

Interim Report

January-March 2023
Storytel AB (publ)



Highlights

Q1 Financial Highlights

- Streaming revenue up 6% from Q1 2022 to 742 (699) MSEK, 9% excluding Russia
- Group net sales increased by 7% from Q1 2022 to 796 (747) MSEK, 10% excluding Russia
- Gross profit of 316 (288) MSEK, equaling a 39.6 margin (38.6) %
- EBITDA of 30 (-149) MSEK equaling a margin of 3.8 (-19.9) %
- Basic and diluted earnings per share amounted to -0.81 (-3.43) SEK
- Cash flow from operations before changes in working capital amounted to 18 (-135) MSEK
- Operational cash flow amounted to -8 MSEK versus -122 MSEK

Q1 Other Highlights

- Anna Etzler appointed SVP Operations
- Oleg Nesterenko appointed Chief Marketing Officer
- Peter Messner appointed Chief Financial Officer
- The Finnish audiobook service Suomalainen Plus merges its subscriber base with Storytel Finland

Highlights after the End of the Quarter

- Significant multi-year agreement with Bulgaria's largest telco A1 Bulgaria. The deal makes Storytel part of exclusive selection of premium services on A1 Bulgaria's platform, reaching more than 4 million potential customers
- Storytel Awards surpasses the milestone of 200,000 votes – audiobook fan engagement soaring to record levels
- Storytel announced that the company will hold a Capital Markets Day on June 13, 2023

CEO-statement

Creating the foundation for sustainable and profitable growth

The first quarter of 2023 saw continued progress in the execution of our profitable growth strategy as we extended our focus on improving operational and financial performance over time.

The first quarter marked the fourth consecutive quarter of positive Group EBITDA. Storytel Streaming saw continued organic streaming revenue growth, increased ARPU, strong subscriber engagement as well as stable churn levels. Laying the foundation for further profitable growth in 2023 and beyond, we continued to drive near-term operational improvement programs across all parts of our business delivering progress with renegotiated and new signed Partnerships, improved Content economics, and the introduction of new service tiers and price levels in the Nordics. We are now in the final phase of completing our strategic plan and mid-term financial targets, which will be presented at our Capital Markets Day in Stockholm on June 13.

Our financial development

Streaming revenue excluding Russia increased by 9%, and amounted to 742 MSEK, driven by a solid performance in the Nordic region. ARPU grew with 6% to 121 SEK. Group Net Sales for the quarter grew 10% excluding Russia and totaled 796 MSEK. The gross margin was 39.6%, an increase by 1.0 percentage point versus the same quarter last year, and by 2.4 percentage points versus Q4 2022. The EBITDA margin improved to 3.8%, compared to a negative margin of 4.4% in Q1 2022, adjusted for items affecting comparability last year.

Cash flow from operations before changes in working capital generated a total of 18 (-135) MSEK and operational cash flow amounted to -8 MSEK versus -122 MSEK last year. The improvement was derived from the strategic shift to focus on profitable growth.

Unlocking large untapped potential

As a market leader in the Nordics and several other countries, we enjoy strong consumer trust, and our reputation is synonymous with quality. While we continue to grow our subscriber base, we are increasingly focused on

attracting and retaining the most valuable customers with high levels of loyalty, high ARPU, and long lifetime value.

In the context of this shift away from exclusively prioritizing growth of our subscriber base to capture a larger share of the sector's value, we recently completed the rollout of our new multi-tiered product offering in Finland, Sweden and Denmark. With this, we've expanded our addressable market and provide an attractive option for every type of listener. Early indications from the launch are positive, and we're encouraged by the impact on SAC, ARPU and Churn. Unlimited remains the most popular subscription among customers in Sweden, Denmark and Finland.

Promising start for the new Partnerships Team

In the fourth quarter last year, we announced the formation of our new Partnerships team, which is dedicated to bringing more listeners through partners such as mobile app stores, OEMs, telcos, financial services and e-commerce players. This quarter saw the successful launch of our service on Google CarPlay and Apple CarPlay, in line with our target to make Storytel available on all relevant audio devices and platforms popular with our customers.

