

Interim Report

January-September 2023
Storytel AB (publ)



Highlights

“Storytel updates its 2023 guidance on the back of strong operational and financial performance during the quarter”

Financial Highlights Q3

Third quarter 2023 compared to the third quarter 2022

- Streaming revenue up 13% to 842 (742) MSEK, 15% excluding Russia
- Group net sales increased by 11% to 896 (806) MSEK, 12% excluding Russia
- Gross profit up 13% to 352 (312) MSEK, equaling a margin of 39.3% (38.7%)
- EBITDA increased by 55% to 92 (59) MSEK, equaling a margin of 10.3% (7.3%)
- Operating profit of 15 (-21) MSEK
- Basic and diluted earnings per share amounted to -0.06 (-0.04) SEK
- Cash flow from operations before changes in working capital amounted to 79 (60) MSEK
- Operational cash flow amounted to 56 (20) MSEK

January - September 2023 compared to the period January - September 2022

- Streaming revenue grew 11% to 2,383 (2,145) MSEK, 13% excluding Russia
- Group net sales increased by 9% to 2,543 (2,334) MSEK, 11% excluding Russia
- Gross profit up 12% to 1,001 (891) MSEK, equaling a margin of 39.3% (38.2%)
- EBITDA increased to 161.8 (-94.9) MSEK, equaling a margin of 6.4% (-4.1%)
- Basic and diluted earnings per share amounted to -1.29 (-4.27) SEK
- Cash flow from operations before changes in working capital amounted to 121 (-130) MSEK
- Operational cash flow amounted to 43 (-151) MSEK

Other Highlights Q3

- Storytel increases the guidance on full-year 2023 adjusted EBITDA margin to be well above 6.4%, and on operational cash flow (adjusted EBITDA less operational capex) to be at least 80 MSEK. Guidance regarding organic streaming revenue growth remains in line with the previous year and is unchanged at 11% for 2023.
- The partnership with Yettel in Bulgaria (3+ million addressable users) launched in September and is already showing promising signs from a paybase growth perspective.
- Storytel's agreement with LG Uplus South Korea (20+ million addressable users), one of South Korea's largest telcos, communicated in September will help unlock new opportunities in one of our expansion markets.

CEO-statement

Executing on the strategy of sustainable and profitable growth

For the first time since 2016 we are delivering an operating profit. We saw strong improvements of both operational and financial performance through continued disciplined execution of our profitable growth strategy, which also led us to increase our near-term guidance.

October marks my one year anniversary at Storytel. We continue to execute on the long term strategic shift consistent with our plans announced at Capital Markets Day in June. The strategy is delivering results earlier than initially expected. We not only delivered yet another (our sixth) consecutive quarter of EBITDA profitability, but are quickly approaching bottom line profitability through a combination of healthy growth in the number of paying subscribers, higher revenues per user, and a more disciplined approach to cost management.

Improved performance and on track to deliver on financial targets

Despite a challenging macroeconomic environment in Scandinavia and several other core markets, our performance in the quarter bears testimony to the resiliency of the audiobook market and of our business model. Churn remains healthy and ARPU is at a good level.

In the third quarter, Storytel experienced solid revenue growth and improved profitability and cash flow as compared to the third quarter last year. Group net sales for the quarter grew 11% to 896 MSEK with streaming revenues increasing 13 percent to 842 MSEK. While the gross margin increased by 0.6 percentage points to 39.3 percent the EBITDA margin for the quarter increased by 3.0 percentage points to 10.3%. Cash flow from operations before changes in working capital amounted to 79 (60) MSEK. Operational cash flow amounted to 56 (20) MSEK.

Storytel's streaming business in the Nordics continues to advance with a 16% growth in revenues to 572 MSEK compared to the third quarter 2022 (493 MSEK). The well

executed summer campaign supported a 3.5% growth in average paying subscribers to 1,169,000 (1,129,000). We continue to focus on attracting customers in a cost efficient way and have improved the average customer lifetime value relative to the customer acquisition cost compared to 2022.

