depreciation takes place on a straight-line basis over the asset's estimated useful life. The estimated useful lives are:

- Inventories, tools and installations, including cost of improvements on third-party property 3–9 years

Applied depreciation methods, residual values and useful lives are reassessed at the end of each year.

### **Leases**

At the conclusion of a contract, the Group determines whether the contract is, or contains, a lease based on the substance of the contract. A contract is, or contains, a lease if the contract transfers the right to Storytel to decide during a certain period on the use of an identified asset in exchange for compensation.

#### *Right-of-use assets*

The Group reports right-of-use assets in the statement of financial position on the commencement date of the lease (i.e., the date on which the underlying asset becomes available for use). Rights of use are measured at cost after deductions for accumulated depreciation and any impairment, and adjusted for revaluations of the lease liability, excluding currency translation. The cost of right-of-use assets includes the initial value recognized for the attributable lease liability, initial direct expenses, and any advance payments made on or before the commencement date of the lease after deduction of any incentives received. Provided that Storytel is not reasonably certain that the ownership of the underlying asset will be taken over at the end of the lease, the right-of-use asset is amortized on a straight-line basis during the lease period.

#### *Lease liabilities*

On the commencement date of a lease, the Group recognized a lease liability corresponding to the present value of the lease payments to be paid during the term of the lease. The term of the lease is determined as the non-cancellable period together with periods to extend or terminate the contract if the Group is reasonably certain of exercising those options. Lease payments include fixed payments (after deduction of any benefits in connection with the signing of the lease to be received), variable lease charges that depend on an index or a price (e.g., a reference rate) and amounts that are expected to be paid according to residual value guarantees. Lease payments also include the exercise price of an option to purchase the underlying asset or penalties payable on termination in accordance with a termination option, if there is reasonable assurance that such options will be exercised by Storytel. Any variable lease charges that are not due to an index or a price are recognized as an expense in the period to which they are attributable. The Storytel Group has no variable lease charges linked to, for example, sales or the like.

For the calculation of the present value of the lease payments, the marginal borrowing rate as of the commencement date of the lease is normally used since the implicit interest rate in the contract can usually not be determined easily. The marginal borrowing rate represents the interest that the individual lessee would have to pay to borrow the equivalent amount to buy an asset of similar value as the right-of-use asset in a similar economic environment, with similar terms and collateral. After the commencement date of a lease, the lease liability increases to reflect the interest on the lease liability and decreases with the lease payments paid. In addition, the value of the lease liability is revalued as a result of modifications, changes in the term of the lease, changes in lease payments or changes in an assessment to purchase the underlying asset.

#### *Application of practical exceptions*

Storytel applies the practical exceptions regarding short-term leases and leases where the value of the underlying asset is low. Short-term leases are defined as leases with an initial term of a maximum of twelve months after consideration of any options to extend the lease. Leases where the value of the underlying asset is low have been defined by the Group as contracts where the underlying asset could be purchased for a maximum of SEK 50,000 and consists in the Group by, for example, IT equipment and office equipment. Lease payments for short-term leases and leases where the underlying asset is of low value are expensed on a straight-line basis over the term of the lease. Storytel also applies the practical exception of not distinguishing non-lease components from lease components and recognizes each lease component and all associated non-lease components as a single lease component for all asset classes. The non-lease components in the Group mainly relate to fixed charges for water and electricity related to leases for offices.

### **Impairment of non-financial assets**

The Group conducts an impairment test where there are indications that a decline in value has occurred in the tangible or intangible assets, i.e., whenever events or changes in circumstances indicate that the carrying amount is not recoverable. This also applies to right-of-use assets attributable to leases. Furthermore, assets with an indefinite useful life, i.e., the Group's goodwill, are tested annually for impairment by calculating the asset's recoverable amount, regardless of whether there are indications of a decline in value or not.

An impairment loss is recognized at the amount by which the asset's carrying amount exceeds its recoverable amount. A recoverable amount consists of the higher of the net sales value and the value in use that constitutes an internally generated value based on future cash flows. When assessing impairment, assets are grouped at the lowest levels where there are separate identifiable cash flows (cash-generating units). When impairment needs have been identified for a cash-generating unit (group of units), the impairment amount is primarily allocated to goodwill. Thereafter, a proportional write-down is made of other assets included in the unit (group of units). When calculating the value in use, future cash flows are discounted with a discount factor that takes into account risk-free interest and the risk associated with the specific asset. An impairment loss is charged to profit/loss.

Previously recognized write-downs are reversed if the recoverable amount is judged to exceed the carrying amount. However, reversals do not take place with an amount that is greater than the carrying amount amounting to what it would have been if the write-down had not been reported in previous periods. All reversals are recognized in the income statement. Impairment of goodwill is never reversed, however.

## Financial instruments

Financial instruments are any form of agreement that gives rise to a financial asset in one company and a financial liability or an equity instrument in another company. Financial instruments reported in the balance sheet include on the asset side part of other long-term receivables, accounts receivable, part of other receivables, and cash and cash equivalents. Debts include liabilities to credit institutions, accounts payable, contingent consideration and acquisition options as well as accrued expenses and certain other current liabilities. Recognition depends on how the financial instruments have been classified.

### *Accounting and deletion*

Financial assets and liabilities are reported when the Group becomes a party in accordance with the instrument's contractual terms. Transactions with financial assets are reported on the business day, which is the day when the Group undertakes to acquire or sell the assets. Accounts receivable are recognized in the balance sheet when the Group's right to compensation is unconditional. Liabilities are reported when the counterparty has performed and there is a contractual obligation to pay, even if the invoice has not yet been received. Accounts payable are taken up when the invoice has been received.

A financial asset is removed from the balance sheet (in whole or in part) when the rights in the contract have been realized or expired, or when the Group no longer has control over them. A financial liability is removed from the balance sheet (in whole or in part) when the obligation in the agreement is fulfilled or otherwise extinguished. A financial asset and a financial liability are reported net in the balance sheet when there is a legal right to set off the reported amounts and the intention is either to settle net or to realise the asset at the same time as the liability is settled. Gains and losses from removal from the balance sheet and modification are reported in the income statement. At each reporting date, the company evaluates the need for impairment regarding expected credit losses for a financial asset or group of financial assets, as well as any other credit exposure.

### *Classification and measurement Financial assets*

Debt instruments: the classification of financial assets that are debt instruments is based on the Group's business model for managing the asset and the nature of the asset's contractual cash flows. The instruments are classified as

- Accrued cost,
- Fair value through other comprehensive income, or
- Fair value through profit/loss.

Financial assets classified at amortized cost are held in accordance with the business model to collect contractual cash flows that are only payments of principal and interest on the outstanding principal. Financial assets that are classified at accrued acquisition cost are initially measured at fair value with the addition of transaction costs. After the initial reporting occasion, the assets are measured according to the effective interest method. The assets are covered by a loss provision for expected credit losses. The Group's financial assets that are debt instruments classified at amortized cost are shown in Note 18 Financial instruments.

The Group does not hold any financial assets classified at fair value via other comprehensive income other than any derivative instruments for which hedge accounting is applied. The Group also does not hold any financial assets that constitute debt instruments classified at fair value through profit/loss. See separate heading regarding derivatives below.

Equity instruments are classified at fair value through profit/loss except if they are not held for trading since an irrevocable choice can be made to classify them at fair value through other comprehensive income without subsequent reclassification to profit/loss. The Group does not currently hold any long-term securities that are recognized at fair value via other comprehensive income.

Fair value is determined as described in Note 18 Financial instruments.

### *Financial liabilities*

Financial liabilities, with the exception of contingent consideration, acquisition options and currency derivatives, are classified at amortized cost. Financial liabilities reported at amortized cost are initially measured at fair value, including transaction costs such as borrowing costs. After the initial reporting occasion, they are measured at amortized cost according to the effective interest method. Fees for loan facilities are reported as transaction costs for the borrowing to the extent that it is probable that part or all of the credit facility will be utilized.

In such cases, the fee is reported when the credit facility is utilized. When it is not considered probable that part or all of the credit facility will be utilized, the fee is reported as an advance payment for financial services and is expensed over the term of the related loan facility.

The Group's contingent consideration and acquisition options are classified and reported as financial liabilities measured at fair value through profit/loss. Impact on profit/loss from revaluations of these items, excluding the discounting effect, are recognized in the income statement as other operating income or other operating expenses. The discounting effect is recognized in net financial income.

See separate heading regarding derivatives below.

Borrowing is classified as current liabilities unless the Group has an unconditional right to defer payment of the debt for at least twelve months after the balance sheet date. Borrowing costs are recognized in the income statement in the period to which they relate. Accrued interest is recognized as part of non-current borrowing from credit institutions when the interest is expected to be settled within twelve months from the balance sheet date.

Fair value is determined as described in Note 18 Financial instruments.

#### *Financial derivative instruments*

The Group may decide on the use of derivatives, primarily currency derivatives, in certain cases. Derivatives are reported in the statement of financial position on the contract date and are measured at fair value, both initially and in subsequent revaluations at the end of each reporting period. The derivative is classified as non-current or current depending on its remaining maturity. The Group's currency derivatives, in cases where hedge accounting is not applied, are recognized at fair value through profit/loss as an exchange rate difference. Where hedge accounting is applied, the changes attributable to the effective part of the hedge are recognized in the hedging reserve in other comprehensive income in the statement of comprehensive income. The Group prepares the necessary documentation to prove that the derivatives are effective in counteracting changes in the items they are to hedge, as well as the Group's strategy and goals for risk management of the item.

In the event that the Group uses currency derivatives to hedge cash flows linked to acquisitions, accumulated gains and losses are then transferred from the translation reserve to the cost of the acquired business.

Fair value is determined as described in Note 18 Financial instruments.

#### **Impairment of financial assets**

Financial assets, in addition to those classified at fair value through profit/loss or equity instruments measured at fair value through other comprehensive income, are subject to impairment for expected credit losses. Impairment losses on credit losses in accordance with IFRS 9 are forward-looking, and a provision for losses is made when there is an exposure to credit risk, usually at the initial reporting occasion for an asset or receivable. Expected credit losses reflect the present value of all cash flow deficits attributable to default either for the next twelve months or for the expected remaining maturity of the financial instrument, depending on the asset class and the credit impairment since the initial reporting occasion.

The simplified model is applied to accounts receivable. A loss reserve is reported, in the simplified model, for the expected remaining term of the receivable or asset.

For other items that are covered by expected credit losses, an impairment model with three stages is applied. Initially, and as of each balance sheet date, a loss reserve is reported for the next twelve months, or for a shorter period of time depending on the remaining term (stage 1). If there has been a significant increase in credit risk since the initial reporting occasion, resulting in a rating below the investment grade, a loss reserve is reported for the asset's remaining term (stage 2). For assets that are deemed to be credit impaired, provisions are still made for expected credit losses for the remaining term (stage 3). For credit-impaired assets and receivables, the calculation of interest income is based on the asset's carrying amount, net of loss provision, as opposed to the gross amount as in previous stages. The Group's assets have in all material respects been assessed to be in stage 1, i.e., there has been no significant increase in credit risk.

The measurement of expected credit losses is based on different methods; see the Group's Note 25 Financial risks. For credit-impaired assets and receivables, an individual assessment is made where historical, current and forward-looking information is taken into account. The measurement of expected credit losses takes into account any collateral and other credit enhancements in the form of guarantees.

The financial assets are reported in the balance sheet at amortized cost, i.e., net of gross value and loss reserve. Changes in the loss reserve are recognized in the income statement.

### **Inventories**

The inventory consists of printed books and Storytel Readers and is valued at the lower of cost and net realisable value. Cost is calculated according to the so-called first-in-first-out principle and includes expenses incurred in acquiring the inventory assets and transporting them to their current location and condition. The net realisable value is defined as the estimated sales price less selling expenses. Estimates regarding impairment for obsolescence are made at each balance sheet date based on the turnover rate and age of the goods.

### **Cash and cash equivalents**

Cash and cash equivalents consist of cash and immediately available balances with banks and corresponding institutions. Utilized revolving credit facility is reported as borrowing among current liabilities. Cash and cash equivalents are covered by the requirements for loss provision for expected credit losses.

### **Equity**

The company's shares consist of two different types, series A and series B, which are reported as share capital. The difference between the company's share series is solely the number of votes to which the holder is entitled. The share capital is reported at its quota value, and the excess part is reported as Other capital contributions. Transaction costs that can be directly attributed to the issue of new shares are reported, net after tax, in equity as a deduction from the issue proceeds.

### **Provisions**

A provision is a non-current or current liability that is recognized in the balance sheet when the company has an existing legal or informal obligation as a result of an event that has occurred and it is probable that an outflow of financial resources will be required to settle the obligation and a reliable estimate of the amount can be made. Where the effect of timely payment is significant, provisions are calculated by discounting the expected future cash flow at an interest rate before tax that reflects current market assessments of the time value of money and, if applicable, the risks associated with the debt. Provisions are reconsidered at each balance sheet date. The Group's provisions mainly pertain to return reserves for printed books and contingent consideration. Warranty commitments related to Storytel Reader vary between markets, but provisions for these are currently very limited.

### **Contingent liabilities**

A contingent liability is recognized when there is a possible liability arising from events that have occurred and the occurrence of which is confirmed only by one or more uncertain future events or when there is a liability that is not recognized as a liability or provision because an outflow is not probable. of resources will be required.

### **Cash flow**

The cash flow statement has been prepared using the indirect method. This means that the result is adjusted with transactions that did not result in inflows or outflows and for income and expenses that are attributed to investment and/or financing activities.

## Note 2 Significant estimates and judgements

When preparing the financial statements, the company's management and the Board must make certain assessments and assumptions that affect the carrying amount of asset and liability items and income and expense items, respectively, as well as other information provided.

The assessments are based on experiences and assumptions that the management and the Board deem to be reasonable in the prevailing circumstances. Actual outcome may then differ from these assessments if other conditions arise. The estimates and assumptions are evaluated on an ongoing basis and are not considered to entail any significant risk of significant adjustments in the reported values of assets and liabilities during the next financial year. Changes in estimates are reported in the period in which the change is made if the change has only affected this period, or in the period in which the change is made and future periods if the change affects both the current period and future periods. The assessments that are most important in the preparation of the company's financial statements are described below.

### *Impairment testing of intangible assets with an indefinite useful life*

To determine whether the value of goodwill has decreased, the cash-generating units to which goodwill has been attributed are measured, in Storytel's case each segment, which is done by discounting the unit's cash flows. In applying this method, Storytel relies on a number of factors, including achieved results, business plans, financial forecasts and market data. Changes in the conditions for these assumptions and estimates could have a significant effect on the value of goodwill.

### *Acquisition analyses and contingent consideration*

In the case of acquisitions of subsidiaries, an acquisition analysis is performed, in which the fair value on the acquisition date of acquired identifiable assets and assumed liabilities and contingent liabilities is reported. Acquisition analyses are based on significant estimates and assessments of future events and their related discounted cash flows, as an active market for retained assets is often lacking. Actual values may consequently differ from those imposed in the acquisition analysis. Useful lives of acquired assets also contain assumptions and assessments regarding how long the assets will generate financial benefits for the Group. Furthermore, some acquisitions include consideration which may be contingent on future financial development. Assessment of outcomes for contingent consideration is based on estimates of future financial developments and may thus change.

### *Capitalized development expenditure*

The Group capitalizes certain development expenditure as intangible assets in the balance sheet, including further development of Storytel's technical platform and development of Storytel's digital audiobook and e-book catalogue. Capitalization of development expenditure is based, among other things, on the assessment that future economic benefits will be generated by the asset, and that it is technically possible to complete the asset so that it can be used in the business. The Group estimates that the useful life of these assets is 3–10 years, which corresponds to the period during which it is estimated that future economic benefits through internal use will accrue to the Group. However, depending on the technical development where Storytel is constantly developing new functions, the actual useful life may be shorter, which could lead to a significant impact on earnings through potential write-downs.

### *Deferred tax receivables*

Assessing the extent to which deferred tax receivables can be reported is based on an estimation of the company's probable future taxable income against which deferred tax receivables can be utilized. Moreover, careful consideration is required when assessing the effects of certain legal and financial restrictions or uncertainties in various jurisdictions. In the case of the Storytel Group, given that the existence of deficits under IFRS is seen as a strong indication that taxable surpluses may not be generated and as the Group has reported losses in recent years, it may be difficult for management to report the Group's deferred tax assets before current gains can be demonstrated.

### *Inventories*

The net realisable value is calculated for inventories on the balance sheet date taking into account the most reliable information that is available. The future net realisable value may be affected by future technologies and other market-driven changes which may cause prices to fall. The future net realisable value of printed books may vary based on the type of genre the book belongs to, as well as title-specific factors.