In the first quarter, we announced the agreement with Suomalainen Plus, the audiobook operations of the bookstore chain Suomalainen Kirjakauppa, merging its subscriber base with Storytel Finland. The agreement strengthens our position in the Finnish market.

In April, we closed a significant multi-year agreement with Bulgaria's largest telco, A1 Bulgaria, a part of the A1 Group that currently has over 26 million users across seven European countries. This agreement allows Storytel Bulgaria access to 4 million potential customers.

The Road to Success requires great Content

Storyside, our internal audiobook publisher, continues to prove itself as a strong driver of subscriber acquisition. During the quarter, almost 12% of new Storytel subscribers in Sweden, Denmark and Finland selected a Storyside title as their first book for listening. We've recently completed the renegotiation of several of our largest content distribution agreements in our core markets, improving the cost efficiency of these contracts. To further decrease content cost is an important lever to grow our EBITDA over time.

Near term guidance

Our full-year guidance from February remains unchanged with organic streaming revenue growth in line with the previous year (excluding Audiobooks.com and Russia), an increased EBITDA margin (adjusted for last year's items affecting comparability) versus 2022 and at least a break-even operational cash flow (EBITDA – operational capex).

Finally, I want to take this opportunity to welcome all of you to Storytel's Capital Markets Day, which will be held on June 13 in Stockholm, Sweden. At the event, we will provide an update on Storytel's position and operations as well as our strategy and financial targets.

I look forward to seeing you in June.

Stockholm in May

Johannes Larcher, CEO



Table 1: Key Performance Indicators

TSEK	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023
Streaming Total¹					
Revenue	698,599	704,454	742,426	742,283	742,081
<i>Revenue excl Russia</i>	679,654	693,464	732,837	742,374	742,081
Gross profit	283,868	278,554	307,463	304,594	317,067
Gross margin	40.6%	39.5%	41.4%	41.0%	42.7%
Avg. Paying Subscribers	2,051,000	2,031,000	2,064,000	2,036,000	2,041,000
ARPU (SEK/month)	114	116	120	122	121
Streaming Nordics¹					
Revenue	458,555	469,390	492,765	498,336	496,630
Gross profit	165,788	177,354	189,289	184,767	200,992
Gross margin	36.2%	37.8%	38.4%	37.1%	40.5%
Avg. Paying Subscribers	1,061,000	1,078,000	1,129,000	1,132,000	1,125,000
ARPU (SEK/month)	144	145	145	147	147
Streaming Non-Nordics					
Revenue	240,044	235,064	249,662	243,947	245,451
<i>Revenue excl Russia</i>	221,099	224,074	240,073	244,038	245,451
Gross profit	118,080	101,190	118,173	119,828	116,075
Gross margin	49.2%	43.0%	47.3%	49.1%	47.3%
Avg. Paying Subscribers	990,000	953,000	935,000	904,000	916,000
ARPU (SEK/month)	81	82	89	90	89
Books					
Revenue	149,305	156,999	147,199	193,069	130,083
Gross profit	84,399	78,185	81,916	85,141	68,472
Gross margin	56.5%	49.8%	55.6%	44.1%	52.6%
Group total²					
Revenue	747,170	780,730	805,819	866,663	796,293
Gross profit	288,498	290,363	311,907	322,377	315,501
Gross margin	38.6%	37.2%	38.7%	37.2%	39.6%
Revenue Growth YoY					
Streaming Total¹					
Revenue	35.1%	29.2%	27.3%	22.7%	6.2%
<i>Revenue excl Russia</i>	35.3%	31.0%	29.5%	27.0%	9.2%
Revenue – CER	32.6%	25.6%	22.0%	16.6%	2.9%
Streaming Nordics¹					
Revenue	14.1%	10.9%	10.2%	8.6%	8.3%
Revenue – CER	11.0%	8.5%	6.9%	4.8%	6.8%
Streaming Non-Nordics					
Revenue	108.3%	92.5%	83.7%	67.0%	2.3%
<i>Revenue excl Russia</i>	120.3%	111.6%	102.2%	94.5%	11.0%
Revenue – CER	107.9%	85.1%	71.7%	53.5%	-4.7%
Books					
Revenue	19.3%	4.7%	-18.3%	-5.5%	-12.9%
Revenue – CER	17.8%	3.6%	-19.4%	-7.0%	-14.6%

¹ Storytel Norway is included in the figures @ 100%.