Our four growth markets - The Netherlands, Poland, Bulgaria and Turkey - continued to grow strongly, with a 25% increase in paying subscribers compared to the third quarter 2022. These markets achieved growth in a cost efficient way and are contributing positively to our EBITDA in the quarter. Our US business, Audiobooks.com, continues to deliver good profitability and cash generation. In total Non-Nordic streaming grew revenues with 13 percent to 271 MSEK (250 MSEK) and the subscriber base with 4.3 percent to 975,000 (935,000).

Unique content and improved experience to drive subscriber growth

We continued our efforts to differentiate the product and customer experience through unique Storytel content and to improve the use of data and analytics in delivering a more personalized audio-story experience for every subscriber. While we continue to invest appropriately in product, technology and data for the long term, we also focus on efficiencies which led to an ongoing restructuring of our Streaming Content and Storytel Books organizations.

Our focus is to attract best-in-class storytellers in order to serve our subscribers a differentiated, relevant and high quality content lineup that can only be found on Storytel. We've been creating Storytel Originals since 2016 and will continue to do

so going forward. In Q3 we delivered successes such as Spoorloos deel 3, the third part of the Dutch crime series by Suzanne Vermeer, the Swedish biography Min Lille Nord by Sara Kastrup Thane, Dø, om så det gælder, a Danish true story about a former gang member by Thomas Stokholm & Abud Mustafa, and the Italian fictional comedy Mi dica tutto 3 - all much beloved local Storytel Originals demonstrating the breadth of our content ambitions.

Our partnerships team is dedicated to bringing more listeners to the platform through partners such as OEMs, telcos, financial services and e-commerce players. The team delivered solid progress in the third quarter with two agreements with new partners. The partnership with Yettel in Bulgaria (3+ million addressable users) launched September 1 and is already showing promising signs from a pay base growth perspective. Our agreement with LG Uplus South Korea (20+ million addressable users), one of South Korea's largest telcos, launched a few weeks ago and will help unlock new opportunities in one of our expansion markets. We expect to announce more partnerships with leading Telcos soon.

The fast growing audiobook industry offers attractive prospects to new competitors, both locally and globally. Storytel is a well-positioned market leader in the non-English speaking markets that we focus on, and we have successfully competed with other services for many years. Audiobook consumption is highly local, with more than 85% of consumption taking place in the local language from works by local authors.

Our strategy of operating both D2C Streaming services and leading publishing houses; our investments in differentiating and original audio-story content; our well-established brand synonymous with high quality audiobook experiences; and our know-how in offering a best-in-class engine for discovery and enjoyment of audiobook content; provide us with valuable

competitive benefits. We are confident that we are well positioned to continue competing successfully in this attractive industry.

Near term guidance

Our full-year 2023 guidance regarding organic streaming revenue growth is in line with the previous year and remains unchanged at 11%. Based on the stronger year-to-date performance, we increase the guidance on adjusted EBITDA margin to be well above 6.4%, and an operational cash flow (adjusted EBITDA less operational capex) to be at least 80 MSEK for the full year 2023.

Storytel already has a proven business model and a strong market position. I feel confident about our long term strategy and we will continue to execute in a disciplined manner in order to build customer value and deliver strong growth financed by internal capital generation going forward. We are making solid progress towards our mid term financial targets and are in a good position going into 2024.