#### Prepaid royalties

Prepaid royalties are recognized at the amount that is expected to be settled against future earned royalties. This entails a detailed, objective assessment of all amounts outstanding on the closing day. The net worth of royalty advances is affected by the accuracy of sales forecasts. If it is assessed that royalty advances will not be recovered, all or part of the amount is to be written down.

#### Leases

The Group's leases, which mainly consist of office premises, often contain extension options, and the term of the leases is based on the Group's assessment of their utilization to the extent that the decision is within Storytel's control. The term of the lease is tested when there is an indication that an option will be exercised or not exercised, and at least one year before the option expires.

#### Provision for a sales return reserve

The provision for sales returns related to printed books is based on historic information about returns per retailer as well as current trends that may indicate that future returns may deviate from historic returns.

### Note 3 Business segments

The Group has, for accounting and follow-up, divided its operations into three segments. The segments consist of Streaming Nordics, Streaming Non-Nordics and Books. The division is based partly on the type of business conducted (Streaming versus Books) and the geographical division for the streaming business (Nordics versus Non-Nordics). Each operating segment conducts a business that generates revenue, incurs costs and is followed up by the Group's highest executive decision-makers based on the independent financial information that is available. The results are followed up in order to make decisions about resources that are to be allocated to each segment and which long- and short-term financial goals are to be achieved. Storytel's CEO is responsible for allocating resources and evaluating the operating segments' performance and has thus been identified as the highest executive decision-maker in the Group.

Internal transactions between segments take place on market terms.

1/1/2022–12/31/2022	Streaming Nordics	Streaming Non-Nordics	Books	Total segment	Group-wide items and eliminations	Other adjustments	Group total
Revenue from external customers	1,919,046	968,717	646,572	3,534,335	-369,384	35,431	3,200,382
Internal revenue	-	-	165,477	165,477	-165,477	-	-
Cost of goods sold	-1,201,847	-511,446	-482,408	-2,195,701	257,950	-49,486	-1,987,237
<b>Gross profit</b>	<b>717,199</b>	<b>457,271</b>	<b>329,641</b>	<b>1,504,111</b>	<b>-275,911</b>	<b>-14,055</b>	<b>1,213,145</b>

Costs below marketing costs are not allocated to segments but are reported for the Group as a whole.

Internal revenue for the Books segment that comes from streaming are already included as a cost reduction in the segment reporting for the Streaming segment.

Income and expenses from Storytel AS are included in the Streaming Nordics segment. They are eliminated in the column for Group-wide items and eliminations, where the licensing fee from Storytel AS has also been reinstated.

1/1/2022–12/31/2022	Group
<b>Gross Profit</b>	<b>1,213,145</b>
Selling and marketing expenses	-942,799
Technology and development expenditure	-322,699
Administrative expenses	-370,020
Other operating income	34,424
Profit from participations in associates	-1,070
<b>Operating Profit</b>	<b>-389,019</b>
Net financial income/expense	5,347
<b>Profit before tax</b>	<b>-383,672</b>



1/1/2021–12/31/2021	Streaming Nordics	Streaming Non-Nordics	Books	Total segment	Group-wide items and eliminations	Other adjustments	Group total
Revenue from external customers	1,731,375	519,480	659,583	2,910,438	-319,838	30,197	2,620,797
Internal revenue	-	-	147,439	147,439	-147,439	-	-
Cost of goods sold	-1,067,461	-327,952	-407,814	-1,803,227	221,604	-26,068	-1,607,691
<b>Gross profit</b>	<b>663,914</b>	<b>191,528</b>	<b>399,208</b>	<b>1,254,650</b>	<b>-245,673</b>	<b>4,130</b>	<b>1,013,107</b>

Costs below marketing costs are not allocated to segments but are reported for the Group as a whole.

Internal revenue for the Books segment that comes from streaming are already included as a cost reduction in the segment reporting for the Streaming segment.

Income and expenses from Storytel AS are included in the Streaming Nordics segment. They are eliminated in the column for Group-wide items and eliminations, where the licensing fee from Storytel AS has also been reinstated.

1/1/2021–12/31/2021	Group
<b>Gross profit</b>	<b>1,013,107</b>
Selling and marketing expenses	-957,338
Technology and development expenditure	-206,913
Administrative expenses	-221,372
Other operating income	17,554
Profit from participations in associates	4,208
<b>Operating profit</b>	<b>-350,754</b>
Net financial income/expense	-1,570
<b>Profit before tax</b>	<b>-352,324</b>

Information per country where the Group has operations	Revenue from external customers 1/1/2022–12/31/2022	Revenue from external customers 1/1/2021–12/31/2021
Sweden	1,411,597	1,357,530
Denmark	468,271	438,912
USA	351,083	-
Finland	248,956	230,455
Netherlands	220,630	176,592
Other countries	499,845	417,308
<b>Total</b>	<b>3,200,382</b>	<b>2,620,797</b>

Revenue from subscriptions of streaming service refers to the market where the customer is domiciled. Revenue from digital and printed books per geographic market refers to the market in which the selling company is domiciled. Storytel has no customers who make up 10 percent or more of the Group's revenues.

Information per country where the Group has operations	Non-current assets	
	2022-12-31	2021-12-31
Sweden	960,775	935,862
USA	1,518,614	-
Other countries	372,062	332,493
<b>Total</b>	<b>2,851,451</b>	<b>1,268,355</b>

There are no material non-current assets in any specific country except for Sweden and USA.

#### Note 4 Revenue from contracts with customers

1/1/2022–12/31/2022	Books	Streaming Nordics	Streaming Non-Nordics	Other	Group total
<b>Type of product or service</b>					
Revenue from subscriptions of streaming service	-	1,919,046	968,717	-	<b>2,887,763</b>
Revenue from publishing activities	646,572	-	-	-	<b>646,572</b>
Other	-	-	-	-333,953	<b>-333,953</b>
<b>Revenue from contracts with customers</b>	<b>646,572</b>	<b>1,919,046</b>	<b>968,717</b>	<b>-333,953</b>	<b>3,200,382</b>

1/1/2021–12/31/2021	Books	Streaming Nordics	Streaming Non-Nordics	Other	Group total
<b>Type of product or service</b>					
Revenue from subscriptions of streaming service	-	1,731,375	519,480	-	<b>2,250,855</b>
Revenue from publishing activities	659,583	-	-	-	<b>659,583</b>
Other	-	-	-	-289,641	<b>-289,641</b>
<b>Revenue from contracts with customers</b>	<b>659,583</b>	<b>1,731,375</b>	<b>519,480</b>	<b>-289,641</b>	<b>2,620,797</b>

For further information on the Group's revenues per geographical area and segment, see Note 3 Segments.

<b>Contractual debt</b>	<b>12/31/2022</b>	<b>12/31/2021</b>
Opening balance	84,528	60,621
Changes attributable to ordinary operations	38,774	23,907
<b>Closing balance</b>	<b>123,302</b>	<b>84,528</b>

The Group invoices mainly either in connection with the performance commitment being fulfilled (regarding book sales) or in advance (regarding subscription revenues). As a result, there are no contractual assets in the form of accrued income to which the company's rights are conditional on continued performance in accordance with the contract. When the company's right to compensation becomes unconditional, the asset is reported as a trade receivable, and thus all receivables relating to the Group's revenues are reported as accounts receivable.

Contractual debt in the form of advance payments from customers, for which performance commitments have not been fulfilled, are recognized in the balance sheet under the item Accrued expenses and prepaid income. Included in this item is also unredeemed gift cards. Contractual debt is reported as revenue when performance commitments in the contract are fulfilled (or have been fulfilled). As the Group's subscriptions do not run over periods longer than one year, the majority of the contractual debt is expected to be recognized within one year, with most of it being recognized as revenue during the next quarter.

For further information on the Group's revenue recognition, including information on performance commitments, when these are usually met and which revenues are reported at a specific point in time and over time, see Note 1 Accounting principles.

## Note 5 Other operating income

	1/1/2022 -12/31/2022	1/1/2021 -12/31/2021
Grants received	7,528	10,828
Exchange gains relating to operations	10,717	742
Other revenue	16,179	5,984
<b>Total</b>	<b>34,424</b>	<b>17,554</b>

Grants received refer primarily to payment related to the Group's publishing of books. 2 major payments were received in 2022, a compensation from the publisher Cappelen & Damm and a reimbursement from the insurance company Folksam.

## Note 6 Operating expenses

	1/1/2022 -12/31/2022	1/1/2021 -12/31/2021
<i>Cost of sales</i>		
Goods for resale	1,631,938	1,346,025
Other external costs	72,563	18,654
Personnel costs	184,711	190,645
Depreciation/amortisation and impairment	98,025	51,141
Other	-	1,224
<b>Total</b>	<b>1,987,237</b>	<b>1,607,690</b>

	1/1/2022 -12/31/2022	1/1/2021 -12/31/2021
<i>Sales and marketing expenses</i>		
Goods for resale	44,807	47,082
Other external expenses	670,671	694,673
Personnel costs	200,194	194,518
Depreciations	27,127	19,697
Other	-	1,368
<b>Total</b>	<b>942,799</b>	<b>957,338</b>

	1/1/2022 -12/31/2022	1/1/2021 -12/31/2021
<i>Technology and development expenditure</i>		
Other external costs	35,799	21,418
Personnel costs	118,933	89,992
Depreciation/amortisation and impairment	167,967	95,429
Other	-	74
<b>Total</b>	<b>322,699</b>	<b>206,913</b>

	1/1/2022 -12/31/2022	1/1/2021 -12/31/2021
<i>General and administrative expenses</i>		
Other external expenses	138,250	104,703
Personnel costs	193,889	98,864
Depreciations	38,344	15,883
Provision for expected credit losses	-463	387
Other	-	1,535
<b>Total</b>	<b>370,020</b>	<b>221,372</b>

Cost of products sold consists primarily of payments to rights holders of digital and printed books, costs for suppliers of payment solutions, and costs for printed books. Distribution costs, personnel costs attributable to purchase of rights, production of books, and amortization of rights catalogues are also included.

Selling and marketing expenses consist primarily of marketing expenses, including payment to rights holders for consumption from customers who are in a so-called trial period and personnel expenses and consultant expenses attributable to marketing and PR. Amortization of the brands is also included.

Technology and development expenditure consists primarily of personnel expenses and external consultant expenses for IT, and development of products for Storytel's technical platforms. Depreciation of technical platforms is also included.

Administrative expenses consist primarily of personnel costs attributable to administrative services such as management, finance, HR and legal departments. Costs for external suppliers of administrative services, transaction costs for acquisitions, and depreciation on inventories and office equipment are included.

### Note 7 Depreciation/amortization and impairment

<i>Depreciation/amortization per function</i>	1/1/2022 -12/31/2022	1/1/2021 -12/31/2021
Cost of goods sold	86,644	51,141
Selling expenses	27,127	19,697
Technology and development expenditure	131,232	70,429
Administrative expenses	38,343	15,883
<b>Total</b>	<b>283,346</b>	<b>157,150</b>

<i>Depreciation/amortization per asset class</i>	1/1/2022 -12/31/2022	1/1/2021 -12/31/2021
Intangible assets	231,355	112,333
Tangible assets	10,473	6,895
Right-of-use assets	41,518	37,923
<b>Total</b>	<b>283,346</b>	<b>157,150</b>

<i>Impairment losses per function</i>	1/1/2022 -12/31/2022	1/1/2021 -12/31/2021
Cost of goods sold*	11,381	-
Technology and development expenditure*	36,735	25,342
<b>Total</b>	<b>48,116</b>	<b>25,342</b>

<i>Impairment losses per asset class</i>	1/1/2022 -12/31/2022	1/1/2021 -12/31/2021
Intangible assets*	48,116	25,342
<b>Total</b>	<b>48,116</b>	<b>25,342</b>

\*Impairment are mainly attributable to technical platforms due to changes in strategic focus and concerns parts which are no longer strategically important. Impairment is also attributable to the local Russian catalogue.

## Note 8 Auditor's fees

	1/1/2022 -12/31/2022	1/1/2021 -12/31/2021
<i>Ernst &amp; Young AB</i>		
Audit assignment	6,669	4,426
Other auditing activities	250	51
Tax advice	63	85
Other services	-	917
<b>Total</b>	<b>6,983</b>	<b>5,479</b>
<i>Other auditing companies</i>		
Audit assignment	136	54
Tax advice	66	51
Other services	59	-
<b>Total</b>	<b>261</b>	<b>105</b>

Audit assignments refers to the auditor's work for the statutory audit, and auditing activities refers to different types of quality assurance services. Other services refers to services that are not included in audit assignments or tax advice.

## Note 9 Employees and personnel costs

	1/1/2022-12/31/2022			1/1/2021-12/31/2021		
Gender distribution, Board and senior executives	Number of employees	Of which women, percent%	Of which men, percent%	Number of employees	Of which women, percent%	Of which men, percent%
Parent Company	1	50%	50%	2	50%	50%
Subsidiaries in:						
Sweden	402	61%	39%	506	61%	39%
Denmark	88	55%	45%	96	50%	50%
Canada	40	52%	48%	-	-	-
India	20	55%	45%	23	57%	43%
Netherlands	16	66%	34%	19	53%	47%
Finland	45	82%	18%	44	89%	11%
Spain	13	46%	54%	13	38%	62%
Poland	16	31%	69%	14	36%	64%
Russia	10	70%	30%	14	71%	29%
Turkey	11	55%	45%	13	54%	46%
Bulgaria	9	78%	22%	10	80%	20%
Iceland	17	59%	41%	14	50%	50%
Other countries	78	53%	47%	62	40%	60%
<b>Group total</b>	<b>766</b>			<b>830</b>		
	12/31/2022			12/31/2021		
Gender distribution, Board and senior executives	Number of employees	Of which women, percent%	Of which men, percent%	Number of employees	Of which women, percent%	Of which men, percent%
Board members	8	38%	62%	7	29%	71%
CEO and other senior executives	8	50%	50%	6	50%	50%
<b>Group total</b>	<b>16</b>			<b>13</b>		

	1/1/2022 -12/31/2022	1/1/2021 -12/31/2021
<b>Personnel costs</b>		
<b>Parent Company</b>		
Board and other senior executives		
Salaries and other remuneration	16,454	5,461
Social security contributions	5,572	2,003
Pension costs	2,697	655
<b>Total</b>	<b>24,723</b>	<b>8,119</b>
<b>Subsidiaries</b>		
Board and other senior executives		
Salaries and other remuneration	22,264	6,500
Social security contributions	3,291	2,042
Pension costs	2,433	1,822
<b>Total</b>	<b>27,988</b>	<b>10,364</b>
Other employees		
Salaries and other remuneration	545,152	477,436
Social security contributions	157,153	101,823
Pension costs	47,817	40,016
<b>Total</b>	<b>750,122</b>	<b>619,275</b>
<b>Group total</b>	<b>802,833</b>	<b>637,758</b>

1/1/2022-12/31/2022	Basic remuneration, Board fee	Variable remuneration	Pension cost	Other compensation	Total
<b>Chair of the Board</b>					
Hans-Holger Albrecht As of 2/11/2022	730	-	-	-	730
Stefan Blom Through 2/10/2022	84	-	-	-	84
<b>Board member</b>					
Helen Fasth Gillstedt	632	-	-	-	632
Malin Holmberg	450	-	-	-	450
Joakim Rubin	300	-	-	-	300
Jonas Tellander	347	-	-	-	347
Lina Brouneus As of 9/22/2022	65	-	-	-	65
Lutz Finger As of 9/22/2022	65	-	-	-	65
Jared Grusd As of 9/22/2022	65	-	-	-	65
Jonas Sjögren Through 9/21/2022	187	-	-	-	187
Rustan Panday Through 9/21/2022	205	-	-	-	205
Richard Stern Through 9/21/2022	187	-	-	-	187

<b>Chief Executive Officer</b>						
Johannes Larcher As of 10/1/2022	1,763	1,000	-	52	2,815	
Ingrid Bojner Through 9/30/2022	4,357	2 160	888	-	7,405	
Jonas Tellander Through 2/17/2022	4,734	-	2,284	-	7,018	
Other senior executives (5)	15,112	6,275	1,958	27	23,372	
<b>Total</b>	<b>29,283</b>	<b>9,435</b>	<b>5,130</b>	<b>79</b>	<b>43,927</b>	

1/1/2021–12/31/2021	Basic remuneration, Board fee	Variable remuneration	Pension cost	Other compensation	Total
<b>Chair of the Board</b>					
Stefan Blom	381	-	-	-	381
<b>Board member</b>					
Rustan Panday (chair of Board until September 2021)	628	-	-	16	644
Jonas Sjögren	263	-	-	-	263
Malin Holmberg	367	-	-	-	367
Nils Janse Through 9/23/2021	166	-	-	-	166
Joakim Rubin As of 9/23/2021	81	-	-	-	81
Helen Fasth Gillstedt	467	-	-	-	467
Richard Stern As of 11/30/2021	21	-	-	-	21
<b>Chief Executive Officer</b>					
Jonas Tellander	2,755	-	863	54	3,672
Other senior executives (5)	6,744	-	1,555	10	8,309
<b>Total</b>	<b>11,873</b>	<b>-</b>	<b>2,418</b>	<b>80</b>	<b>14,371</b>

As at December 31, 2022, the Board of Directors, CEO and other senior executives had the following holdings in the Storytel Loyalty Program and warrant programs:

Jonas Tellander, 62,500 warrants

Malin Holmberg, 25,000 warrants

Helen Fasth Gillstedt, 10 000 warrants

Johannes Larcher, 600 000 restricted stock units, current year cost 1,763 TSEK

Other senior executives, 82,000 warrants, 20 064 employee stock options and 82 000 restricted stock units, current year cost for restricted stock units 742 TSEK.