² In the consolidated accounts, Norway is reported in accordance with the equity method. As a result, the Streaming revenue listed in Table 1 is higher than in the consolidated statement of accounts in order to provide a more accurate figure for average revenue per subscriber. Please see Note 5 for additional details.

Developments during the quarter, Group

Comparative figures pertain to Q1 2022

Net sales

Net sales for the period increased by 7% compared to the comparative period and totaled 796.3 (747.2) MSEK. This increase is primarily driven by solid growth in the Streaming segment across Storytel's top markets, especially the Nordic region, while the Books segment saw a decrease versus the last quarter due to seasonality. Average paying streaming subscribers increased by over 5,000 during the quarter and amounted to 2,041,000 with an average ARPU of 121 (114) SEK. The decrease in the subscriber base versus the same quarter last year is explained by an intensified focus on quality and lifetime value.

Gross profit

Cost of sales for the period totaled -480.8 (-458.7) MSEK. Gross profit amounted to 315.5 (288.5) MSEK, which equals a gross margin of 39.6% (38.6%). The gross margin increased by 1 percentage point versus the same quarter last year, and by 2.4 percentage points versus the fourth quarter of 2022. The improvement was mainly explained by positive development from the streaming business in the Nordic region.

EBITDA

EBITDA for the period totaled 30.5 (-148.5) MSEK, which equals an EBITDA margin of 3.8% (-19.9%). The first quarter last year contained items affecting comparability of 116 MSEK, adjusted for this, the EBITDA last year amounted to -32.8 MSEK. The significant improvement is driven by the strategic shift to focus on profitable growth.

Operating profit

Operating profit for the quarter totaled -48.0 (-226.9) MSEK. The comparable quarter included items affecting comparability totaling -133.5 MSEK. The improvement was to a large extent derived from the above outlined strategic shift to focus on profitable growth.

Sales and marketing expenses decreased by 30% to -205.7 (-294.5) MSEK. The comparable quarter included items affecting comparability totaling -19.5 MSEK.

Technology and development expenses totaled -69.5 (-96.3) MSEK, which includes continuous investments in the platform, striving to increase subscriber engagement. The comparable quarter included items affecting comparability totaling -43.3 MSEK.

General and administrative expenses totaled -97.1 (-129.7) MSEK. The comparable quarter included items affecting comparability totaling -59.7 MSEK.

Group total	Q1 2023	Q1 2022
Net sales	796.3	747.2
Cost of sales	-480.8	-458.7
Gross profit	315.5	288.5
Selling and marketing expenses	-205.7	-294.5
Technology and development expenses	-69.5	-96.3
Administrative expenses	-97.1	-129.7
Other operating income	5.3	6.0
Profit from participations in associates	3.5	-0.9
Operating profit/loss	-48.0	-226.9
Net financial items	-16.2	-6.4
Profit before tax	-64.3	-233.3

Net profit

Profit before tax for the period amounted to -64.3 (-233.3) MSEK.

Net financial items for the period totaled -16.2 (-6.4) MSEK. The amount includes an unrealized negative FX effect from a USD denominated commitment derived from the acquisition of Audiobooks.com, amounting to -3.4 MSEK. Excluding this, the underlying cost has increased due to higher interest rates.

Taxes for the quarter amounted to 2.5 (0.9) MSEK.

Net profit for the quarter amounted to -61.7 (-232.5) MSEK.

Earnings per share for the period totaled -0.81 (-3.43) SEK, before and after dilution.