Stockholm October 31, 2023

Johannes Larcher, CEO



Table 1: Key Performance Indicators

TSEK	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	YTD 2022	YTD 2023
Streaming Total¹							
Revenue	742,426	742,283	742,081	798,881	842,407	2,145,480	2,383,369
<i>Revenue excl Russia</i>	732,837	742,374	742,081	798,881	842,407	2,105,955	2,383,369
Gross profit	307,463	304,594	317,067	344,949	366,414	869,875	1,028,431
Gross margin	41.4%	41.0%	42.7%	43.2%	43.5%	40.5%	43.2%
Avg. Paying Subscribers	2,064,000	2,036,000	2,041,000	2,055,000	2,144,000	2,048,000	2,080,000
ARPU (SEK/month)	120	122	121	130	131	116	127
Streaming Nordics¹							
Revenue	492,765	498,336	496,630	543,765	571,625	1,420,710	1,612,020
Gross profit	189,289	184,767	200,992	227,364	241,027	532,432	669,384
Gross margin	38.4%	37.1%	40.5%	41.8%	42.2%	37.5%	41.5%
Avg. Paying Subscribers	1,129,000	1,132,000	1,125,000	1,122,000	1,169,000	1,089,000	1,139,000
ARPU (SEK/month)	145	147	147	162	163	145	157
Streaming Non-Nordics							
Revenue	249,662	243,947	245,451	255,117	270,782	724,770	771,350
<i>Revenue excl Russia</i>	240,073	244,038	245,451	255,117	270,782	685,245	771,350
Gross profit	118,173	119,828	116,075	117,585	125,387	337,443	359,047
Gross margin	47.3%	49.1%	47.3%	46.1%	46.3%	46.6%	46.5%
Avg. Paying Subscribers	935,000	904,000	916,000	933,000	975,000	959,000	941,000
ARPU (SEK/month)	89	90	89	91	93	84	91
Books							
Revenue	147,199	193,069	130,083	128,668	139,970	453,503	398,721
Gross profit	81,916	85,141	68,472	67,525	65,098	244,500	201,095
Gross margin	55.6%	44.1%	52.6%	52.5%	46.5%	53.9%	50.4%
Group total²							
Revenue	805,819	866,663	796,293	851,070	895,758	2,333,719	2,543,121
Gross profit	311,907	322,377	315,501	333,183	351,869	890,768	1,000,553
Gross margin	38.7%	37.2%	39.6%	39.1%	39.3%	38.2%	39.3%
Revenue Growth YoY	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	YTD 2022	YTD 2023
Streaming Total¹							
Revenue	27.3%	22.7%	6.2%	13.4%	13.5%	30.4%	11.1%
<i>Revenue excl Russia</i>	29.5%	27.0%	9.2%	15.2%	15.0%	31.8%	13.2%
Revenue – CER	22.0%	16.6%	2.9%	9.8%	9.0%	26.5%	7.3%
Streaming Nordics¹							
Revenue	10.2%	8.6%	8.3%	15.8%	16.0%	11.7%	13.5%
Revenue – CER	6.9%	4.8%	6.8%	13.9%	12.6%	8.7%	11.2%
Streaming Non-Nordics							
Revenue	83.7%	67.0%	2.3%	8.5%	8.5%	94.2%	6.4%
<i>Revenue excl Russia</i>	102.2%	94.5%	11.0%	13.9%	12.8%	110.8%	12.6%
Revenue – CER	71.7%	53.5%	-4.7%	1.6%	2.1%	87.3%	-0.3%
Books							
Revenue	-18.3%	-5.5%	-12.9%	-18.0%	-4.9%	-0.4%	-12.1%
Revenue – CER	-19.4%	-7.0%	-14.6%	-20.0%	-7.5%	-1.7%	-14.2%

¹ Streaming revenue includes all of Storytel Norway's revenue.

² In the consolidated accounts, Storytel 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 third quarter, Group

Comparative figures in brackets pertain to the third quarter 2022

Net sales

Group net sales for the quarter increased by 11% from the comparative period to 895.8 (805.8) MSEK, and increased by 12% when excluding Russia. The increase is driven by solid growth in the Streaming segment's top markets, especially the Nordics and also the four growth markets. The Books segment's external sales declined 4.9%, in line with expectations. In the US, Audiobooks.com continued its focus on increased profitability rather than revenue growth. Organic streaming revenue growth, when excluding Audiobooks.com and Russia, was 13% at constant exchange rates in the third quarter.

Average paying streaming subscribers increased by 80,000 during the quarter and amounted to 2,144,000 with an average ARPU of 131 (120) SEK. The increase in the subscriber base versus the same quarter last year is explained by growth both within the Nordic segment and our growth markets.