Other compensation mainly refers to benefits such as health insurance and private accident and life insurance.

## Remuneration and conditions for senior executives

Remuneration to the CEO and other senior executives consists of basic salary, pension benefits and share-based compensation. Other senior executives refer to persons who, together with the President, form the Group Management.

CEO has a notice period of six months, regardless of whether the termination is on the part of the Group or if CEO chooses to terminate his employment.

### *Severance pay*

The CEO is entitled to severance payment of 9 monthly salaries. The basis for calculating monthly salary includes an average of current salary and variable remuneration during the last 12 months. No pension or holiday benefits shall be paid based on the severance payment. The agreement was signed in 2022 and severance payment is not included in the amounts in the note above.

Ingrid Bojner has a notice period of 9 months, including pension and holiday benefits for the period. She is exempted from work during the notice period.

Jonas Tellander has received a severance payment of TSEK 4,200. No pension or holiday benefits have been paid based on the severance payment but a separate pension payment of TSEK 2,200 has been paid. Severance and pension payment are included in the table above.

One of the other senior executives is entitled to a severance payment of 13 monthly salaries, no pension or holiday benefits shall be paid based on the severance payment.

## Employee warrant and restricted stock unit programs

The Storytel Group implemented during the year a restricted stock unit program, 2022/2026:1, where the CEO, Group management and key staff in the Streaming business area were offered the right to subscribe for restricted stock units. During the year, a restricted stock unit program 2022/2026:2 was also introduced, as part of which only the CEO has been offered the right to subscribe for restricted stock units. The program 2022/2026:1 includes a maximum of 466,250 restricted stock units, 25 percent of vesting occurs after 1 year and 75 percent after 3 years as of the issue on June 1, 2022. Redemption occurs during the period June 2023–December 2026. The 2022/2026:2 program includes a maximum of 600,000 restricted stock units, and vesting occurs on a straight-line basis each quarter until September 30, 2026. The exercise price per share amounts to SEK 0.5 for both programs. Each employee restricted stock unit entitles the holder to subscribe to one B share in the company.

To enable Storytel's delivery of shares in accordance with the program and thus guarantee related costs, primarily social security contributions, the company conducted a directed issue totalling 1,066,250 warrants (series 2022/2026:1 and 2022/2026:2), which were subscribed by Storytel AB (publ). The warrants that have been issued, in addition to the number that corresponds to restricted stock units under the program, will be sold to regulate the cash flow for social security contributions in conjunction with employees exercising their restricted stock units. Thus, all the Group's employee stock option and restricted stock unit plans are hedged by warrants. The quota value is SEK 0.5 per share, and the increase in the company's share capital can thus amount to at the most SEK 533,125 at full subscription of all warrants issued in conjunction with the Group's employee warrant and restricted stock unit programs as per year-end.

During 2022, the total costs for the outstanding employee warrant and restricted stock unit programs, 2019/2020, 2020/2023: 2021/2024, 2022/2026:1 and 2022/2026:2, increased by TSEK 54 (TSEK 8,998), of which TSEK -1,391 (TSEK 15,939) constituted warrant costs and TSEK 1,445 (TSEK -6,942) to the costs for social security contributions.

See the summary below of the Group's employee stock option plan.



Number of warrants	Storytel Loyalty Program 2019/2022	Storytel Loyalty Program 2020/2023	Storytel Loyalty Program 2021/2024	Restricted Stock Units 2022/2026:1	Restricted Stock Units 2022/2026:2
<b>January 1, 2021</b>	<b>420,184</b>	<b>539,210</b>	-	-	-
Allocated	-	-	589,112	-	-
Forfeited	-14,097	-39,794	-27,654	-	-
<b>Outstanding December 31, 2021</b>	<b>406,087</b>	<b>499,416</b>	<b>561,458</b>	-	-
<b>Redeemable December 31, 2021</b>	-	-	-	-	-
Allocated	-	-	-	373,000*	600,000
Forfeited	-34,585	-119,687	-334,219	-	-
Expired	-371,502	-	-	-	-
<b>Outstanding December 31, 2022</b>	-	379,729	227,239	373,000*	600,000
<b>Redeemable December 31, 2022</b>	-	-	-	-	-
<b>Exercise price, (SEK)</b>	119.69	231.96	262.18	0.50	0.50
<b>Redemption period</b>	1 juni - 15 dec 2022	1 juni - 15 dec 2024	1 juni - 15 dec 2025	1 juni 2023 - 31 dec 2026	1 okt - 30 nov 2026

\*) Refers to preliminary data. Definitive allocation occurs in spring 2023.

The terms for Storytel Loyalty Program 2020/2023 and 2021/2024 have been changed, meaning that the period for when the participants can exercise allotted and vested employee stock options have been extended for one-year. The terms have been changed in order to continue to enable the fulfilment of the purpose of the programs. The change does not have any significant financial impact on the Group.

	1/1/2022 -12/31/2022	1/1/2021 -12/31/2021
Cost of products sold	-348	2,212
Technology and development expenditure	-390	2,548
Selling and marketing expenses	-417	2,709
Administrative expenses	-236	1,530
<b>Total</b>	<b>-1,391</b>	<b>8,998</b>

The estimated fair value on the grant date regarding restricted stock units allocated in 2022 was SEK 47.87 for program 2022/2026:1 and SEK 11.62 for program 2022/2026:2. The programs was calculated using the Black-Scholes valuation model for program 2022/2026:1 and Monte Carlo valuation model for program 2022/2026:2. The following input data was used in the model for program 2022/2026:1, exercise price SEK 0.50, maturity 3.8 years, share price at allocation date SEK 48.34 acquired volatility in the company's share price 52.6%, no expected dividend and a risk free interest of 1.64 %.

The following input data was used in the model for program 2022/2026:2, Exercise price SEK 0.50, maturity 4.0 years, share price at allocation date SEK 33.13, acquired volatility in the company's share price 52.4%, no expected dividend and a risk free interest of 2.4%.

### Warrant programs

The quota value is SEK 0.5 per share, and the increase of the company's share capital from allocated warrants from outstanding warrant programs thus amount to at the most SEK 359,134 (SEK 394,634) at full subscription of the warrants for new shares in the new warrant programs. See a summary below of all warrant programs in the Group.

Number of warrants	Warrant program 2020/2023:2	Warrant program 2020/2024:1	Warrant program 2021/2024:2
Outstanding January 1, 2021	407,970	70,000	-
Allocated	-	-	311,297
Forfeited	-15,000	-	-
<b>Outstanding December 31, 2021</b>	<b>392,970</b>	<b>70,000</b>	<b>311,297</b>
<b>Redeemable December 31, 2021</b>	-	-	-
Forfeited	-36,000	-	-20,000
<b>Outstanding December 31, 2022</b>	<b>356,970</b>	<b>70,000</b>	<b>291,297</b>
<b>Redeemable December 31, 2022</b>	-	-	-
<b>Exercise price, (SEK)</b>	318,95	289,95	360,49
<b>Redemption period</b>	June 1–June 30, 2023	June 1–June 30, 2024	June 1–June 30, 2024

### Note 10 Pensions

Specification of pension costs	1/1/2022 -12/31/2022	1/1/2021 -12/31/2021
<i>Costs relating to defined-benefit pensions</i>		
Costs related to service this year, including special payroll tax and corresponding tax	10,025	3,678
Net interest	1,566	6,808
<i>Costs relating to defined-contribution pensions</i>		
Costs for defined-contribution pensions, including special payroll tax and corresponding tax	53,332	38,815
<b>Pension cost recognized in the income statement</b>	<b>64,923</b>	<b>49,301</b>
<i>Of which</i>		
Amount charged to personnel costs	63,357	42,493
Amounts charged to financial items	1,566	6,808
	<b>64,923</b>	<b>49,301</b>
Revaluation of pension provision	-127,608	15,820
Revaluation of plan assets	13,933	-15,431
<b>Pension cost, revenue (-) recognized in other comprehensive income</b>	<b>-113,675</b>	<b>389</b>

The Group has different types of pension plans which mainly consist of defined-contribution pensions where contributions determined for pensions are paid to a separate unit and there are no further obligations regarding additional payments.

A small part of the Group's pension plans consist of defined-benefit pension plans. Defined-benefit pensions mainly consist of explicit promises of future pension levels related to final salary. The plans expose the Group to risks including life expectancy and investment risk in plan assets. The Group is responsible for the pension commitment in the Group's defined-benefit plan in Sweden and has chosen to secure the pension obligations by transferring funds to a pension fund, Kooperativa Förbundets pensionsstiftelse (KF). The assets under management in the Foundation function as a security for future pension payments. The pension is also credit insured in PRI Pensionsgaranti, where the Group, together with other credit-insured companies, has a mutual responsibility of 2 percent of the company's pension liability, which is reported as a contingent liability.

The information below refers to the defined-benefit plans in Sweden.

<b>Amounts reported in the balance sheet</b>	<b>12/31/2022</b>	<b>12/31/2021</b>
Present value of pension obligation, funded plans	163,782	284,118
Fair value of plan assets	155,635	167,669
Net debt (+)/receivable (-) funded plans	8,148	116,449
<b>Change in present value in obligations</b>	<b>12/31/2022</b>	<b>12/31/2021</b>
Opening balance	284,118	262,673
Interest	3,705	2,371
Costs related to service this year, including special payroll tax and corresponding tax	10,025	9,501
Revaluations of pension obligations, actuarial gains (-) and losses (+)	-127,608	15,820
Remuneration paid	-6,458	-6,247
<b>Closing balance</b>	<b>163,782</b>	<b>284,118</b>
<b>Change in the fair value of plan assets</b>	<b>12/31/2022</b>	<b>12/31/2021</b>
Opening Balance	167,669	157,099
Interest	2,139	1,386
Revaluations of plan assets, actuarial gains (-) and losses (+)	-13,933	15,431
Payment for plan assets	6,218	-
Remuneration paid from plan assets	-6,458	-6,247
<b>Closing balance</b>	<b>155,635</b>	<b>167,669</b>
<b>Specification of plan assets</b>	<b>12/31/2022</b>	<b>12/31/2021</b>
Bonds and other interest-bearing securities	51%	52%
Shares	32%	34%
Real estate	15%	14%
Other	2%	0%
	<b>100%</b>	<b>100%</b>
<b>Sensitivity analysis defined-benefit pension liability (debt change, TSEK)</b>	<b>12/31/2022</b>	<b>12/31/2021</b>
Change of assumption:		
Discount rate +/- 0.5 percentage points	13,674	25,220

<b>Actuarial assumptions</b>	<b>12/31/2022</b>	<b>12/31/2021</b>
Discount rate	4.1%	1.3%
Inflation	1.9%	2.2%
Future salary increase	2.9%	3.2%
Lifespan/mortality	DUS14	DUS14
Expected return on plan assets	4.1%	1.3%

The sensitivity analysis is based on a change in an individual actuarial assumption, while other assumptions remain unchanged. This method shows the sensitivity of the commitment to a single assumption. This is a simplified method as the actuarial assumptions are usually correlated.

The average term (duration) of the pension provision is approximately 19 years (19).

Contributions that are expected to be paid to the defined-benefit plans during the following year amount to TSEK 0 (6,308).

### Note 11 Financial income

	<b>1/1/2022 -12/31/2022</b>	<b>1/1/2021 -12/31/2021</b>
<i>Liabilities measured at amortised cost:</i>		
Interest income other financial assets	2,139	1,386
<b>Total interest income according to the effective interest method</b>	<b>2,139</b>	<b>1,386</b>
<i>Other financial income:</i>		
Exchange rate differences - income, financial items	53,510	7,271
Other, including profit from revaluation of contingent additional consideration to fair value via profit/loss	1,596	8,060
<b>Total</b>	<b>55,106</b>	<b>15,331</b>
<b>Total financial income</b>	<b>57,245</b>	<b>16,717</b>

### Note 12 Financial expenses

	<b>1/1/2022 -12/31/2022</b>	<b>1/1/2021 -12/31/2021</b>
<i>Liabilities measured at amortised cost:</i>		
Interest expenses liabilities to credit institutions	36,402	5,243
<b>Total interest expenses according to the effective interest method</b>	<b>36,402</b>	<b>5,243</b>
<i>Other financial costs:</i>		
Pension provision	3,705	2,371
Exchange rate differences costs, financial items	3,852	6,828
Monetary net gain hyperinflation	3,833	-
Interest expenses lease liabilities	4,106	3,845
<b>Total</b>	<b>15,496</b>	<b>13,044</b>
<b>Total financial costs</b>	<b>51,898</b>	<b>18,287</b>

### Remeasurement for hyperinflation

From 2022 are Storytels operation in Turkey accounted for according to IAS 29 Financial reporting in Hyperinflationary economies. The effect on the consolidated statement of income is shown in the table above. Storytel has used the Turkish consumer price index for the remeasurement.

	1/1/2022 -12/31/2022
<b>Exchange rates and index</b>	
Exchange rate SEK/TRY	0,5575
Index	9,8563

### Note 13 Tax

	1/1/2022 -12/31/2022	1/1/2021 -12/31/2021
<i>Current tax</i>		
Tax on profit for the year	-21,894	-23,066
Adjustment for previous years	-1,367	-1,120
<b>Total current tax</b>	<b>-23,261</b>	<b>-24,185</b>
<i>Deferred tax</i>		
Deferred tax on temporary differences	26,663	3,425
<b>Total deferred tax</b>	<b>26,663</b>	<b>3,425</b>
<b>Reported tax in the income statement</b>	<b>3,402</b>	<b>-20,761</b>
	1/1/2022 -12/31/2022	1/1/2021 -12/31/2021
<b>Reconciliation of effective tax</b>		
Profit before tax	-383,672	-352,324
Tax rate Parent Company	20.6%	20.6%
Tax according to the current tax rate for the Parent Company	79,036	72,579
Tax effect from:		
Non-taxable income	1,931	3,972
Effect due to different tax rates in foreign subsidiaries	2,013	-180
Other non-deductible expenses	-4,198	-5,115
Capitalisation of losses	2,704	3,399
Loss carry forwards, whose tax value is not recognised as an asset	-84,484	-82,185
Resolution of tax claim	-	-12,111
Adjustment for previous period	-1,367	-1,120
Utilisation of losses previously not recognised	7,767	-
<b>Adjustment for previous period</b>	<b>3,402</b>	<b>-20,761</b>
Utilisation of losses	-0,9%	5,9%

*Disclosures on deferred tax assets and liabilities.*

The following tables specify the tax effect of the temporary differences:

<b>Specification of deferred tax assets/ liabilities</b>		
	<b>12/31/2022</b>	<b>12/31/2021</b>
Financial assets	13,071	3,750
<b>Total deferred tax assets</b>	<b>13,071</b>	<b>3,750</b>
	<b>12/31/2022</b>	<b>12/31/2021</b>
Intangible assets	137,343	31,883
<b>Total deferred liabilities</b>	<b>137,343</b>	<b>31,883</b>
<b>Deferred tax receivables/ liabilities, net</b>	<b>-124,272</b>	<b>-28,133</b>
<b>Changes in deferred tax, temporary differences</b>	<b>2022</b>	<b>2021</b>
Opening balances	-28,133	-7,191
Reported in profit/loss	26,663	3,425
Reported in other comprehensive income	-7,138	80
From acquisitions	-112,659	-20,960
Exchange rate differences	-3,005	-3,487
	<b>-124,272</b>	<b>-28,133</b>

There are tax-related loss carryforwards and other temporary differences (primarily pensions) for which deferred tax assets have not been recognized in the balance sheet amounting to MSEK 1,656 (1,451). MSEK 1,602 (1,274) refers to loss carryforwards in Sweden, which do not have a time limitation, and MSEK 23 (20) refers to non-deductible net interest. Deferred tax assets have not been reported for these items since the Group, based on the losses incurred in recent years, cannot currently demonstrate that the Group can use them to offset future taxable profits in accordance with the requirements for reporting loss carryforwards under IFRS.