Cash flow

Cash flow from operating activities before changes in working capital was 17.8 (-135.2) MSEK, with the improvement driven by the strategic shift to focus on profitable growth. The change in working capital was 3.9 (45.0) MSEK, resulting in cash flow from operating activities of 21.7 (-90.2) MSEK for the period. Cash flow from investing activities was -47.8 (-950.7). Cash flow from financing activities was -212.3 (571.8) MSEK. Total cash flow for the period was -238.4 (-469.1) MSEK.

Other information

Financial position, equity & liquidity (compared to March 31, 2022)

At the end of the period, the Group had 540.4 (447.6) MSEK in cash and cash equivalents. The equity-to-asset ratio at the end of the period was 52.1% (42.3%).

Total equity for the quarter was 2,122.3 (1,705.7) MSEK.

Non-current liabilities totaled 991.9 (888.7) MSEK. The company has a revolving credit facility (RCF) of 850 MSEK, of which 700 MSEK is utilized, whereof 100 MSEK has been utilized in Q1, 2023. Current liabilities amounted to 949.5 (1,438.1) MSEK. A bridge loan facility of 500 MSEK utilized in connection with the acquisition of Audiobooks.com has been replaced with a 200 MSEK term loan during the quarter.

Total available liquidity (cash and cash equivalents and unutilized RCF) totalled 690.4 MSEK at the end of the period.

Parent Company

Storytel AB is the Group's Parent Company and responsible for Group-wide management, administration and financing.

Net sales for the Parent Company amounted to 8.8 (5.8) MSEK. Profit before tax amounted to -5.2 (1.4) MSEK, and profit/loss for the period amounted to -5.2 (1.4) MSEK. Total equity amounted to 4,204.0 (3,821.6) MSEK. The condensed income statement and balance sheet for the Parent Company are presented on page 21.

Investigation in Turkey

The Turkish Competition Authority has notified Storytel Turkey Yayincilik Hizmetleri A.S. ("Storytel Turkey") that it has opened an investigation into Storytel Turkey on the basis of a complaint from a third party in Turkey. Storytel is cooperating with the Turkish Competition Authority, but it is too early to determine or predict the outcome of the investigation.

Risks and uncertainty factors

The Group is subject to significant risks and uncertainties. As noted in the 2022 Annual Report, these factors include the prevailing economic and business environments in each of the Group's markets; commercial risks related to expansion into new territories; political and legislative risks related to changes in rules and regulations in the various territories in which the Group operates; exposure to foreign exchange rate movements; changes in the ability to access capital markets; and the emergence of new technologies and competitors. More recently, we have seen inflationary pressures that could affect the purchasing power of our consumers, and thus in the long term also their willingness and ability to remain as subscribers. Furthermore, given the developments in Ukraine, Storytel announced in the first quarter of 2022 its intention to pause its operations in Russia. This has been implemented, and the operations were phased out during the third quarter of 2022. As of March 31, 2022, there is no significant balance sheet exposure related to Russia.

Guidance

Storytel's full-year guidance from February remains unchanged:

- Organic streaming revenue growth in line with previous year (excluding Audiobooks.com and Russia)
- Increased EBITDA margin (adjusted for items affecting comparability) versus 2022
- At least a break-even operational cash flow (EBITDA - operational capex).

Financial Statements Summary

Group

Condensed Income Statement

TSEK	Q1 2023	Q1 2022	Q1–Q4 2022
Net sales	796,293	747,170	3,200,382
Cost of sales	-480,792	-458,672	-1,987,237
Gross profit	315,501	288,498	1,213,145
Sales and marketing expenses	-205,725	-294,480	-942,799
Technology and development expenses	-69,465	-96,342	-322,699
General and administrative expenses	-97,144	-129,684	-370,020
Other operating income	5,335	5,958	34,424
Result from participations in associates	3,450	-869	-1,070
Operating profit/loss	-48,048	-226,919	-389,019
Net financial items	-16,223	-6,413	5,347
Profit/loss before taxes	-64,271	-233,332	-383,672
Tax	2,530	876	3,402
Profit/loss for the period	-61,741	-232,456	-380,270
Profit for the period attributable to:			
Parent Company shareholder	-62,789	-233,940	-382,957
Non-controlling interest	1,048	1,484	2,687
Earnings per share, SEK			
Group total, basic	-0.81	-3.43	-5.51
Group total, diluted	-0.81	-3.43	-5.51
Statement of comprehensive income			
Profit/loss for the period, after tax	-61,741	-232,456	-380,270
Other comprehensive income			
<i>Items that will be reclassified to profit/loss (after tax)</i>			
Translation difference	-9,034	17,370	160,132
<i>Items that will not be reclassified to profit/loss (after tax)</i>			
Revaluation of defined-benefit pension plans	-3,483	-	106,538
Revaluation of hedging instruments	-	8,580	8,580
Total other comprehensive income for the period, after tax	-12,517	25,950	275,250
Total comprehensive income for the period, after tax	-74,258	-206,506	-105,020