Gross profit

Gross profit increased by 13% and amounted to 351.9 (311.9) MSEK, which equals a gross margin of 39.3% (38.7%). Cost of sales for the period increased to -543.9 (-493.9) MSEK. The gross margin increased by 0.6 percentage points versus the same quarter last year, and increased by 0.2 percentage points versus the second quarter of 2023. The improvements were explained by positive development in the streaming business while books had a negative development due to increased royalty costs.

EBITDA

EBITDA for the quarter increased by 55% and totaled 91.6 (59.2) MSEK, which equals an EBITDA margin of 10.3% (7.3%). The significant improvement is driven by strong growth in streaming revenue which is

growing faster than costs as a result of continued cost efficiency measures.

Operating profit

Operating profit for the quarter totaled 15.0 (-20.9) MSEK. The improvement was to a large extent derived from increased revenues within Nordic streaming.

Selling and marketing expenses increased by 10% to -192.6 (-174.7) MSEK. The comparison is also affected by organizational changes since last year.

Technology and development expenses totaled -63.3 (-82.8) MSEK. The comparable quarter includes a write down of the technical platform amounting to -10.2 MSEK and an accelerated depreciation of -5.0 MSEK.

General and administrative expenses totaled -91.5 (-83.0) MSEK. The change is mainly due to an increased centralization of certain functions and of the management team.

Group total	Q3 2023	Q3 2022
Net sales	895.8	805.8
Cost of sales	-543.9	-493.9
Gross profit	351.9	311.9
Selling and marketing expenses	-192.6	-174.7
Technology and development expenses	-63.3	-82.8
Administrative expenses	-91.5	-83.0
Other operating income	5.7	2.8
Profit from participations in associates	4.8	4.9
Operating profit/loss	15.0	-20.9
Net financial items	-14.3	25.1
Profit before tax	0.7	4.3

Net profit

Profit before tax for the quarter amounted to 0.7 (4.3) MSEK.

Net financial items for the quarter totaled -14.3 (25.1) MSEK. The amount includes -11.0 (-6.3) in net interest costs, as well 1.6 (36.7) MSEK positive FX effect from a USD denominated commitment derived from the acquisition of Audiobooks.com, and other FX effects from the revaluation of certain balance sheet items.

Taxes for the quarter amounted to -2.6 (-6.7) MSEK.

Net profit for the quarter amounted to -2.0 (-2.5) MSEK.

Earnings per share for the quarter totaled -0.06 (-0.04) SEK, before and after dilution.

Cash flow

Cash flow from operating activities before changes in working capital was 78.9 (60.2) MSEK.

The change in working capital was 41.0 (13.3) MSEK, resulting in cash flow from operating activities of 119.9 (73.5) MSEK for the quarter. Cash flow from investing activities was -46.4 (-63.4) MSEK. Cash flow from financing activities was -59.4 (-8.8) MSEK which includes a -50 MSEK down-payment of the bank term loan. Total cash flow for the quarter was 14.1 (1.2) MSEK.

Developments during January–September 2023, Group

Comparative figures in brackets pertain to the period January–September 2022

Net sales

Group net sales for the period increased by 9% from the comparative period to 2,543.1 (2,333.7) MSEK, and increased by 11% when excluding Russia. The increase is driven by solid growth in the Streaming segment's top markets, especially the Nordics and the growth markets, while the Books segment's external sales declined in line with expectations. In the US, Audiobooks.com continued its focus on increased profitability rather than revenue growth. Organic streaming revenue growth, when excluding Audiobooks.com and Russia, was 11% at constant exchange rates in the period.

Average paying streaming subscribers increased by over 31,000 during the period and amounted to 2,080,000 with an average ARPU of 127 (116) SEK. The increase in the subscriber base versus the same period last year is explained by growth both within the Nordics segment and growth markets. Net subscriber intake was especially strong during the summer.

Gross profit

Gross profit amounted to 1,000.6 (890.8) MSEK, which equals a gross margin of 39.3% (38.2%). The gross margin increased by 1.1 percentage points versus the same period last year. Cost of sales for the period totaled -1,542.6 (-1,443.0) MSEK.

The significant improvement is driven by the strategic shift to focus on profitable growth and mostly driven by a positive development in the streaming business in the Nordics and the four growth markets.