#### **Note 14 Earnings per share**

	<b>1/1/2022</b>	<b>1/1/2021</b>
<b>Earnings per share, basic</b>	<b>-12/31/2022</b>	<b>-12/31/2021</b>
Profit for the year attributable to Parent Company shareholders	-382,957	-381,587
Average number of ordinary shares outstanding (thousands)	69,472	67,167
<b>Earnings per share, basic</b>	<b>-5.51</b>	<b>-5.68</b>
<b>Weighted average number of ordinary shares, basic (thousands)</b>	<b>2022</b>	<b>2021</b>
Number of shares at the beginning of the year	68,282	62,545
Issue 3/10/2021	-	5,370
Issue 4/1/2021	-	343
Issue 8/22/2021	-	23
Issue 11/9/2022	8,791	-
Number of shares at year-end	77,073	68,282
<b>Weighted average number of shares</b>	<b>69,472</b>	<b>67,167</b>

## Note 15 Intangible assets

Cost	Goodwill	Capitalized expenditures and similar work	Rights, licenses, brands, customer relations	Other intangible assets	Work in progress capitalized expenditure	Total intangible assets excl. Goodwill
<b>Cost as at January 1, 2022</b>	<b>418,383</b>	<b>702,392</b>	<b>287,875</b>	<b>3,883</b>	<b>44,856</b>	<b>1,039,006</b>
Acquisitions for the year	0	177,870	19,246	0	53,321	250,437
Acquired via business combination	731,154		616,999	28,016	0	645,015
Reclassifications	0	65,204	7,422		-72,626	0
Sales/disposals	0	-6,195	-11,027	0	0	-17,222
Translation effects	117,016	12,578	99,040	8,691	0	120,309
<b>Cost as at December 31, 2022</b>	<b>1,266,553</b>	<b>951,849</b>	<b>1,019,555</b>	<b>40,590</b>	<b>25,551</b>	<b>2,037,545</b>
<b>Accumulated depreciation/amortization as at January 1, 2022</b>	<b>-</b>	<b>-221,682</b>	<b>-142,121</b>	<b>-3,677</b>	<b>-1,422</b>	<b>-368,902</b>
Depreciation/amortization for the year	-	-136,055	-101,317	6,017	-	-231,355
Sales/disposals	-	5,732	5,124	-	-	10,856
Reclassifications	-	2,870	-2,870	-	-	-
Translation effects	-	-5,846	-9,144	-3,833	-	-18,223
<b>Accumulated depreciation/amortization as at December 31, 2022</b>	<b>-</b>	<b>-354,981</b>	<b>-250,328</b>	<b>-1,493</b>	<b>-1,422</b>	<b>-608,224</b>
<b>Accumulated impairment as at January 1, 2022</b>	<b>-</b>	<b>-25,342</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-25,342</b>
Impairment for the year	-	-33,548	-	-	-14,568	-48,116
<b>Accumulated impairment as at December 31, 2022</b>	<b>-</b>	<b>-58,890</b>	<b>-</b>	<b>-</b>	<b>-14,568</b>	<b>-73,458</b>
<b>Closing carrying amount as at December 31, 2022</b>	<b>1,266,553</b>	<b>537,978</b>	<b>769,227</b>	<b>39,097</b>	<b>9,561</b>	<b>1,355,863</b>
Cost	Goodwill	Capitalized expenditures and similar work	Rights, licenses, brands, customer relations	Other intangible assets	Work in progress capitalized expenditure	Total intangible assets excl. Goodwill
<b>Cost as at January 1, 2021</b>	<b>305,225</b>	<b>404,918</b>	<b>183,323</b>	<b>4,438</b>	<b>22,377</b>	<b>615,056</b>
Acquisitions for the year	-	296,805	2,601	-	22,467	321,873
Acquired via business combination	115,384	-	101,963	-	-	101,963
Sales/disposals	-8,496	-1,813	-	-540	-	-2,353
Translation effects	6,270	2,482	-12	-15	12	2,467
<b>Cost as at December 31, 2021</b>	<b>418,383</b>	<b>702,392</b>	<b>287,875</b>	<b>3,883</b>	<b>44,856</b>	<b>1,039,006</b>
<b>Accumulated depreciation/amortization as at January 1, 2021</b>	<b>-</b>	<b>-148,337</b>	<b>-106,195</b>	<b>-3,467</b>	<b>-</b>	<b>-258,000</b>
Acquisitions for the year	-	-74,462	-36,228	-226	-	-110,916
Sales/disposals	-	992	-	-	-	992
Reclassifications	-	125	-	-	-1,422	-1,297

Translation effects	-	-	302	16	-	318
<b>Accumulated depreciation/amortization as at December 31, 2021</b>	-	<b>-221,682</b>	<b>-142,121</b>	<b>-3,677</b>	<b>-1,422</b>	<b>-368,902</b>
<b>Accumulated impairment as at January 1, 2021</b>	-	-	-	-	-	0
Impairment for the year	-	-25 342	-	-	-	-25 342
<b>Accumulated impairment as at December 31, 2021</b>	-	<b>-25 342</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-25 342</b>
<b>Closing carrying amount as at December 31, 2021</b>	<b>418,383</b>	<b>455,368</b>	<b>145,754</b>	<b>206</b>	<b>43,434</b>	<b>644,762</b>

#### Impairment testing

The Group tests for impairment at least annually intangible non-current assets with an indefinite useful life, which currently consists of goodwill.

The Group's goodwill of TSEK 1,266,553 (418,383) has arisen in connection with the business acquisitions that the Group has made. Goodwill is tested for impairment at the lowest levels where there are separately identifiable cash flows (cash-generating units), which for the Group constitutes Streaming Nordic, Streaming Non-Nordics, Books and Audiobooks.com. The carrying amount of goodwill is divided into cash-generating units as follows:

<b>2022-12-31</b>	<b>Streaming Nordics</b>	<b>Streaming Non-Nordics</b>	<b>Books</b>	<b>Audiobooks.com</b>	<b>Total</b>
Goodwill	105,330	114,666	215,944	830,613	1,266,553

<b>2021-12-31</b>	<b>Streaming Nordics</b>	<b>Streaming Non-Nordics</b>	<b>Books</b>	<b>Audiobooks.com</b>	<b>Total</b>
Goodwill	98,160	118,025	202,198	-	418,383

The impairment test for the Group's goodwill consists of assessing whether the unit's recoverable amount is higher than Streaming Nordics, its carrying amount for each cash-generating unit to which the goodwill belongs. The recoverable amount has been calculated on the basis of the unit's value in use, which is the present value of the unit's expected future cash flows without regard to any future business expansion and restructuring. The calculation of the value in use has been based on the following parameters. The length of the forecast of cash flows has been set with regard to how long it takes for each segment to reach a steady state. It is only in such a situation that an extrapolation of cash flows with a constant growth rate is possible to do without obtaining incorrect results.

Streaming Nordics, Books and Audiobooks.com are our most mature segments and the forecast is set at seven years. Streaming Non-Nordics is a more immature segment since the audiobook is not as established in these markets as in the Nordic markets. Therefore, we have set the forecast period for cash flows to ten years.

<b>12/31/2022</b>	<b>Streaming Nordics</b>	<b>Streaming Non-Nordics</b>	<b>Books</b>	<b>Audiobooks.com</b>
Discount factor before tax (%)	12,7%	13,6%	13,3%	14,0%
Forecast of cash flows below	7 year	10 year	7 year	7 year
Subsequent extrapolation of cash flows with a growth of (%)	2,0%	2,0%	2,0%	2,0%

<b>12/31/2021</b>	<b>Streaming Nordics</b>	<b>Streaming Non-Nordics</b>	<b>Books</b>	<b>Audiobooks.com</b>
Discount factor before tax (%)	11,4%	13,3%	11,9%	-
Forecast of cash flows below	7 year	10 year	7 year	-
Subsequent extrapolation of cash flows with a growth of (%)	2,0%	3,0%	2,0%	-



The discounted cash flow model includes forecasting of future cash flows from operations, including estimates of revenue volumes and costs. The important assumptions that drive expected cash flows over the next few years are sales growth and margin development. Values have been estimated on these variables mainly based on and in accordance with historical experience. In sensitivity tests of carrying amounts in relation to value in use, assumptions about growth have changed by +/- 2 percentage points and the discount factor by +/- 2 percentage points without the need for impairment being identified.

### Note 16 Property, plant and equipment

	Inventories, tools and installations	Construction in progress and advances relating to property, plant and equipment	Total property, plant and equipment
<b>Cost as at January 1, 2022</b>	<b>60,051</b>	-	<b>60,051</b>
Acquisitions for the year	6,092	-	6,092
Acquired via business combination	373	-	373
Sales/disposals	-3,706	-	-3,706
Reclassifications	2,406	-	2,406
Translation effects	1,139	-	1,139
<b>Cost as at December 31, 2022</b>	<b>66,355</b>	-	<b>66,355</b>
<b>Accumulated depreciation/amortization as at January 1, 2022</b>	<b>-32,377</b>	-	<b>-32,377</b>
Depreciation/amortization for the year	-10,473	-	-10,473
Sales/disposals	2,865	-	2,865
Translation effects	-385	-	-385
<b>Accumulated depreciation/amortization as at December 31, 2022</b>	<b>-40,370</b>	-	<b>-40,370</b>
<b>Closing carrying amount as at December 31, 2022</b>	<b>25,985</b>	-	<b>25,985</b>
	Inventories, tools and installations	Construction in progress and advances relating to property, plant and equipment	Total property, plant and equipment
<b>Cost as at January 1, 2021</b>	<b>49,739</b>	<b>131</b>	<b>49,870</b>
Acquisitions for the year	9,935	-	9,935
Acquired via business combination	222	-	222
Sales/disposals	-480	-131	-611
Translation effects	635	-	635
<b>Cost as at December 31, 2021</b>	<b>60,051</b>	-	<b>60,051</b>
<b>Accumulated depreciation/amortization as at January 1, 2021</b>	<b>-25,230</b>	-	<b>-25,230</b>
Depreciation/amortization for the year	-6,886	-	-6,886
Sales/disposals	165	-	165
Translation effects	-425	-	-425
<b>Accumulated depreciation/amortization as at December 31, 2021</b>	<b>-32,377</b>	-	<b>-32,377</b>
<b>Closing carrying amount as at December 31, 2021</b>	<b>27,675</b>	-	<b>27,675</b>

Storytel has no property, plant and equipment that are temporarily not used in the company's operations, which have been taken out of use or for which the fair value is deemed to deviate significantly from the carrying amount.

## Note 17 Right-of-use assets

Storytel's significant leases mainly consist of contracts for office premises. Storytel classifies its leases in the classes premises and other. Other mainly relates to equipment and vehicles. The table below presents the Group's closing balances regarding right-of-use assets and lease liabilities as well as the operations during the year:

<b>Right-of-use assets</b>				
	<b>Premises</b>	<b>Other</b>	<b>Total</b>	<b>Lease liability</b>
<b>Opening balance January 1, 2021</b>	<b>139,213</b>	<b>2,074</b>	<b>141,287</b>	<b>138,773</b>
Additional contracts	16,207	2,204	18,411	18,411
Depreciation/amortization	-36,613	- 1,308	-37,921	-
Concluded contracts	8,510	-	8,510	3,841
Revaluations of contracts	1,104	30	1,134	1,130
Amortization	-	-	-	-30,496
<b>Closing balance December 31, 2021</b>	<b>128,421</b>	<b>3,000</b>	<b>131,421</b>	<b>131,659</b>
Additional contracts	5,469	675	6,144	6,144
Depreciation/amortization	-39,849	-1,669	-41,518	-
Revised contracts	15,226	730	15,956	11,693
Revaluations of contracts	3,205	152	3,357	3,520
Amortization	-	-	-	-35,590
<b>Closing balance December 31, 2022</b>	<b>112,472</b>	<b>2,888</b>	<b>115,360</b>	<b>117,426</b>

The amounts reported in the Group's statement of income during the year attributable to lease activities are presented below:

	<b>1/1/2022 -12/31/2022</b>	<b>1/1/2021 -12/31/2021</b>
Depreciation of right-of-use assets	-41,518	-37,921
Interest expenses on lease liabilities	-3,949	-3,845
Cost regarding short-term leases	-13	-295
Cost of contracts where the underlying asset is of low value	-59	-58
Translation difference	-	1
<b>Total</b>	<b>-45,539</b>	<b>-42,118</b>

Storytel reports a cash outflow attributable to leases amounting to TSEK 35,590 for the financial year 2022 (TSEK 30,497 for 2021). For a maturity analysis of the Group's lease liabilities, see Note 25 Financial risks.

## Note 18 Financial instruments

### Measurement of financial assets and liabilities as at 12/31/2022

	Financial assets/liabilities measured at amortized cost	Financial assets/liabilities measured at fair value through profit/loss	Financial assets/liabilities measured at fair value via other comprehensive income	Total carrying amount
<b>Financial assets</b>				
Other non-current receivables	51,025	-	-	51,025
Trade receivables	222,632	-	-	222,632
Other receivables	27,905*	-	-	27,905
Cash and cash equivalents	776,341	-	-	776,341
Receivables in associates	26,249	-	-	26,249
<b>Total</b>	<b>1,104,152</b>	<b>-</b>	<b>-</b>	<b>1,104,152</b>
<b>Financial liabilities</b>				
Liabilities to credit institutions	1,098,416	-	-	1,098,416
Lease liabilities	117,426	-	-	117,426
Trade payables	121,430	-	-	121,430
Contingent consideration	-	637	-	637
Accrued expenses	418,462	-	-	418,462
Other provisions	21,912	-	-	21,912
Other current and non-current considerations and acquisition options	-	12,512	-	12,512
<b>Total</b>	<b>1,777,646</b>	<b>13,149</b>	<b>-</b>	<b>1,790,795</b>

\*Other receivables excluding tax items.

### Measurement of financial assets and liabilities as at December 31, 2021

	Financial assets/liabilities measured at amortized cost	Financial assets/liabilities measured at fair value through profit/loss	Financial assets/liabilities measured at fair value via other comprehensive income	Total carrying amount
<b>Financial assets</b>				
Other non-current receivables	28,610	-	-	28,610
Trade receivables	311,901	-	-	311,901
Other receivables	40,226	-	-	40,226
Cash and cash equivalents	905,882	-	-	905,882
Receivables in associates	25,582	-	-	25,582
<b>Total</b>	<b>1,312,200</b>	<b>-</b>	<b>-</b>	<b>1,312,200</b>
<b>Financial liabilities</b>				
Liabilities to credit institutions	-	-	-	-
Lease liabilities	131,659	-	-	131,659
Trade payables	171,092	-	-	171,092
Contingent consideration	-	552	-	552
Other current liabilities	-	-	10,031	10,031
Accrued expenses	356,491	-	-	356,491
Other provisions	15,217	-	-	15,217
Other current and non-current considerations and acquisition options	23,760	12,512	-	36,272
<b>Total</b>	<b>698,219</b>	<b>13,064</b>	<b>10,031</b>	<b>589,656</b>

For current receivables and liabilities, such as accounts receivable and trade payables, the carrying amount is considered to be a good approximation of the fair value.

The Group has no financial assets or liabilities that have been set off in the accounts or that are covered by a legally binding netting agreement. The assets' maximum credit risk consists of the net amounts of the carrying amounts in the tables above. The Group has not received any pledged collateral for the net financial assets.

#### *Measurement at fair value*

Fair value is the price that at the time of measurement would be obtained on the sale of an asset or paid on the transfer of a liability through an orderly transaction between market participants. The table below shows financial instruments measured at fair value, based on how the classification in the fair value hierarchy is made. The different levels are defined as follows:

Level 1 – Listed prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – Observable input data for assets or liabilities other than quoted prices included in level 1, either directly (i.e., as price quotations) or indirectly (i.e., derived from price quotations)

Level 3 - Asset or liability input data that is not based on observable market data (i.e., non-observable input data)

There were no financial assets measured at fair value as at December 31, 2021, December 31, 2020 or January 1, 2020. For financial liabilities, see below.