Total comprehensive income for the period attributable to:

Parent Company shareholder	-75,306	-207,990	-107,707
Non-controlling interest	1,048	1,484	2,687

Group

Condensed Consolidated Statement of Financial Position

TSEK	3/31/2023	3/31/2022	12/31/2022
Intangible assets	2,583,751	2,537,076	2,622,416
Tangible assets	26,981	29,954	28,990
Right-of-use assets	115,459	122,350	112,355
Non-current financial assets	75,123	93,642	87,690
Inventory	103,443	82,968	102,107
Current receivables	618,497	718,905	658,581
Cash and cash equivalents	540,432	447,627	776,341
Total assets	4,063,686	4,032,522	4,388,480
Equity	2,122,316	1,705,678	2,192,950
Non-current liabilities	991,883	888,707	866,369
Current liabilities	949,487	1,438,136	1,329,161
Total equity and liabilities	4,063,686	4,032,522	4,388,480

Condensed Statement of Changes in Equity

TSEK	Q1 2023	Q1 2022	Q1-Q4 2022
Opening equity for the period	2,192,950	1,910,603	1,910,603
Profit/loss for the period	-61,741	-232,456	-380,270
Non-controlling interest	-	-	-6,449
<i>Other total comprehensive income for the year:</i>			
Translation difference	-9,034	17,370	162,820
Revaluation of defined-benefit pension plans	-3,483	-	106,538
Hedge accounting	-	8,580	8,580
Transfer of cash flow hedge to business combinations	-	1,451	1,451
<i>Transactions with owners:</i>			
Share issue	-1,074	-	391,068
Share based incentive programs	4,698	129	-1,391
Closing equity for the period	2,122,316	1,705,678	2,192,950

Group

Condensed Cash Flow Statement

TSEK	Q1 2023	Q1 2022	Q1-Q4 2022
Profit/loss after financial items	-64,271	-233,332	-383,672
<i>Where of interest paid</i>	<i>-14,438</i>	<i>-8,822</i>	<i>-28,761</i>
Adjustments for non-cash items	84,245	101,010	288,614
Taxes paid	-2,207	-2,853	-22,517
Cash flow from operations before changes in working capital	17,767	-135,175	-117,575
Change in working capital	3,905	44,996	17,130
Cash flow from operating activities	21,672	-90,179	-100,445
Cash flow from investing activities	-47,809	-950,680	-1,141,390
Cash flow from financing activities	-212,281	571,758	1,085,350
Cash flow for the period	-238,418	-469,101	-156,485
Available funds at the beginning of period	776,341	905,882	905,882
Cash flow for the period	-238,418	-469,101	-156,485
Translation differences in available funds	2,509	10,846	26,944
Available funds at end of period	540,432	447,627	776,341

Note 1 Accounting and Valuation Principles

This interim report includes the Swedish Parent Company Storytel AB (publ), CIN 556575-2960, and its subsidiaries. Storytel is one of the world's largest streaming services for audiobooks and e-books and has more than 700,000 titles in the service globally. Our vision is to make the world a more empathetic and creative place through fantastic stories that can be shared and appreciated by anyone, anywhere and at any time. The Streaming operations within Storytel Group take place under the brands Storytel, Mofibo and Audiobooks.com. The publishing business is managed by Storytel Books and the audiobook publisher Storyside. Storytel Group is present in over 25 markets. 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.