EBITDA

EBITDA for the period totaled 161.8 (-94.9) MSEK, which equals an EBITDA margin of 6.4% (-4.1%). The corresponding period last year contained items affecting comparability

of 134.2 MSEK; adjusted for this, the EBITDA last year amounted to 39.2 MSEK.

Operating profit

Operating profit for the period totaled -62.4 (-342.3) MSEK. The comparable period included items affecting comparability totaling -179.1 MSEK.

Selling and marketing expenses decreased by 16% to -617.1 (-735.4) MSEK. The comparable period included items affecting comparability totaling -25.6 MSEK.

Technology and development expenses totaled -196.7 (-251.3) MSEK, which includes continuous investments in the platform, striving to increase subscriber engagement. The comparable period included items affecting comparability totaling -57.4 MSEK.

General and administrative expenses totaled -284.2 (-272.2) MSEK. The change is mainly due to the increased centralization of certain functions and of the management team, as well as effects on accruals in the cost base last year in relation to the reorganization and of long-term incentive programs. The comparable period included items affecting comparability totaling -60.5 MSEK.

Group total	Q1-Q3 2023	Q1-Q3 2022
Net sales	2,543.1	2,333.7
Cost of sales	-1,542.6	-1,443.0
Gross profit	1,000.6	890.8
Selling and marketing expenses	-617.1	-735.4
Technology and development expenses	-196.7	-251.3
Administrative expenses	-284.2	-272.2
Other operating income	24.8	22.3
Profit from participations in associates	10.3	3.5
Operating profit/loss	-62.4	-342.3
Net financial items	-19.2	50.3
Profit before tax	-81.6	-292.0

Items affecting comparability	Q1-Q3 2023	Q1-Q3 2022
Net sales	-	-
Cost of sales	-	-35.6
Gross profit	-	-35.6
Selling and marketing expenses	-	-25.6
Technology and development expenses	-	-57.4
Administrative expenses	-	-60.5
Other operating income	-	-
Profit from participations in associates	-	-
Operating profit/loss	-	-179.1
Net financial items	-	-
Profit before tax	-	-179.1

Net profit

Profit before tax for the period amounted to -81.6 (-292.0) MSEK.

Net financial items for the period totaled -19.2 (50.3) MSEK. The amount includes -34.6 (-22.3) MSEK in net interest costs, 19.7 (81.8) MSEK positive FX effect from a USD denominated commitment derived from the acquisition of Audiobooks.com, and other FX effects from the revaluation of certain balance sheet items.

Taxes for the period amounted to -12.9 (2.7) MSEK.

Net profit for the period amounted to -94.4 (-289.3) MSEK.

Earnings per share for the period totaled -1.29 (-4.27) SEK, before and after dilution.

Cash flow

Cash flow from operating activities before changes in working capital was 121.0 (-129.7) MSEK, with the improvement driven by the strategic shift to focus on profitable growth.

The change in working capital was 57.0 (48.9) MSEK, resulting in cash flow from operating activities of 178.0 (-80.8) MSEK for the period.

Cash flow from investing activities was -146.3 (-1,084.0) MSEK.

Cash flow from financing activities was -282.1 (702.7) MSEK. The current period includes the repayment of a 500 MSEK bridge loan and utilization of a 200 MSEK bank term loan and 100 MSEK RCF during the first quarter of 2023. At the end of September 50 MSEK of the bank term loan was amortized. The comparable period includes a 600 MSEK utilization of the RCF.

Total cash flow for the period was -250.5 (-462.1) MSEK.

Other information

Financial position, equity & liquidity (compared to September 30, 2022)

At the end of the period, the Group had 540.6 (457.4) MSEK in cash and cash equivalents. The equity-to-asset ratio at the end of the period was 52.6% (46.8%).

Total equity for the quarter was 2,161.0 (1,973.3) MSEK.

Total non-current liabilities amounted to 946.9 (915.6) MSEK, of which 700 MSEK relate to the utilized part of the 850 MSEK revolving credit facility (RCF). Total current liabilities amounted to 1,002.2 (1,330.5) MSEK, of which 150 MSEK relate to the remaining part of the term loan that will be fully amortized by 30 June 2024. During the third quarter, 50 MSEK of the term loan was amortized.