<b>Financial liabilities measured at fair value as at December 31, 2022</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Contingent consideration	-	-	637	<b>637</b>
Financial derivative instruments – currency futures	-	-	12,512	<b>12,512</b>

<b>Financial liabilities measured at fair value as at December 31, 2021</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Contingent consideration	-	-	552	<b>552</b>
Acquisition option	-	-	12,512	<b>12,512</b>
Financial derivative instruments – currency futures	-	10,032	-	<b>10,032</b>

#### *Financial derivative instruments – currency futures*

The fair value of financial instruments that are not traded on an active market is determined using measurement techniques. These measurement techniques are based as much as possible on observable market data and as little as possible on company-specific calculations. If all the essential data required to determine the fair value of an instrument are observable, the instrument is included in level 2. The Group's derivative instruments, which are recorded at fair value in the statement of financial position, have been measured in accordance with IFRS 9 and categorized in accordance with Level 2 in accordance with IFRS 13 fair value hierarchy. This means that the fair value measurement is based on directly or indirectly observable data for the asset or liability, other than quoted prices in an active market for identical assets or liabilities.

Financial derivative instruments consist of a liability for a currency forward of MSEK 10 (0), which, in its entirety, was current and attributable to hedging of payment of MUS\$ 130 related to the consideration for the acquisition of Audiobooks.com in January 2022.

#### *Acquisition option*

Storytel's acquisition option refers to the future acquisition of the remaining 20 percent shares in Earselect AB, which will result in an additional transferred consideration of TSEK 12,512. Since the price of the option is not dependent on any conditions beyond the time aspect, and since the discounting effect attributable to the time value at the time of acquisition was insignificant, no discounting has taken place and the carrying amount is considered to correspond to the fair value of the acquisition option. The acquisition option can be utilized during the years 2023–2025.

### Contingent consideration

The Group has a contingent additional consideration attributable to business combinations. The consideration refers to the acquisition Aula & Co regarding the amount of TSEK 637. The contingent consideration is included in the item Long-term provisions and is measured at fair value by discounting expected cash flows with a risk-adjusted discount rate of 12.6 percent for Aula & Co. The contingent consideration is dependent on the level of profitability (EBITDA), growth in sales and the level of digital sales for Aula & Co from the time of acquisition to 12/31/2024. The outcome for the contingent consideration can vary between TSEK 0 and 696. The contingent consideration is found in level 3 in the valuation hierarchy. Significant non-observable input data consists of forecast future development and a risk-adjusted discount rate.

<b>Opening balance as January 1, 2021</b>	-
Business combinations	529
Change in value recognized in profit/loss	23
<b>Closing balance as at December 31, 2021</b>	<b>552</b>
Change in value recognized in profit/loss	85
<b>Closing balance as at December 31, 2022</b>	<b>637</b>

### Note 19 Inventories

	12/31/2022	12/31/2021
Finished goods and goods for resale	114,980	57,387
Products under construction	10,429	8,452
Obsolescence	-23,302	-177
<b>Carrying amount</b>	<b>102,107</b>	<b>65,662</b>

### Note 20 Prepaid expenses and accrued income

	12/31/2022	12/31/2021
Prepaid royalties	270,074	235,652
Other items prepaid expenses	76,870	43,315
<b>Carrying amount</b>	<b>346,944</b>	<b>278,967</b>

### Note 21 Cash and cash equivalents

	12/31/2022	12/31/2021
Bank balance	776,341	905,882
<b>Carrying amount</b>	<b>776,341</b>	<b>905,882</b>

## Note 22 Group companies

The holdings of the Parent Company, Storytel AB (publ), in direct and indirect subsidiaries that are covered by the consolidated financial statements are shown in the table below:

Business	Main activity	Corp. ID	Säte	Share of capital/voting rights	
				2022-12-31	2021-12-31
Storytel AB (publ)	Management	556575-2960	Sweden	Parent Company	Parent Company
Storytel AG, under liquidation	Management	CHE-112413562	Switzerland	100%	100%
Storytel Sweden AB,	Streaming	556696-2865	Sweden	100%	100%
Storytel Publishing AB, liquidated	Streaming	556045-0297	Sweden	-	100%
Storytel Publishing NL B.V	Digital publishing	62057707	Netherlands	100%	100%
Storyside AB	Digital publishing	556630-2906	Sweden	100%	100%
Mofibo Books ApS	Streaming	35228691	Denmark	100%	100%
Storytel Production AB	Streaming	556977-0166	Sweden	100%	100%
Storytel GmbH	Streaming	439493p	Austria	100%	100%
Storytel SP z.o.o.	Streaming	0000608730	Poland	100%	100%
Storytel Oy	Streaming	2792250-7	Finland	100%	100%
Storytel LLC	Streaming	114784713702	Russia	100%	100%
Norstedts Förlagsgrupp AB	Publishing	556045-7748	Sweden	100%	100%
Barnens Bokklubb AB	Publishing	556103-0445	Sweden	100%	100%
Brombergs Förlag AB	Publishing	556716-8488	Sweden	100%	100%
Gummerus Kustannus OY	Publishing	0482813-9	Finland	100%	100%
Peoples Press A/S	Publishing	26608694	Denmark	100%	100%
Storytel Bulgaria EOOD	Streaming	202130119	Bulgaria	100%	100%
Storytel Iceland EHF	Streaming	570504-3040	Iceland	100%	100%
Storytel Turkey Yayıncılık Hizmetleri A.S.	Streaming	35728/5	Turkey	100%	100%
Storytel Arabia FZ LLC , deregistered	Streaming	31206	United Arab Emirates	0%	100%
Storyside India LLP	Digital publishing	AAH-6929	India	100%	100%
Storytel Italy S.rl	Streaming	10127220969	Italy	100%	100%
Storytel S.L	Streaming	B66996729	Spain	100%	100%
Storytel Servicios S. de R.L. de C.V	Streaming	N-2018042772	Mexico	100%	100%
Storytel Latin America S. de R.L. de C.V	Streaming	N-2018043761	Mexico	100%	100%
Storytel Pte Ltd	Streaming	201842070G	Singapore	100%	100%
Storytel Services UK Limited	Streaming	11708468	England	100%	100%
Storytel Brasil Distribuição de Audiolivros Ltda	Streaming		Brazil	100%	100%
Ztorylabs AB	Streaming	556928-7641	Sweden	100%	100%
Storytel South Korea LLC	Streaming	110114-0238631	South Korea	100%	100%
Storytel Thailand Ltd	Streaming	0105562091258	Thailand	100%	100%

## Share of capital/voting rights

Business	Main activity	CIN	Domicile	12/31/2022	12/31/2021
Storytel Germany Audio GmbH	Streaming	HRB 221514	Germany	100%	100%
iCast Ltd	Streaming	51-374645-3	Israel	100%	100%
Kitab Sawti AB	Streaming	559052-8534	Sweden	100%	100%
Kitab Sawti Mena FZ LCC	Streaming	94673	United Arab Emirates	100%	100%
Kitab Sawti LLC	Streaming	144132	Egypt	100%	100%
Earselect AB	Digital book production	556920-7425	Sweden	80%*	80%*
Storytel Books AB	Management	559286-0240	Sweden	100%	100%
Storytel France SAS	Streaming	552 006 769	France	100%	100%
Bokförlaget Lind & Co AB	Publishing	556608-8737	Sweden	70%	70%
Kustannusosakeyhtiö Aula & Co	Publishing	2741820-4	Finland	100%	100%
Legolas Holding Parent Corporation	Management		USA	100%	-
Legolas Holding Corporation	Management		USA	100%	-
Storytel Audiobooks USA LLC	Streaming		USA	100%	-
Storytel Audiobooks Canada, Inc	Streaming		Canada	100%	-
Bokförlaget Dar Al-Muna AB	Publishing	556795-0406	Sweden	70%**	-
Wydawnictwo Lind & Co Polska sp. z o o	Publishing	000097628	Poland	70%**	-

\* The Storytel Group owns 80 percent of the shares in Earselect AB, but the holding is reported at 100 percent, without regard to non-controlling interests, based on the acquisition option attached to the acquisition.

\*\*Owned 100 percent by Bokförlaget Lind & Co AB

### Note 23 Associated companies and joint ventures

	12/31/2022	12/31/2021
Opening acquisition value	10,872	11,131
Acquisition of associated companies	14,413	3,000
Share of profit for the year	-1,070	4,208
Dividend	-3,621	-7,466
<b>Closing cost</b>	<b>20,594</b>	<b>10,872</b>

The list below includes the Group's shares in associated companies and joint ventures (joint venture, and refers to Storytel AS in the table below).

Company, registered office	Corp. ID No.	Closing equity 12/31/2022	Profit/loss 2022	Share of capital and voting rights	Number of shares	Carrying amount 12/31/2022	Carrying amount 12/31/2021
Storytel AS, Oslo (joint venture)	913211421	3,442	2,253	50%	100,000	3,611	4,979
Bokinfo Norden HB, Stockholm	969698-9996	1,697	-1,023	25%	-	1,723	2,746
Helsinki Literary Agency	2803858-8	15	3	25%	1	155	147
Nuanxed AB	559315-2456	310	-645	40%	16,666	5,355	3,000
Mockingbird	559222-7333	962	-1,659	49%	24,500	9,750	-
			<b>-1,070</b>			<b>20,594</b>	<b>10,872</b>

### Financial information associated companies

Summary financial information for the Group's associated companies is specified in the table below. The information refers to 100 percent.

	Storytel AS		Other associated companies	
	2022	2021	2022	2021
Sales	369,028	319,838	27,374	14,975
Net profit/loss	4,508	8,412	-10,932	2,892
Assets	105,645	107,907	25,864	18,894
Liabilities	98,763	98,447	16,270	5,985

### Note 24 Equity

#### Share capital

As at December 31, 2022, the registered share capital comprises two different types of shares:

Type of share	A shares	B shares
	Ordinary share	Ordinary share
Votes per share	10	1
Quota value December 31, 2021	0.5	0.5
Quota value December 31, 2022	0.5	0.5
<b>Opening number of shares January 1, 2021</b>		<b>62,545</b>
Increase via new share issue		5,737
<b>Closing number of shares December 31, 2021</b>		<b>68,282</b>
Increase via new share issue		8,791
<b>Closing number of shares December 31, 2022</b>		<b>77,073</b>

All shares are fully paid, and no shares are reserved for transfer.

#### Other capital contributions

Other capital contributions consists of capital contributed by Storytel's owners in the form of new issues, including premium payments regarding warrants.

#### Translation reserve

The Group's translation reserve includes all exchange rate differences that arise when translating financial statements from foreign operations that have prepared their financial statements in a functional currency other than the currency in which the Group's financial reports are presented. The Group presents its financial statements in Swedish kronor (SEK). Accumulated translation difference is recognized in profit/loss upon divestment of the foreign operation.

#### Hedging reserve

The Group's hedging reserve refers to cash flow hedges.

#### Retained earnings including profit/loss for the year

Retained earnings consist of the sum of the year's earnings and profit/loss from previous years, including revaluation of defined-benefit pension plans and derivatives that are hedged.

#### Other information

Storytel's owner Roxette Photo NV., EQT Public Value Investments S.à r.l. Jehangir AB, Annamaria Tellander and Jonas Tellander have issued warrants to senior executives in 2021. The warrants were issued at market price.



## Note 25 Financial risks

The Group's earnings, financial position and cash flow are affected both by changes in the rest of the world and by the Group's own actions. The risk management work aims to clarify and analyse the risks that the company encounters and, as far as possible, to prevent and limit any negative effects.

Through its operations, the Group is exposed to various types of financial risks: credit risk, market risks (interest rate risk, currency risk and other price risk) as well as liquidity risk and refinancing risk. The Board has the overall responsibility for the Group's risk work, including financial risks. The risk work includes identifying, assessing and evaluating the risks that the Group faces. Priority is given to the risks that, in an overall assessment regarding possible impact, probability and consequence, are judged to have the most negative impact on the Group. The Group's overall objective for financial risks is to ensure short- and long-term capital supply, achieve a long-term and stable capital structure with a granular maturity structure and achieve low risk exposure.

### Credit risk

Credit risk is the risk that the Group's counterparty in a financial instrument will not be able to fulfil its obligation and thereby cause the Group a financial loss. The Group's credit risk arises primarily through receivables from customers and when investing cash and cash equivalents. At each reporting occasion, the Group evaluates the credit risk of existing exposures, taking into account forward-looking factors.

Below are the financial assets the Group has reserved expected credit losses for. In addition to the assets below, the Group also monitors provisions for other financial instruments. In cases where the amounts are not deemed to be insignificant, a provision is made for expected credit losses for these financial instruments as well.

#### *Credit risk in accounts receivable (simplified method for credit risk reserve)*

For the Group, credit risk is primarily in accounts receivable, and Storytel's goal is to have a continuous follow-up of this credit risk. The Group's customers consist of both companies and consumers. The Group has established guidelines to ensure that sales of products and services are made to customers with a suitable credit background and that the credit risk is reduced if necessary and if possible through, for example, advance payment and that subscriptions are terminated if payment is not made. The payment terms normally amount to between 30–60 days depending on the counterparty. The historical credit losses amount to a small amount in relation to the Group's sales. Despite the prevailing COVID-19 pandemic, Storytel has not identified any increased risk of customer losses.

The Group applies the simplified method for reporting expected credit losses for accounts receivable. This means that expected credit losses are reserved for the remaining term, which is expected to be less than one year for all receivables. The Group's customers are segmented into three groups: customers with credit ratings, large global corporate customers or other. Credit risk for customers with a credit rating is assessed on the basis of an established credit rating. Customers within each other group are judged to have a similar risk profile, which is why the credit risk is initially assessed collectively for all customers in each group. In the event of receivables that are more than 30 days due for payment or where the credit risk is deemed significant, the credit provision for these receivables is assessed per counterparty based on historical loss ratio, other known information and forward-looking factors, including information about individual customers and management's assessment of impact from the economy of the industry.

The Group has defined default as when payment of the receivable is 90 days late or more or if other factors indicate that there is a suspension of payment. In these cases, an individual assessment is made to estimate further expected credit loss. The Group writes off a receivable when there is no longer any expectation of receiving payment and when active measures to receive payment have been terminated.

<b>Age analysis accounts receivable</b>	<b>12/31/2022</b>	<b>12/31/2021</b>
	<b>Net</b>	<b>Net</b>
Non-overdue accounts receivable	181,380	299,668
Overdue accounts receivable:		
0-30 days	32,865	9,436
31-60 days	8,051	588
61-90 days	-301	218
91-120 days	556	125
> 120 days	81	1,866
<b>Total</b>	<b>222,632</b>	<b>311,901</b>

The credit quality of receivables that are not overdue for more than 90 days is judged to be good, based on historically low customer losses and consideration of forward-looking factors.

<b>Expected trade losses for accounts receivable and contract assets (according to simplified method)</b>	<b>2022</b>	<b>2021</b>
<b>Opening carrying amount</b>	<b>-2,203</b>	<b>-1,454</b>
Provision for feared losses	-283	-24
Change ECL	463	-758
Reversed, previously written off amounts	16	6
<b>Closing carrying amount</b>	<b>-2,034</b>	<b>-2,230</b>

#### *Cash and cash equivalents*

The Group's credit risk also arises from the investment of cash and cash equivalents. Storytel's goal is to have a continuous follow-up of credit risk attributable to investments. One way of counteracting credit risk is for the Group to have bank accounts in several different financial institutions with a high credit rating.

#### *Provision for expected credit losses (general method)*

The financial assets that are covered by provisions for expected credit losses according to the general method consist of financial assets in other non-current receivables, other receivables and cash and cash equivalents where other receivables largely relate to blocked funds in bank accounts regarding non-contingent considerations. According to the general method, credit risk is measured for the next twelve months. The Group applies a rating-based method where expected credit losses are measured on the product of the probability of default, loss given default and exposure in the event of default. Consideration is also given to other known information and forward-looking factors for assessing expected credit losses. As at the balance sheet date, no significant increase in credit risk has been deemed to exist for any receivable or asset. Such an assessment is based on whether payment is 30 days late or more or if there is a significant deterioration in credit rating resulting in a credit rating below investment grade. In the event of a significant increase in credit risk, the credit risk is measured for the remaining term of the exposure. The Group has defined default as when payment of the receivable is 90 days late or more or if other factors indicate that there is a suspension of payment.

#### *Credit risk exposure and credit risk concentration*

The Group's credit risk exposure consists of accounts receivable, other long-term receivables, other receivables and cash and cash equivalents.

The Group uses several banks where the majority of cash and cash equivalents is invested in banks with a credit rating of between A-1 and A-1 + (short-term) and A + and AA- (long-term) (S&P), respectively. Other receivables largely consist of blocked funds in bank accounts, and the credit risk exposure for most of these is thus the same as for cash and cash equivalents. As these funds are invested in banks with a high credit rating, ECL is considered to be negligible. Other items in other long-term receivables and other receivables have been assessed to be in stage 1, i.e., there has been no significant increase in credit risk.