Storytel applies the International Financial Reporting Standards (IFRS) as they have been adopted by the EU. This consolidated interim report was prepared in accordance with IAS 34 Interim Financial Reporting, recommendation RFR 1 issued by the Swedish Financial Reporting Board, and the Annual Accounts Act (1995:1554), where applicable.

The interim report for the Parent Company was prepared in accordance with Chapter 9 of the Annual Accounts Act (Interim Report) and recommendation RFR 2 issued by the Swedish Financial Reporting Board. The same accounting principles, bases for calculation and assessments were applied to the Group and the Parent Company as in the most recent annual report. A detailed description of the Group's other applied accounting principles and new and pending standards is included in the most recently published Annual Report. During 2022, Turkey was defined as a hyperinflationary economy and as such the Group applies IAS 29 related to its entity in Turkey.

There are no new IFRS standards or amendments of existing IFRS standards during 2023 that have had a material impact on the performance and financial position of Storytel. Disclosures pursuant to IAS 34.16A are also presented in the financial statements and related notes in the interim disclosures on pages 10-12, which is an integral part of this financial statement.

All amounts in this statement are stated in thousands of Swedish krona (TSEK) unless otherwise specified. Differences in rounding may occur.

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 amounts 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 given 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 material risk of significant adjustments in the reported values of assets and liabilities during subsequent periods. 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. For other significant estimates and judgements, please refer to the most recent annual report.

Note 3 Definitions and key ratios including alternative performance measures

Storytel reports a number of different items and financial key ratios in its consolidated financial statements. The key ratios aim to make it easier for investors and other stakeholders to analyze 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 defined in neither the financial framework nor other legislation. For key ratios that are not defined in IFRS, this report presents their purpose and how they relate to the financial statements presented in accordance with IFRS. For definitions of financial measures and key ratios used, please see below.

Note 4 Transactions with related parties

In general, there were no significant changes in the scope or type of transactions with related parties to the Group other than those presented in the most recent Annual Report. Transactions with associated companies take place on market terms.

Note 5 Business segments

The Group, for accounting and follow-up, has divided its operations into three segments: 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). The acquired company Audiobooks.com is included in the business segment Streaming Non-Nordics.

Jan-Mar 2023	Streaming Nordics	Streaming Non-Nordics	Books	Total segment	Group-wide items and eliminations	Other adjustments	Group total
Revenue from external customers	496,630	245,451	130,083	872,163	-90,555	14,684	796,293
Internal revenue	-	-	48,062	48,062	-48,062	-	-
Cost of sales	-295,638	-129,375	-109,672	-534,685	58,305	-4,411	-480,792
Gross profit	200,992	116,075	68,472	385,540	-80,312	10,273	315,501

The costs listed under Gross profit are not allocated to segments but are reported for the Group as a whole. Internal revenue for the Books segment that relates to sales from streaming is already included as a cost reduction in the segment reporting for the Streaming segments. Revenue and Cost of sales from Storytel AS are included in the Streaming Nordics segment. These are subsequently eliminated in the column Group-wide items and eliminations, and the license fee from Storytel AS is also added back.

Group total	Jan-Mar 2023
Gross profit	315,501
Selling and marketing expenses	-205,725
Technology and development expenses	-69,465
Administrative expenses	-97,144
Other operating income	5,335
Profit from participations in associates	3,450
Operating profit/loss	-48,048
Net financial items	-16,223
Profit/loss before tax	-64,271

Jan-Mar 2022	Streaming Nordics	Streaming Non-Nordics	Books	Total segment	Group-wide items and eliminations	Other adjustments	Group total
Revenue from external customers	458,555	240,044	149,305	847,904	-87,603	-13,131	747,170
Internal revenue	-	-	38,108	38,108	-38,108	-	-
Cost of sales	-292,767	-121,964	-103,014	-517,745	66,884	-7,811	-458,672
Gross profit	165,788	118,080	84,399	368,267	-58,827	-20,942	288,498

The costs listed under Gross profit are not allocated to segments but are reported for the Group as a whole. Internal revenue for the Books segment, which relates to sales from streaming, is already included as a cost reduction in the segment reporting for the Streaming segments. Revenue and Cost of sales for Storytel AS are included in the Streaming Nordics segment. These are subsequently eliminated in the column for Group-wide items and eliminations, and the license fee from Storytel AS is also added back.