Total available liquidity (cash and cash equivalents and unutilized RCF) totalled 690.6 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 9.7 (10.2) MSEK. Profit before tax amounted to -10.8 (-3.8) MSEK, and profit/loss for the quarter amounted to -10.8 (-3.8) MSEK. Total equity amounted to 4,196.8 (3,813.4) MSEK. The condensed income statement and balance sheet for the Parent Company are presented in the financial statements for the Parent Company below.

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, inflationary pressures and interest rates have increased which could affect the purchasing power of consumers and the willingness and ability to remain subscribers to the group's services. Furthermore, the ongoing war in the Ukraine and the war between Israel and Hamas that resurged after the end of the quarter adds uncertainty from a global, macroeconomic perspective. Storytel previously announced and phased out its operations in Russia by the third quarter of 2022 and as of September 30, 2023, despite prevailing uncertainties, the group is not aware of any remaining material balance sheet exposure. The group's operations and exposure in Israel are not material.

Investigation in Turkey

In the first quarter 2023, the Turkish Competition Authority notified Storytel Turkey Yayıncılık 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, and it is too early to determine or predict the outcome of the investigation.

Significant events during the period

In August, Malin Lindborn was appointed as Head of Communications, Ana Julia Ghirello was appointed as GM of Expansion Markets and SVP of Global Partnerships, and Mattias Frithiof was appointed as Head of investor Relations.

In September, Carolina Corsello was appointed as Senior Vice President Data and Insights.

The partnership with Yettel in Bulgaria (3+ million addressable users) launched in September is already showing promising signs from a paybase growth perspective.

Our agreement with LG Uplus South Korea (20+ million addressable users), one of South Korea's largest telcos, launched a few weeks ago will help unlock new opportunities in one of our expansion markets.

Significant events after the period

There have been no significant events after the period.

Full-year 2023 guidance

Storytel's full-year 2023 guidance has been updated as follows:

- Organic streaming revenue growth in line with previous year, 11 percent (excluding Audiobooks.com and Russia)
- Well above 6.4 percent EBITDA margin (adjusted for items affecting comparability)
- An operational cash flow (adjusted EBITDA less operational capex) of at least 80 MSEK.

Mid-term financial targets

During June 2023, the Board of Directors in Storytel decided on the following mid-term financial targets:

Revenue

- Total net sales to reach at least 5,000 MSEK in 2026 through organic growth
- Organic average annual streaming revenue growth of 15 percent

EBITDA margin

- EBITDA margin of at least 12 percent in 2026, with a long-term ambition of 15 percent or higher

CAPEX

- CAPEX of about 5 percent of Group revenue
- Positive and significant increase in Operational Cash Flow from 2023