The Group's accounts receivable are spread over a large number of different customers and are also diversified in terms of size, country of origin, with a certain concentration of credit risk to certain major corporate customers. Accounts receivable within the Group's publishing operations mainly consist of major resellers of printed books and streaming services in the Nordic markets. The largest accounts receivable within the Group's streaming operations consist of global companies that provide payment solutions. Concentrations of credit risks relating to other accounts receivable in the streaming business are limited as the customer base is large and diversified.

#### **Market risk**

Market risk is the risk that the fair value of or future cash flows from a financial instrument will vary due to changes in market prices. According to IFRS, market risks are divided into three types: currency risk, interest risk and other price risks. The market risk that affects the business consists mainly of currency risk.

#### *Interest risk*

Interest risk is the risk that fair value or future cash flows from a financial instrument will vary due to changes in market interest rates. The goal is not to be exposed to future fluctuations in interest rate changes that affect the Group's cash flow and earnings to a greater extent than Storytel can handle. A significant factor that affects interest risk is the fixed interest period. The Group is primarily exposed to interest risk for the Group's loans to credit institutions. The Group's borrowings normally are at a variable interest rate. The interest risk is low as the Group's interest expenses are low in relation to total profit.

Given the interest-bearing assets and liabilities, including unutilized overdraft facilities and credit facilities, which exist on the balance sheet date, an interest rate increase of 2 percentage points over a one-year period has an effect on net interest before tax of TSEK -11 473 and an effect on equity after tax of TSEK -9 110.

The table below specifies the terms and repayment dates for each interest-bearing debt.

	Currency	Maturity	Interest	Carrying amount	
				12/31/2022	12/31/2021
Liabilities to credit institutions	SEK	-	Floating	1,100,000	-
<b>Total</b>				<b>1,100,000</b>	

#### *Currency risk*

Currency risk is the risk that fair value or future cash flows from a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risks are found primarily in the translation of foreign operations' assets and liabilities into the Parent Company's functional currency, so-called translation exposure. The Group's sales and purchases in foreign currencies, so-called transaction exposure, constitutes a currency risk. In summary, the Group conducts operations worldwide with a revenue and expense base in local currency and is thus exposed to currency risk.

Storytel in certain cases may apply currency hedging with forward contracts to manage currency risks related to acquisitions.

A significant portion of purchasing and sales occurs on markets outside of Sweden and thus in currencies other than SEK. This means that the Group's profit/loss is exposed to currency risk since the Group's profit/loss is consolidated in SEK. As can be seen from the table below, the Group's main transaction exposure consists of DKK and EUR.

The Group strives to match purchases and sales in the same currencies if possible, but the result will still be affected by changes in exchange rates in the future. The company's global presence also provides a diversified currency exposure, which thus provides a certain natural hedge.

Currency exposure (%)	1/1/2022–12/31/2022		1/1/2021–12/31/2021	
	Operating income	Operating expenses	Operating income	Operating expenses
DKK	17,3%	15,0%	14.5%	13.6%
EUR	19,8%	16,8%	15.7%	11.6%
USD	12,8%	10,9%	-	-
Other currencies	14,2%	12,5%	11.9%	6.9%

Sensitivity analysis – Exchange rate fluctuations against the Swedish krona	1/1/2022–12/31/2022		1/1/2021–12/31/2021	
	Effect on profit before tax	Effect on equity	Effect on profit before tax	Effect on equity
DKK				
+/- 10%	+/- 579	+/- 6,495	+/- 2,101	+/- 10,692
EUR				
+/- 10%	+/- 2,104	+/- 6,471	+/- 3,490	+/- 5,562
USD				
+/- 10%	+/- 894	+/- 10,554	-	-

#### Liquidity risk and refinancing risk

Liquidity risk is the risk that a company will have difficulty fulfilling obligations that are related to financial liabilities that are settled with cash or other financial assets. The company manages liquidity risk through continuous follow-up of operations and by maintaining a Group account structure that ensures the companies' credit needs. The company continuously forecasts future cash flows based on various scenarios to ensure that financing takes place on time.

The risk is mitigated by the Group's good liquidity reserves, which are immediately available. The Group's operations are essentially financed via capital raised from the capital market and through bank loans. The Group has been granted a credit amount for its revolving credit facility amounting to TSEK 850,000 (TSEK 500,000), which was expanded during the fall to ensure continued expansion according to a communicated strategy following acquisitions in the US market. In conjunction with the acquisition of Audiobooks.com, bridge financing of TSEK 500,000 was also negotiated. The bridge loan will be refinanced no later than Q1 2023. The total liquidity reserve consists of cash and unutilized overdraft facilities. As at the balance sheet date, the overdraft facility was not utilized. The bank's financing has conditions in the form of key ratios based on net debt in relation to EBITDA in mature markets, a minimum solvency ratio and a minimum liquidity. The conditions have been met even though the bank's financing at the turn of the year was unutilized.

Refinancing risk refers to the risk that financing for acquisitions or development cannot be retained, extended, expanded, refinanced or that such financing can only take place on terms that are unfavourable to the company. The need for refinancing is regularly reviewed by the company and the Board to ensure financing of the company's expansion and investments. The goal is to ensure that the Group has ongoing access to external borrowing without the cost of borrowing increasing significantly. The refinancing risk is reduced by structuring and starting the refinancing process in good time. For larger loans, the process begins no later than three to nine months before the due date. The company also maintains a continuous dialogue with several lenders.

The Group's contractual and undiscounted interest payments and repayments of financial liabilities are shown in the table below. Financial instruments with variable interest rates have been calculated with the interest rate that existed on the balance sheet date. Liabilities have been included in the period when repayment can be demanded at the earliest.

12/31/2022						
<b>Maturity analysis</b>	<b>&lt;6 months</b>	<b>6–12 months</b>	<b>1–3 years</b>	<b>3–5 years</b>	<b>&gt;5 years</b>	<b>Total</b>
Liabilities to credit institutions	300,000	100 000	700,000	-	-	1,100,000
Lease liabilities	17,915	17,918	43,065	30,658	7,867	117,426
Trade payables	120,586	844	-	-	-	121,430
Other current liabilities	45,364	4,050	-	-	-	49,414
<b>Total</b>	<b>483,868</b>	<b>122,812</b>	<b>743,065</b>	<b>30,658</b>	<b>7,867</b>	<b>1,388,270</b>

12/31/2021						
<b>Maturity analysis</b>	<b>&lt;6 months</b>	<b>6–12 months</b>	<b>1–3 years</b>	<b>3–5 years</b>	<b>&gt;5 years</b>	<b>Total</b>
Liabilities to credit institutions	-	-	-	-	-	-
Lease liabilities	18,192	18,192	50,289	35,801	9,187	131,661
Trade payables	171,092	-	-	-	-	171,092
Other current liabilities	10,031	80,462	-	-	-	90,493
<b>Total</b>	<b>199,315</b>	<b>98,685</b>	<b>50,289</b>	<b>35,801</b>	<b>9,187</b>	<b>393,246</b>

Below are credit contracts/frameworks that Storytel has entered into:

	<b>Amount</b>	<b>Utilized</b>	<b>Amount</b>	<b>Utilized</b>
	<b>12/31/2022</b>	<b>12/31/2022</b>	<b>12/31/2021</b>	<b>12/31/2021</b>
Overdraft facility	850,000	600,000	850,000	-
Credit facility B	500,000	500,000	500,000	-
Term loan	200,000	-	-	-
<b>Summa</b>	<b>1,550,000</b>	<b>1,100,000</b>	<b>1,350,000</b>	<b>-</b>

### Capital management

The Board's objective is to maintain an optimal structure that contributes to maintaining investor, lender and market confidence and to form a basis for continued development of the business in accordance with the communicated expansion strategy. The capital consists of total equity. The Board of Directors does not propose a dividend to shareholders. In the long term, Storytel has a continued focus on revenue growth and an improved EBITDA margin compared with the previous year.

The Board of Directors, together with the management of Storytel, has the following financial goals:

#### *Growth target:*

Storytel aims to grow the business, primarily in the Streaming segment, and includes both organic growth and growth through acquisitions.

#### *Profitability target*

Storytel has a goal of an improved EBITDA margin compared with the previous year, while continued revenue growth is in focus.

#### *Dividend*

Storytel does not intend to pay dividends in the short term but instead continues to reinvest in the business with a focus on continued growth.

## Note 26 Provisions

	Sales return reserves	Other provisions*	Total
<b>As at January 1, 2021</b>	<b>16,087</b>	<b>28,243</b>	<b>44,330</b>
Additional provisions	13,494	5,406	18,900
Utilized during the year	-10,131	-5,838	-15,969
Returned unutilized amounts	-4,610	-8,768	-13,334
Other	44	-	44
<b>As at December 31, 2021</b>	<b>14,884</b>	<b>19,043</b>	<b>33,927</b>
Additional provisions	16,694	8,119	24,813
Utilized during the year	-13,932	-	-13,932
Returned unutilized amounts	-1,122	-2,924	-4,046
Other	57	52	109
<b>Per 31 december 2022</b>	<b>16,581</b>	<b>24,290</b>	<b>40,871</b>

\*Other provisions consist primarily of acquisition-related items.

## Not 27 Accrued expenses and deferred income

	1/1/2022 -12/31/2022	1/1/2021 -12/31/2021
Deferred income	123,302	84,528
Accrued holiday pay	35,416	41,968
Accrued social security contributions	23,666	24,297
Accrued royalties	314,322	265,268
Other accrued expenses	104,140	91,223
<b>Carrying amount</b>	<b>600,846</b>	<b>507,284</b>

## Not 28 Cash flow statement

Adjustments for non-cash items	1/1/2022 -12/31/2022	1/1/2021 -12/31/2021
<i>Adjustments in operating profit</i>		
Depreciation/amortization and impairment	331,463	182,490
Provisions	10,301	9,768
Profit from participations in associates	1,070	-4,208
Capital gains	-2,906	2,851
Incentive programs	54	8,996
Exchange rate effects and other non-cash items	-51,368	-5,284
<b>Total</b>	<b>288,614</b>	<b>194,613</b>

Non-cash flow changes

	1/1/2022	Cash flows from financing	Business combinations	Leases	Translation difference	Remeasurement	12/31/2022
Liabilities to credit institutions	-	735,871	369,979	-	-5,850	-	1,100,000
Lease liabilities	131,659	-35,590	3,088	14,750	3,519	-	117,426
Derivative	10,031	-	-10,031	-	-	-	-
<b>Total liabilities attributable to financing activities</b>	<b>141,690</b>	<b>700,281</b>	<b>363,036</b>	<b>14,750</b>	<b>-2,331</b>	<b>-</b>	<b>1,217,426</b>

Non-cash flow changes

	1/1/2021	Cash flows from financing	Business combinations	Leases	Translation difference	Remeasurement	12/31/2021
Liabilities to credit institutions	2,116	-2,116	-	-	-	-	-
Lease liabilities	138,773	-30,496	-	22,252	1,130	-	131,659
Derivative	-	-	-	-	-	10,031	10,031
<b>Total liabilities attributable to financing activities</b>	<b>140,889</b>	<b>-32,612</b>	<b>-</b>	<b>22,252</b>	<b>1,130</b>	<b>10,031</b>	<b>141,690</b>

### Note 29 Pledged assets and contingent liabilities

The Storytel Group has lodged a security of MSEK 20 to PRI (Pension egen regi) in the form of funds held in an escrow account. Storytel AB (publ) has also acted as a guarantor for Group company Norstedts Förlagsgrupp AB. The security and parent company guarantee are related to the Norstedts Förlagsgrupp pension obligation to its employees, which takes the form of a pension fund.

The remaining pledged assets in the form of financial instruments for non-current and current liabilities from 2021 referred to blocked funds for non-contingent considerations related to company acquisitions.

<b>Pledged assets for own liabilities and obligations to credit institutions</b>	<b>12/31/2022</b>	<b>12/31/2021</b>
Floating charges	83,400	83,400
Shares in Group companies	2,210,317	165,984
<b>Total</b>	<b>2,293,717</b>	<b>249,384</b>

The carrying amount of liabilities for which liens in participations in Group companies have been pledged amounts to TSEK 1 098 416 (0)

<b>Pledged assets for other non-current and current liabilities:</b>	<b>12/31/2022</b>	<b>12/31/2021</b>
Pension commitment	4,382	-
Blocked bank funds*	20,000	43,773
Bank guarantee	100	100
<b>Total</b>	<b>24,482</b>	<b>43,873</b>

<b>Contingent liabilities</b>	<b>12/31/2022</b>	<b>12/31/2021</b>
PRI Pension guarantee	3,113	3,084
Associate in partnership	4,692	4,500
<b>Total</b>	<b>7,805</b>	<b>7,584</b>

\*Blocked bank funds are reported as other non-current receivables.

### Note 30 Transactions with related parties

Related parties to the Storytel Group include associated companies, joint ventures and Storytel's Board and Group Management along with related parties.

For information on remuneration to senior executives, see Note 9 Employees and personnel costs.

The table below shows transactions and outstanding balances with other related parties, which mainly consist of Storytel's joint venture Storytel AS in Norway and the purchase of recruitment services from Michael Berglund AB. In addition, Storytel has purchased licenses from Delibr for TSEK 115 (166), with the aim of facilitating and simplifying the sale of books, purchased services from Group associated company Bokinfo for TSEK 472 (607) in 2022 and from associated company Helsinki Literary Agency for TSEK 392 (374), and sold services to Helsinki Literary Agency for TSEK 24 (39). The Group also purchased digital services from associated company Mockingbird in 2022 for TSEK 960 (-) and translation services from the associated company Nuanxed for TSEK 2 810 (-). Michael Berglund AB was a related party to Storytel based on the company's related party relationship with Rustan Panday. Delibr AB is a related party to Storytel based on the company's related party relationship with Jonas Tellander and Nils Janse.

The Group has not identified any transactions with other related parties, other than those specified in this note and in the referenced notes. Sales and purchases have been made on market terms.

<b>Storytel AS</b>	<b>2022</b>	<b>2021</b>
Purchase of goods/services	44,406	32,484
Dividend to the Parent Company	3,622	8,214
Other, re-invoicing of costs	34,443	30,492
Receivable on the balance sheet date	23,249	25,582
<b>Michael Berglund AB</b>	<b>2022</b>	<b>2021</b>
Purchase of goods/services	2,332	507
<b>Other</b>	<b>2022</b>	<b>2021</b>
Sales of goods/services	24	39
Purchase of goods/services	4,749	1,147
Liabilities on the balance sheet day	693	-

A list of the Group's subsidiaries, which are also the companies that are related parties to the Parent Company, is provided in Note 22 Group companies. All transactions between Storytel AB and its subsidiaries have been eliminated from the consolidated accounts. Further information on the Parent Company's transactions with subsidiaries can be found in the Parent Company's Note 14 Transactions with related parties.

### Note 31 Business combinations

#### Acquisitions 2022

On January 7, 2022, Storytel acquired 100 percent of the shares and votes in the streaming company Audiobooks.com. Audiobooks.com is one of the leading audiobook experience services in the United States. Through the acquisition of Audiobooks.com, Storytel is continuing its expansion journey into the world's largest English-speaking market. Audiobooks.com is a growing and profitable company that puts its customers and partners first and gives Storytel a new platform for growth.

The transferred compensation (consideration) was paid in cash and amounted to TSEK 893,591.

On July 19, 2022, Storytel acquired a small Swedish publisher, Dar Al-Muna.



<i>Net assets at the date of acquisition (preliminary)</i>	<b>Audiobooks.com</b>	<b>Dar Al-Muna</b>
Intangible assets , excluding goodwill	645,014	-
Property, plant and equipment	332	-
Right-of-use assets	3,088	-
Financial non-current assets	-	-
Deferred tax asset	33,838	-
Inventories	-	1 860
Accounts receivable and other receivables	4,806	9 820
Cash and cash equivalents	39,063	5 264
Interest-bearing liabilities	-369,979	-
Lease liabilities	-3,088	-
Deferred tax liability	-145,273	-1 224
Accounts payable and other operating liabilities	-40,283	-6 730
<b>Identified net assets</b>	<b>167,518</b>	<b>8 990</b>
Goodwill	726,073	5 081
<b>Total consideration</b>	<b>893,591</b>	<b>14 071</b>
<b>The consideration consists of:</b>		
Cash	893,591	14 071
<b>Total consideration</b>	<b>893,591</b>	<b>14 071</b>

In conjunction with the acquisition of Audiobooks.com, goodwill of TSEK 726,073 arose in the form of a difference between the transferred compensation and the fair value of the acquired net assets. Goodwill refers primarily to synergy effects. Goodwill is not expected to be tax deductible. During the year, the acquisition calculation has been adjusted in accordance with IFRS 15, and a fair value adjustment amounted to approximately TSEK - 50,000. An adjustment of deferred tax attributable to the period prior to the acquisition was also made to goodwill. The acquisition calculation may now be considered to be final.