Group total	Jan-Mar 2022
Gross profit	288,498
Selling and marketing expenses	-294,480
Technology and development expenses	-96,342
Administrative expenses	-129,684
Other operating income	5,958
Profit from participations in associates	-869
Operating profit/loss	-226,919
Net financial items	-6,413
Profit/loss before tax	-233,332

Note 6 Revenue from contracts with customers

Jan-Mar 2023	Books	Streaming	Other	Group total
Type of product or service				
Revenue from subscriptions of streaming service	-	651,526	-	651,526
Revenue from publishing activities	130,083	-	-	130,083
Other	-	-	14,684	14,684
Revenue from contracts with customers	130,083	651,526	14,684	796,293

Jan-Mar 2022	Books	Streaming	Other	Group total
Type of product or service				
Revenue from subscriptions of streaming service	-	591,630	-	591,630
Revenue from publishing activities	149,305	-	-	149,305
Other	-	-	6,235	6,235
Revenue from contracts with customers	149,305	591,630	6,235	747,170

Note 7 Financial instruments

Valuation hierarchy

The levels of the valuation hierarchy are described as follows:

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

Level 2 – Observable input data for the asset or liability other than quoted prices included in Level 1, either directly (i.e., 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).

Acquisition option

Storytel's acquisition option refers to the future acquisition of the remaining 10,2 % shares in Earselect AB, which will result in an additional transferred consideration of 8,237 TSEK, after the consideration paid in the quarter, see note 8. The acquisition option is reported at fair value in the statement of financial position, measured in accordance with IFRS 9 and categorized in accordance with Level 3 of the IFRS 13 fair value hierarchy. 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.

Contingent consideration

The contingent consideration related to the acquisition of Aula is reported at fair value in accordance with Level 3 of the valuation hierarchy. The fair value is estimated by using a valuation model that discounts the present value of expected outgoing cash flows by a risk-adjusted discount rate. Expected cash flows are determined using probable scenarios based on expected financial outcome and future financial forecasts. The most significant input factors used to measure fair value are the risk-adjusted discount rate of 12.6% and the forecast future development of profitability, growth in net sales, and the level of digital sales. Given that the contingent additional consideration at the balance sheet date can amount to at the most TSEK 761 no changes in input factors are judged to result in any material impact on the fair value of the item in the balance sheet or income. During the period, unrealized gains or losses for the contingent consideration held as at the balance sheet date are not material. This amount is included in other operating expenses in the consolidated statement of income. The discounting effect is recognized in net financial income.

Financial liabilities valued at fair value	Jan-Mar 2023	Jan-Mar 2022	Jan-Dec 2022
Opening balance	13,124	23,095	23,095
Consideration paid	-4,275	-	-
Change in value recognized in profit/loss	-	-	48
Change in value recognized in OCI - financial derivative	-	-8,580	-8,580
Transfer of cash flow hedge to business combinations	-	-1,451	-1,451
Closing balance	8,849	13,064	13,124

Other receivables and liabilities

For current receivables and liabilities, such as accounts receivable and trade payables, and for non-current liabilities with variable interest rates, the carrying amount is considered to be a good approximation of the fair value.

Note 8 Business combinations

The purchase price allocation for Audiobooks.com, acquired in January 2022, has now been finalized. No adjustment has been made in the period.

A consideration for Storytel's acquisition option in Earselect has been paid during the quarter with 4,275 TSEK.