Total transaction costs corresponding to TSEK 21,350, has been expensed in the income Statement under administrative, whereof TSEK 11,558 was expensed in 2021.

In the last quarter, the non-contingent consideration in conjunction with the acquisition of Lind & Co, 2021 has also been finalized. The consideration decreased the liabilities by TSEK 23,760.

<b>Acquisition's impact on consolidated cash flow in 2022</b>	<b>Audiobooks.com</b>	<b>Dar Al-Muna</b>	<b>Lind &amp; Co</b>	<b>Total</b>
Cash part of consideration	893,591	14,071	-	907,662
Less:				
Cash (acquired)	39,063	5,264	-	44,327
Received payments:				
Non-contingent consideration	-	-	23,760	23,760
<b>Net cash outflow</b>	<b>854,528</b>	<b>8,807</b>	<b>23,760</b>	<b>887,095</b>

During the 12 months leading up to December 31, 2022, Audiobooks.com contributed TSEK 351,083 to consolidated revenues and TSEK 8,922 to the consolidated profit after tax. If the acquisition had taken place at the beginning of the financial year, Storytel estimates that Audiobooks.com would have contributed TSEK 359,143 to consolidated revenues and TSEK 8,942 to consolidated profit after tax.

During the five months until December 31, 2022, Dar Al-Muna contributed TSEK 2,288 to consolidated revenues and TSEK 925 to consolidated profit after tax. If the acquisition had taken place at the beginning of the financial year, Storytel estimates that Dar Al-Muna would have contributed TSEK 7,432 to consolidated revenues and TSEK 5,203 consolidated profit after tax.

### Acquisitions 2021

On April 1, 2021, Storytel acquired 70 percent of the shares and votes in Bokförlaget Lind & Co AB, hereinafter referred to as Lind & Co. The company is active in publishing, primarily in Sweden but also in Norway, Finland, Denmark, Poland and the Netherlands. With the acquisition, Storytel will have a stronger position on the content side in the countries where Lind & Co operates.

The transferred compensation (consideration) consists of an issue of own shares, the fair value of which on the date of acquisition amounted to TSEK 79,200, TSEK 50,615 in cash, and non-contingent additional consideration of 23,760, which amounts to total transferred compensation of TSEK 153,575. In the accounts, Storytel has consolidated the entire profit/loss as of the date of acquisition and the balance sheet of Lind & Co and has a minority item for the 30 percent of Lind & Co that Storytel does not own. Based on total consideration for 70 percent, 100 percent of Lind & Co thus amounts to a value of TSEK 219,393.

On August 20, 2021, Storytel acquired 100 percent of the shares and votes in Kustannusosakeyhtiö Aula & Co, hereinafter referred to as Aula & Co. The company is active in publishing, primarily in Finland. With the acquisition, Storytel will have a stronger position on the content side in Finland.

The transferred compensation (consideration) consists of an issue of own shares, the fair value of which on the date of acquisition amounted to TSEK 5,241, TSEK 5,377 in cash, and TEUR 51 in contingent consideration, which amounts to total transferred compensation of TSEK 11,147.

<i>Acquired net assets at the time of acquisition</i>	<b>Aula &amp; Co</b>	<b>Lind &amp; Co</b>
Intangible assets	7,402	94,563
Property, plant and equipment	-	222
Right-of-use assets	163	1,825
Financial non-current assets	-	409
Inventories	592	7,208
Accounts receivable and other receivables	2,298	32,979
Cash and cash equivalents	1,240	23,001
Interest-bearing liabilities	-	-4,332
Lease liabilities	-163	-1,825
Deferred tax liability	-1,480	-19,480
Accounts payable and other operating liabilities	-1,848	-21,999
<b>Identified net assets</b>	<b>8,204</b>	<b>112,570</b>
Goodwill	2,943	106,823
<b>Total Consideration</b>	<b>11,147</b>	<b>219,393</b>
<b>The consideration consists of:</b>		
Cash	5,377	50,615
Equity instruments	5,241	79,200
Contingent additional consideration	529	-
Non-contingent consideration	-	23,760
Acquisition option	-	-
<b>Total consideration</b>	<b>11,147</b>	<b>115,375</b>

For information on the contingent consideration, see Note 18 Financial instruments.

In connection with the acquisition of Lind & Co, goodwill of TSEK 106,823 arose in the form of a difference between the transferred consideration and the fair value of the acquired net assets. Goodwill mainly relates to future cash flows that will be generated in both the Books and Streaming segments thanks to the combined growth in Streaming and Lind & Co. When the Streaming business grows in the markets where Lind & Co is active, greater revenue is generated for Lind & Co from internal sources, which for the Group is a cost saving. Goodwill is not expected to be tax deductible.

Transaction costs related to the acquisition of Lind & Co amounted to TSEK 909. The transaction costs were reported as an expense in the income statement under administrative expenses.

In connection with the acquisition of Aula & Co, goodwill of TSEK 2,943 arose in the form of a difference between the transferred consideration and the fair value of the acquired net assets. Goodwill mainly relates to future cash flows that will be generated in both the Books and Streaming segments thanks to the combined growth in Streaming and Aula & Co. Goodwill is not expected to be tax deductible.

Transaction costs related to the acquisition of Aula were intangible.

<i>Acquisition's impact on consolidated cash flow in 2021</i>	<b>Aula</b>	<b>Lind &amp; Co</b>	<b>Total</b>
Cash part of consideration	5,377	50,615	<b>55,992</b>
Less:			
Cash (acquired)	1,240	23,001	<b>24,241</b>
<b>Net cash outflow</b>	<b>4,137</b>	<b>27,614</b>	<b>31,751</b>

During the nine months leading up to December 31, 2021, Lind & Co contributed TSEK 116,367 to consolidated revenues and TSEK 31,001 to the consolidated profit after tax. If the acquisition had taken place at the beginning of the financial year, Storytel estimates that Lind & Co would have contributed TSEK 130,000 to consolidated revenues and TSEK 30,000 to consolidated profit after tax.

During the just over four months until December 31, 2021, Aula & Co contributed TSEK 4,692 to consolidated revenues and TSEK 388 to consolidated profit after tax. If the acquisition had taken place at the beginning of the financial year, Storytel estimates that Aula & Co would have contributed TSEK 11,345 to consolidated revenues and TSEK 357 to consolidated profit after tax.

### **Note 32 Events after the balance sheet date**

On February 2, Anna Etzler was appointed SVP Operations in Storytel's global operations and will lead, among other things, a newly established business-wide project management office

Kristin Widell has joined as Chief People Officer.

Peter Messner will replace Sofie Zettergren as CFO. Susanne Ekblom will remain in her current position as Interim CFO until Peter Messner takes over.

### **Note 33 Definitions and key figures, including alternative key figures**

Storytel reports a number of different items and financial key ratios in the consolidated financial statements. The key figures aim to make it easier for investors and other stakeholders to analyse and understand Storytel's operations and development in the same way that the business and its development are monitored by management. Of these measures, some are defined in IFRS while others are not defined either in the financial framework or in other legislation. Definitions of financial concepts and key figures used are presented below. For key figures that are not defined in IFRS, their purpose and how they relate to the financial statements presented in accordance with IFRS are also presented.

#### **Net sales**

Operating main income, invoiced costs, incidental revenue and revenue adjustments.

#### **Growth rate Net sales %**

Net sales for the current year divided by the previous year's net sales.

Purpose: Make it easier for investors and other stakeholders to understand the profitability of the company's growth rate.

#### **Growth rate Net sales %, constant exchange rates**

Net sales for the current year divided by the previous year's net sales where the current year's net sales are calculated at the exchange rates prevailing in the previous year.

Purpose: Make it easier for investors and other stakeholders to understand the profitability of the company's growth rate.

#### **Gross profit/loss**

Profit before Other external costs, personnel costs, depreciation/amortization, impairment, interest and tax. Purpose: Make it easier for investors and other stakeholders to understand profitability.

#### **Gross profit %**

Operating profit as a percentage of sales.

Purpose: Make it easier for investors and other stakeholders to understand profitability as a share of sales.

#### **Operating profit before depreciation/amortization and impairment (EBITDA)**

Profit before depreciation/amortization, impairment, interest and tax.

Purpose: Make it easier for investors and other stakeholders to understand profitability.

#### **Operating profit before depreciation/amortization and impairment (%)**

Profit before depreciation/amortization, impairment, interest and tax as a percentage of sales.

Purpose: Make it easier for investors and other stakeholders to understand profitability as a share of sales.

#### **Operating profit (EBIT)**

Profit before interest and tax.

#### **Operating margin (%)**

Operating profit as a percentage of sales.

Purpose: Make it easier for investors and other stakeholders to understand profitability as a share of sales.

#### **Profit after financial items (EBT)**

Profit after financial income and expenses, before tax.

#### **Profit margin (%)**

Profit after tax as a percent of net sales.

Purpose: Make it easier for investors and other stakeholders to understand profitability as a share of sales.

#### **Equity-to-assets ratio (%)**

Adjusted equity (equity and untaxed reserves less deferred tax, including non-controlling interests) as a percentage of the balance sheet total.

Purpose: Make it easier for investors and other stakeholders to understand indebtedness and long-term solvency.

#### **Equity**

The net assets of the business, i.e., the difference between assets and liabilities, including non-controlling interests.

#### **Balance sheet total**

The company's total assets.

#### **Number of employees**

Average number of employees during the financial year.

<b>PARANT COMPANY'S INCOME STATEMENT</b>			
<b>Amounts in TSEK</b>	<b>Not</b>	<b>1/1/2022 -12/31/2022</b>	<b>1/1/2021 -12/31/2021</b>
Net sales		43,096	20,896
<b>Gross profit/loss</b>		<b>43,096</b>	<b>20,896</b>
Administrative expenses	3, 4	-54,223	-17,002
Other operating income		224	-
Profit from participations in Group companies		15,608	-
<b>Operating profit</b>		<b>4,705</b>	<b>3,894</b>
Other interest income and similar profit/loss items	5	33,163	46,794
Interest expense and similar profit/loss items	6	-38,421	-15,229
<b>Profit after financial items</b>		<b>-553</b>	<b>35,459</b>
Appropriations		-	3,460
<b>Profit before tax</b>		<b>-553</b>	<b>38,919</b>
Tax on profit for the year	7	-1,437	-1,283
<b>Profit for the year</b>		<b>-1,990</b>	<b>37,636</b>
<b>PARENT COMPANY'S STATEMENT OF COMPREHENSIVE INCOME</b>			
<b>Amounts in TSEK</b>	<b>Not</b>	<b>1/1/2022 -12/31/2022</b>	<b>1/1/2021 -12/31/2021</b>
Profit for the year		-1,990	37,636
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>-1,990</b>	<b>37,636</b>

<b>PARENT COMPANY'S BALANCE SHEET</b>			
<b>Amounts in TSEK</b>	<b>Note</b>	<b>12/31/2022</b>	<b>12/31/2021</b>
<b>ASSETS</b>			
<b>Financial non-current assets</b>			
Participations in Group companies	8	4,331,405	2,773,320
Receivables in Group companies	9, 14	497,500	-
Deferred tax asset	7	-	1,437
Other non-current receivables		20,031	-
<b>Total financial assets</b>		<b>4,848,936</b>	<b>2,774,757</b>
<b>Total non-current assets</b>		<b>4,848,936</b>	<b>2,774,757</b>
<b>Current assets</b>			
Receivables in Group companies	9, 14	226,276	566,229
Other receivables		269	20,206
Prepaid expenses and accrued income		1,867	4,523
Cash and bank balances		365,813	470,232
<b>Total current assets</b>		<b>594,225</b>	<b>1,061,190</b>
<b>TOTAL ASSETS</b>		<b>5,443,161</b>	<b>3,835,947</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	10		
Share capital		38,537	34,141
Statutory reserve		7,555	7,555
<b>Restricted equity</b>		<b>46,092</b>	<b>41,696</b>
Share premium reserve		4,128,701	3,764,063
Profit/loss brought forward		37,735	-23,172
Profit for the year		-1,990	37,636
<b>Non-restricted equity</b>		<b>4,164,446</b>	<b>3,778,527</b>
<b>Total equity</b>		<b>4,210,538</b>	<b>3,820,223</b>
<b>Non-current liabilities</b>			
Liabilities to credit institutions	9,11	598,416	-
<b>Total non-current liabilities</b>		<b>598,416</b>	<b>-</b>
<b>Current liabilities</b>			
Liabilities to credit institutions	9,11	500,000	-
Trade payables		3,709	1,823
Liabilities to Group companies	9,14	108,122	-
Current tax liabilities		-	67
Other liabilities		3,859	534
Derivative instruments	9	-	10,031
Accrued expenses and deferred income		18,517	3,269
<b>Total current liabilities</b>		<b>634,207</b>	<b>15,724</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>5,443,161</b>	<b>3,835,947</b>

PARENT COMPANY'S STATEMENT OF CHANGES IN EQUITY

Amounts in TSEK	Restricted equity			Non-restricted equity		Total equity
	Share capital	Statutory reserve	Share premium reserve	Retained earnings	Profit for the year	
<b>Opening equity as of 1/1/2021</b>	<b>31,273</b>	<b>7,555</b>	<b>2,503,297</b>	<b>-29,857</b>	<b>6,685</b>	<b>2,518,952</b>
Appropriation in accordance with the Annual General Meeting resolution	-	-	-	6,685	- 6,685	-
Profit for the year	-	-	-	-	37,636	<b>37,636</b>
Other comprehensive income for the year	-	-	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-23,172</b>	<b>37,636</b>	<b>37,636</b>
<i>Transactions with the Parent Company's owner</i>						
New share issue	2,868	-	1,252,208	-	-	<b>1,255,076</b>
Issue expenses	-	-	-13,476	-	-	<b>-13,476</b>
Warrants	-	-	-	6,998	-	<b>6,998</b>
Employee stock options	-	-	-	15,036	-	<b>15,036</b>
<b>Total</b>	<b>2,868</b>	<b>-</b>	<b>1,238,732</b>	<b>22,034</b>	<b>-</b>	<b>1,263,634</b>
<b>Closing equity as at 12/31/2021</b>	<b>34,141</b>	<b>7,555</b>	<b>3,742,029</b>	<b>-1,138</b>	<b>37,636</b>	<b>3,820,223</b>
<b>Opening equity as of 1/1/2022</b>	<b>34,141</b>	<b>7,555</b>	<b>3,742,029</b>	<b>-1,138</b>	<b>37,636</b>	<b>3,820,223</b>
Appropriation in accordance with the Annual General Meeting resolution	-	-	-	37,636	-37,636	-
Profit for the year	-	-	-	-	-1,990	<b>-1,990</b>
Other comprehensive income for the year	-	-	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-1,990</b>	<b>-1,990</b>
<i>Transactions with the Parent Company's owner</i>						
New share issue	4,396	-	395,604	-	-	<b>400,000</b>
Issue expenses	-	-	-8,932	-	-	<b>-8,932</b>
Employee stock options	-	-	-	1,237	-	<b>1,237</b>
<b>Total</b>	<b>4,396</b>	<b>-</b>	<b>386,672</b>	<b>1,237</b>	<b>-</b>	<b>392,305</b>
<b>Closing equity</b>	<b>38,537</b>	<b>7,555</b>	<b>4,128,701</b>	<b>37,735</b>	<b>-1,990</b>	<b>4,210,538</b>

**PARENT COMPANY'S CASH FLOW STATEMENT**

Amounts in TSEK	Note	1/1/2022 -12/31/2022	1/1/2021 -12/31/2021
<b>Operating activities</b>			
Profit after financial items		-553	35,459
Adjustments for non-cash items	12	1,763	10,031
<b>Cash flow from operating activities before changes in working capital</b>		<b>1,210</b>	<b>45,490</b>
<b>Cash flow from changes in working capital</b>			
Changes in operating receivables		-75,015	-904,870
Changes in operating liabilities		20,706	-9,446
<b>Cash flow from operating activities</b>		<b>-53,099</b>	<b>-868,826</b>
<b>Investing activities</b>			
Surplus from liquidation of Group company		21,194	-
Shareholders contribution		-1,563,670	-
<b>Cash flow from investing activities</b>		<b>-1,542,476</b>	<b>-</b>
<b>Financing activities</b>			
New share issue		391,069	1 241,598
Warrants		-	15,036
External borrowings		1,200,000	-
Amortization of loans		-100,000	-
<b>Cash flow from financing activities</b>		<b>1,491,069</b>	<b>1,256,634</b>
<b>Cash flow for the year</b>		<b>-104,506</b>	<b>387,811</b>
Cash and cash equivalents at beginning of year		470,232	82,302
Foreign exchange differences		87	119
<b>Cash and cash equivalents at year-end</b>		<b>365,813</b>	<b>470,232</b>



## **PARENT COMPANY'S NOTES**

### **Note 1 Significant accounting principles**

The Parent Company has prepared its annual report in accordance with the Annual Accounts Act (1995:1554) and the recommendation RFR 2 Accounting for Legal Entities issued by the Swedish Financial Reporting Board. The Parent Company applies the same accounting principles as the Group with the exceptions and additions specified in RFR 2. This means that IFRS is applied with the deviations listed below. The accounting principles for the Parent Company set out below have been applied consistently to all periods presented in the Parent Company's financial reports, unless otherwise stated.