Parent Company

Condensed Income Statement

TSEK	Q1 2023	Q1 2022	Q1-Q4 2022
Net sales	8,820	5,845	43,096
Cost of revenue	-	-	-
Gross profit	8,820	5,845	43,096
Administrative expenses	-8,000	-13,384	-54,223
Other operating income	-	-	224
Profit from participation in group company	-	-	15,608
Operating profit	820	-7,539	4,705
Net financial items	-5,999	8,919	-5,258
Profit/loss before taxes	-5,179	1,380	-553
Tax	-	-	-1,437
Profit/loss for period	-5,179	1,380	-1,990
Parent Company's condensed statement of comprehensive income			
Profit for the period	-5,179	1,380	-1,990
Other comprehensive income, after tax			
Total comprehensive income for the period	-5,179	1,380	-1,990

Condensed Balance Sheet

TSEK	31 Mar 2023	31 Mar 2022	31 Dec 2022
Non-current financial assets	4,848,935	4,048,445	4,848,935
Current receivables	211,143	655,918	228,412
Cash and cash equivalents	197,432	82,001	365,813
Total assets	5,257,510	4,786,364	5,443,160
Equity	4,203,990	3,821,603	4,210,537
Non-current liabilities	748,416	447,933	598,416
Current liabilities	305,104	516,828	634,207
Total equity and liabilities	5,257,510	4,786,364	5,443,160

Number of shares and share capital as of March 31, 2023

There were 77,073,120 (68,281,911) registered shares in issuance at the end of the period, divided between 635 Class A shares and 77,072,485 Class B shares. Share capital totaled 38,536,560 (34,140,956) SEK as of Dec 31, 2022. There were 73,002,135 registered shares on average in Q4 2022 divided between 635 Class A shares and 73,001,500 Class B shares. The shareholder structure is presented at investors.storjtel.com.

Auditor's review

This Q1 report has not been reviewed by the auditors of the company.

Information about Nasdaq First North Growth Market

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

Financial calendar

Annual General Meeting 2023	May 4, 2023
Capital Markets Day	June 13, 2023
Interim Report January–June 2023	August 1, 2023
Interim Report January–September 2023	October 31, 2023
Year-End Report January–December 2023	February 15, 2024

Definitions and key ratios including alternative performance measures

Net sales	Operating main income, invoiced costs, incidental revenue and revenue adjustments.
Net sales growth rate, %	Net sales for the current year divided by the previous year's net sales.
Net sales growth rate, %, CER	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.
Gross profit	Profit after cost of sales.
Gross profit %	Operating profit as a percentage of net sales.
Gross margin	Operating profit as a percentage of net sales.
Operating profit (EBIT)	Profit before interest and tax.
Operating margin (EBIT margin)	Operating profit as a percentage of net sales.
Profit/loss before taxes	Profit after financial income and expenses, before tax.
Profit margin (%)	Profit after tax as a percentage of net 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.
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.
FTE	Full-Time Equivalents.
Number of employees	Average number of employees during the financial year.
ARPU	Average Revenue Per User (subscriber) per month.
Average paying subscribers	The average number of paying Storytel subscribers during the quarter. For Family subscriptions, each standard stream (not so-called Kids Mode) is considered one paying subscriber.
CER	Constant Exchange Rates.
EBITDA	Earnings before interest, taxes, depreciation and amortization.
EBITDA margin	EBITDA as percentage of Net Sales.
Equity-to-asset ratio	Adjusted equity (equity including non-controlling interest and untaxed reserves less deferred tax) as a percentage of the balance sheet total.
Revenue – Books (Table 1)	Physical books and digital sales through channels other than Storytel. Internal revenue from Storytel has been eliminated. All publishing

	houses in the Group, both those located in Sweden and those located internationally, are included.
Revenue – Streaming (Table 1)	ARPU * Paying Subscribers.
Items affecting comparability (IAC)	<p>Items affecting comparability include certain items of a significant character that distort comparisons over time. These have been defined as:</p> <ul style="list-style-type: none"> • Costs in connection with acquisitions • Restructuring costs • Costs related to operationalizing the pause and eventual wind down in Russia

This information is information that Storytel AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication at 8:00 a.m. CEST on May 3, 2023.

Stockholm, May 3, 2023

Johannes Larcher

CEO

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