#### **Preparation**

The income statement and balance sheet are prepared for the Parent Company in accordance with the Annual Accounts Act, while the statement of comprehensive income, the statement of changes in equity and the statement of cash flow are based on IAS 1 Presentation of Financial Statements and IAS 7 Statement of Cash Flows.

#### **Income from shares in subsidiaries**

Dividends are reported when the right to receive payment is deemed secure. Gains from the sale of subsidiaries are reported when control of the subsidiary has been transferred to the buyer.

#### **Taxes**

In the Parent Company, deferred tax liabilities attributable to the untaxed reserves are reported with gross amounts in the balance sheet. The year-end appropriations are reported gross in the income statement.

#### **Participations in subsidiaries**

Participations in subsidiaries are reported in the Parent Company in accordance with the cost method. This means that transaction costs are included in the carrying amount of the holding. Where the book value exceeds the companies' consolidated value, a write-down is made that is charged to the income statement. An analysis of impairment needs is carried out at the end of each reporting period. Where a previous write-down is no longer justified, it is reversed.

Assumptions are made about future conditions to calculate future cash flows that determine the recoverable amount. The recoverable amount is compared with the carrying amount of these assets and forms the basis for any write-downs or reversals. The assumptions that affect the recoverable amount the most are future earnings development, the discount rate and useful life. If future external factors and conditions change, assumptions may be affected so that the reported values of the Parent Company's assets change.

#### **Group contributions and shareholder contributions**

The Parent Company reports both received and paid Group contributions and appropriations in accordance with the alternative rule. Shareholder contributions provided by the Parent Company are charged directly against equity at the recipient and are reported as shares and participations with the Parent Company. Shareholders' contributions received are reported as an increase in non-restricted equity.

#### **Financial instruments**

Due to the connection between accounting and taxation, the rules on financial instruments according to IFRS 9 are not applied in the Parent Company as a legal entity, but the Parent Company applies the cost method in accordance with the Annual Accounts Act. In the Parent Company, financial non-current assets are thus measured at cost and financial current assets at the lower of cost or net realisable value, with the application of impairment for expected credit losses in accordance with IFRS 9 regarding assets that are debt instruments. Contingent consideration is measured at the amount that the Parent Company deems would need to be paid if it was settled at year-end. Derivative instruments with negative fair value are reported at fair value. The Parent Company has no items to which hedge accounting has been applied.

The Parent Company applies the exemption from valuing financial guarantee agreements for the benefit of subsidiaries and associated companies and joint ventures in accordance with the rules in IFRS 9, but instead applies the principles for valuation in accordance with IAS 37 Provisions, contingent liabilities and contingent assets.

### Impairment of financial assets

Financial assets are written down for expected credit losses. For a method regarding impairment for expected credit losses, see the Group's Note 25 Financial risks.

Expected credit losses for cash and cash equivalents have not been reported, as the amount has been judged to be insignificant.

### Leases

The rules on accounting for leases in accordance with IFRS 16 are not applied in the Parent Company. This means that leasing fees are reported as an expense on a straight-line basis over the leasing period, and that rights of use and leasing liabilities are not included in the parent company's balance sheet. However, identification of a leases is made in accordance with IFRS 16, i.e., that an agreement is, or contains, a lease if the agreement transfers the right to decide for a certain period on the use of an identified asset in exchange for compensation.

The Parent Company currently has no leases.

### Note 2 Significant estimates and judgements

There are no Parent Company-specific items that require material estimates and assessment. See the Group disclosures.

### Note 3 Employees and personnel costs

For salaries and remuneration to employees and senior executives as well as information on the number of employees, see the Group's Note 9 Employees and personnel costs.

### Note 4 Auditor's fee

Ernst & Young AB	1/1/2022 12/31/2022	1/1/2021 12/31/2021
Audit assignment	1,696	1,266
Other auditing activities	157	490
<b>Total</b>	<b>1,853</b>	<b>1,756</b>

Audit assignments refers to the auditor's work for the statutory audit, and auditing activities refers to different types of quality assurance services. Other services refers to services that are not included in audit assignments or tax advice.

### Note 5 Interest income and similar profit/loss items

	1/1/2022 12/31/2022	1/1/2021 12/31/2021
<b>Assets and liabilities measured at amortized cost:</b>		
Interest income receivables in Group companies	20,229	13,808
<b>Total interest income according to the effective interest method</b>	<b>20,229</b>	<b>13,808</b>
<b>Other financial income</b>		
Dividend	-	31,746
Exchange rate gains on financial items	11,487	1,123
Other financial income	1,447	117
<b>Total Other financial income</b>	<b>12,934</b>	<b>32,986</b>
<b>Total financial income</b>	<b>33,163</b>	<b>46,794</b>

### Note 6 Interest expense and similar profit/loss items

	1/1/2022 12/31/2022	1/1/2021 12/31/2021
<b>Assets and liabilities measured at amortized cost:</b>		
Interest expenses liabilities to credit institutions	38,152	5,198
Interest expenses Group companies	269	-
Derivative instruments	-	10,031
<b>Total interest expenses according to the effective interest method</b>	<b>38,421</b>	<b>15,229</b>
<b>Total reported in profit/loss after financial items</b>	<b>38,421</b>	<b>15,229</b>

### Note 7 Tax

	1/1/2022 12/31/2022	1/1/2021 12/31/2021
Change in deferred tax relating to temporary differences	-1,437	-1,283
<b>Reported tax</b>	<b>-1,437</b>	<b>-1,283</b>
<b>Reconciliation of effective tax</b>		
<b>Profit before tax</b>	<b>-553</b>	<b>38,919</b>
Tax according to the current tax rate for the Parent Company	114	-8,017
Tax effect from:		
Non-taxable income	7,343	8,348
Non-deductible expenses	-2,328	-11
Dissolution of deferred tax asset	-1,437	-
Increase in loss carryforwards without corresponding capitalization of deferred tax assets	-5,129	-2,066
utilization during the year of previous years' loss carryforwards, the tax value of which is not recognized as an asset	-	463
<b>Reported tax</b>	<b>-1,437</b>	<b>-1,283</b>
<b>Effective tax rate</b>	<b>260%</b>	<b>-3%</b>

### Note 8 Participations in Group companies

	12/31/2022	12/31/2021
<b>Opening acquisition value</b>	<b>2,794,863</b>	<b>2,091,360</b>
Acquisition/shareholder contribution	1,563,671	703,503
Liquidation	-5,586	-
<b>Closing cost</b>	<b>4,352,948</b>	<b>2,794,863</b>
<b>Impairment of shares in Group companies</b>		
<b>Opening accumulated impairment</b>	<b>-21,543</b>	<b>-21,543</b>
<b>Closing accumulated impairment</b>	<b>- 21,543</b>	<b>-21,543</b>
<b>Closing carrying amount</b>	<b>4,331,405</b>	<b>2,773,320</b>

The list below includes shares and participations directly owned by the Parent Company. For information on the Parent Company's indirectly owned shares and participations, see the Group's Note 22 Group companies.

Business	Corp. ID No.	Domicile	Share of capital and voting rights
Storytel AG	CHE-112413562	Switzerland	100%
Storytel Books AB	559286-0240	Stockholm	100%
Storytel Sweden AB	556696-2865	Stockholm	100%

### Note 9 Financial instruments

The carrying amount should be a good approximation of the fair value of financial instruments.

The assets' maximum credit risk consists of the carrying amounts. The Parent Company has not received any pledged collateral for the financial assets.

Financial derivative instruments constituted of a liability for a currency forward of SEK 0 M (10), which, in its entirety, was current and attributable to the payment of MUS\$ 130 related to the consideration for the acquisition of Audiobooks.com in January 2022.

### Note 10 Equity

For information on equity, see Group Note 24 Equity.

### Note 11 Maturity analysis for non-current liabilities

12/31/2022	Within 1 year	Between 1–5 years	After 5 years	Total
Liabilities to credit institutions	400,000	700,000	-	1,100,000

12/31/2021	Within 1 year	Between 1–5 years	After 5 years	Total
Liabilities to credit institutions	-	-	-	-

### Note 12 Cash flow information

Adjustments for non-cash items	1/1/2022 12/31/2022	1/1/2021 12/31/2021
<i>Adjustments in operating profit</i>		
Derivative instruments	-	10,031
Employee stock options	1,763	-
<b>Total</b>	<b>1,763</b>	<b>10,031</b>

### Change in liabilities attributable to financing activities

	1/1/2022	Changes in cash items	Changes in non-cash items	12/31/2022
Liabilities to credit institutions	-	1,100,000	-	1,100,000
Other	-	-	-	-
<b>Total liabilities attributable to financing activities</b>	<b>-</b>	<b>1,100,000</b>	<b>-</b>	<b>1,100,000</b>

	1/1/2021	Changes in cash items	Changes in non-cash items	12/31/2021
Liabilities to credit institutions	-	-	-	-
Other	-	-	-	-
<b>Total liabilities attributable to financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

### Note 13 Pledged assets and contingent liabilities

<i>Pledged collateral for obligations to credit institutions and PRI</i>	12/31/2022	12/31/2021
Blocked bank funds	20,000	20,000
Pledged shares in subsidiaries	4,331,405	226,498
<b>Total</b>	<b>4,351,405</b>	<b>246,498</b>

### Note 14 Transactions with related parties

	1/1/2022 12/31/2022	1/1/2021 12/31/2021
<b>Group companies</b>		
Sales of goods/services	43,096	20,896
Purchase of goods/services	4,109	-
Receivable on the balance sheet date	723,776	566,229
Liabilities on the balance sheet date	108,122	-
	1/1/2022 12/31/2022	1/1/2021 12/31/2021
<b>Michael Berglund AB</b>		
Purchase of goods/services	2,332	507

Transactions between Storytel AB and its subsidiaries have taken place on market terms. The same applies to transactions between Storytel AB and Michael Berglund AB.

### Note 15 Events after the balance sheet date

No significant events, specifically attributable to the Parent Company, have occurred after the balance sheet date. For other events after the balance sheet date, see Note 32 in the Group.

### Note 16 Proposed appropriation of profits

<b>The following profits are available to the Annual General Meeting:</b>	12/31/2022
Retained earnings, TSEK	37,735
Share premium reserve	4,128,701
Profit for the year, TSEK	-1,990
	<b>4,164,446</b>
<b>The Board proposes that profits be distributed such that:</b>	
To shareholders (SEK 0 per share)	-
To be carried forward	4,164,446
	<b>4,164,446</b>

**Note 17 Definitions of key ratios**

The definitions of key figures for the Parent Company are the same as those for the Group in addition to the key figures below.

**Equity-to-assets ratio (%)**

Adjusted equity (equity and untaxed reserves less deferred tax) as a percentage of the balance sheet total.

**Equity**

The company's net assets, i.e. the difference between assets and liabilities.

**Profit after financial items**

Profit after financial income and expense, but before appropriations.

**Storytel AB (publ)**  
556575-2960

Stockholm, 29/03/2023

Hans-Holger Albrecht  
Chair of Board

Jonas Tellander  
Board member

Lina Brouneus  
Board Member

Joakim Rubin  
Board Member

Lutz Finger  
Board Member

Malin Holmberg  
Board Member

Helen Fasth Gillstedt  
Board Member

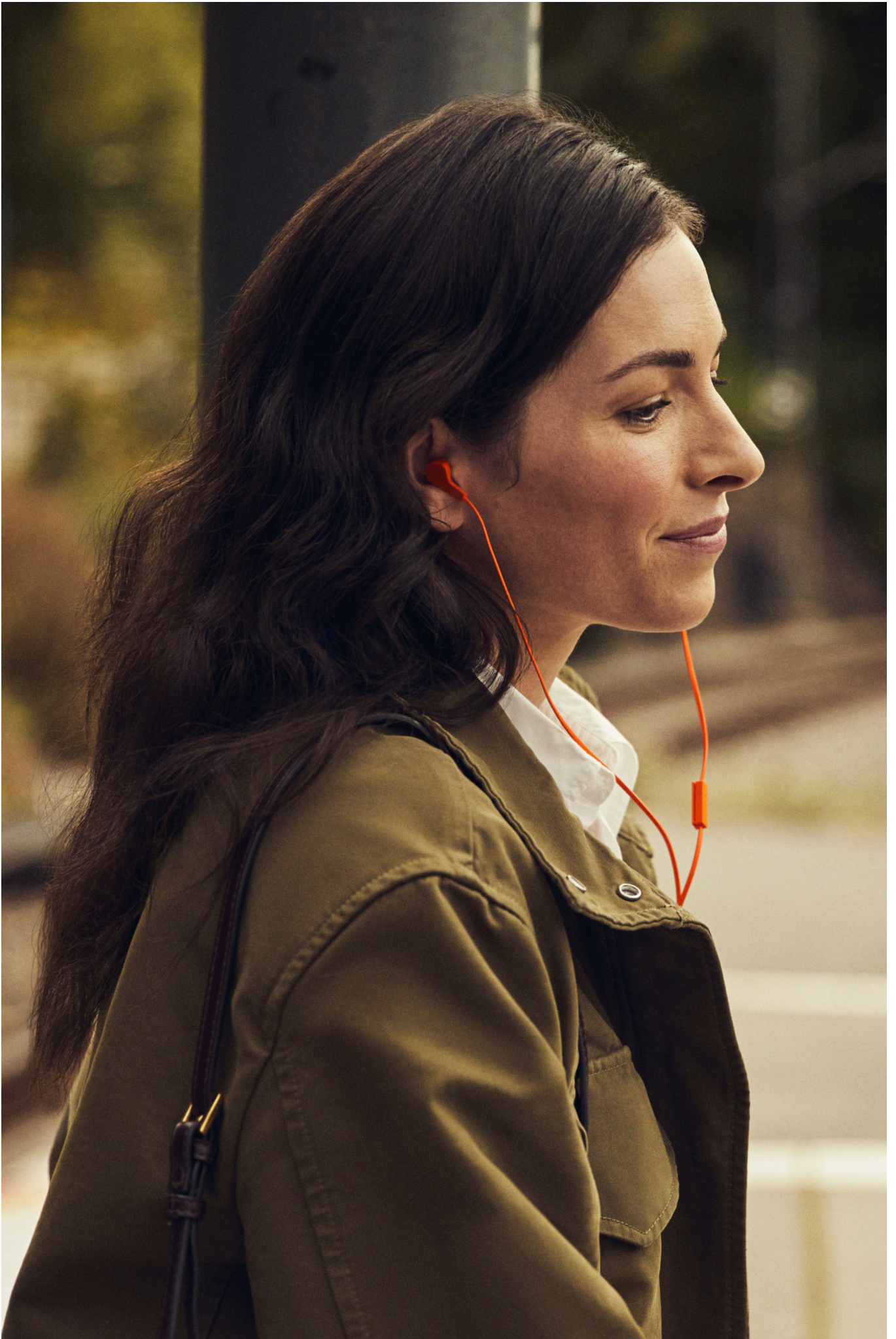
Jared Grusd  
Board Member

Johannes Larcher  
CEO

**Our auditor's report was submitted on 31/03/2023**

Ernst & Young AB

Johan Holmberg  
Certified Public Accountant





# Auditor's report

To the general meeting of the shareholders of Storytel AB (publ), corporate identity number

## 556575-2960, Report on the annual accounts and consolidated accounts

### Opinions

We have audited the annual accounts and consolidated accounts of Storytel AB (publ) for the year 2021. The annual accounts and consolidated accounts of the company are included on pages 81-152 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of December 31, 2021, and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of December 31, 2021, and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the consolidated statement of income, consolidated statement of other comprehensive income, and consolidated statement of financial position.

### Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

### Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 2-75. The Board of Directors and the CEO are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information, and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the Board of Directors and the CEO

The Board of Directors and the CEO are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the CEO are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the CEO are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the CEO intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

#### Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the CEO.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

#### Report on other legal and regulatory requirements

##### Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Storytel AB (publ) for the year 2021 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the CEO be discharged from liability for the financial year.

#### Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions. Responsibilities of the Board of Directors and the CEO

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The CEO shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

#### Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the CEO in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgement and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgement with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

Stockholm on the day indicated in our electronic signature Ernst & Young AB

Johan Holmberg Certified  
Public Accountant