Group Financial Statements

Condensed Consolidated Interim Statements of Comprehensive Income

TSEK	Q3 2023	Q3 2022	Q1-Q3 2023	Q1-Q3 2022	Q1-Q4 2022
Net sales	895,758	805,819	2,543,121	2,333,719	3,200,382
Cost of sales	-543,888	-493,912	-1,542,567	-1,442,951	-1,987,237
Gross profit	351,869	311,907	1,000,553	890,768	1,213,145
Sales and marketing expenses	-192,581	-174,729	-617,121	-735,357	-942,799
Technology and development expenses	-63,339	-82,801	-196,742	-251,254	-322,699
General and administrative expenses	-91,467	-82,967	-284,169	-272,221	-370,020
Other operating income	5,735	2,832	24,829	22,284	34,424
Result from participations in associates	4,805	4,894	10,271	3,525	-1,070
Operating profit/loss	15,023	-20,864	-62,378	-342,255	-389,019
Net financial items	-14,346	25,134	-19,200	50,260	5,347
Profit/loss before taxes	676	4,270	-81,577	-291,995	-383,672
Tax	-2,644	-6,727	-12,862	2,733	3,402
Profit/loss for the period	-1,968	-2,457	-94,440	-289,262	-380,270
Profit for the period attributable to:					
Parent Company shareholder	-4,675	-2,948	-99,186	-291,243	-382,957
Non-controlling interest	2,707	491	4,746	1,981	2,687
Earnings per share, SEK					
Group total, basic	-0.06	-0.04	-1.29	-4.27	-5.51
Group total, diluted	-0.06	-0.04	-1.29	-4.27	-5.51
Statement of comprehensive income					
Profit/loss for the period, after tax	-1,968	-2,457	-94,440	-289,262	-380,270
Other comprehensive income					
<i>Items that will be reclassified to profit/loss (after tax)</i>					
Translation difference	-9,862	93,131	49,390	222,912	162,821
<i>Items that will not be reclassified to profit/loss (after tax)</i>					
Revaluation of defined-benefit pension plans	10,998	54,950	7,515	114,311	106,538
Revaluation of hedging instruments	-	-	-	8,580	10,031
Total other comprehensive income for the period, after tax	1,135	148,081	56,904	345,593	279,389
Total comprehensive income for the period, after tax	-833	145,624	-37,536	56,331	-100,881
Total comprehensive income for the period attributable to:					
Parent Company shareholder	-3,540	145,133	-42,282	54,350	-103,568
Non-controlling interest	2,707	491	4,746	1,981	2,687

Condensed Consolidated Interim Statements of Financial Position

TSEK	30 Sep 2023	30 Sep 2022	31 Dec 2022
Intangible assets	2,642,746	2,755,118	2,622,416
Tangible assets	19,563	28,879	25,985
Right-of-use assets	97,697	116,711	115,360
Non-current financial assets	85,577	95,811	87,690
Inventory	89,090	121,454	102,107
Current receivables	634,774	643,923	658,581
Cash and cash equivalents	540,614	457,411	776,341
Total assets	4,110,061	4,219,307	4,388,480
Equity	2,160,968	1,973,262	2,192,950
Non-current liabilities	946,889	915,595	831,307
Current liabilities	1,002,204	1,330,450	1,364,223
Total equity and liabilities	4,110,061	4,219,307	4,388,480

Condensed Consolidated Interim Statement of Changes in Equity

TSEK	Q1-Q3 2023	Q1-Q3 2022	Q1-Q4 2022
Opening equity for the period	2,192,950	1,910,603	1,910,603
Profit/loss for the period	-99,186	-289,262	-380,270
Non-controlling interest	-3,400	2,572	-6,449
<i>Other total comprehensive income for the year:</i>			
Translation difference	49,390	222,701	162,821
Revaluation of defined-benefit pension plans	7,515	114,311	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	14,774	2,306	-1,391
Closing equity for the period	2,160,968	1,973,262	2,192,950

Condensed Consolidated Interim Statements of Cash Flows

TSEK	Q3 2023	Q3 2022	Q1-Q3 2023	Q1-Q3 2022	Q1-Q4 2022
Profit/loss after financial items	676	4,270	-81,577	-291,995	-383,672
<i>Where of interest paid</i>	-13,998	-6,340	-44,350	-23,855	-28,761
Adjustments for non-cash items	88,236	60,971	225,448	175,467	288,614
Taxes paid	-10,020	-5,059	-22,915	-13,171	-22,517
Cash flow from operations before changes in working capital	78,892	60,182	120,956	-129,699	-117,575
Change in inventory	5,345	-12,329	13,609	-52,710	-33,195
Change in operating receivables	-13,745	51,289	55,436	189,326	125,083
Change in operating liabilities	49,412	-25,645	-11,996	-87,757	-74,758
Change in working capital	41,013	13,315	57,050	48,859	17,130
Cash flow from operating activities	119,905	73,497	178,006	-80,840	-100,445
Cash flow from investing activities	-46,366	-63,442	-146,342	-1,083,953	-1,141,390
Cash flow from financing activities	-59,436	-8,844	-282,146	702,679	1,085,350
Cash flow for the period	14,103	1,211	-250,483	-462,114	-156,485
Available funds at the beginning of period	531,326	447,866	776,341	905,882	905,882
Cash flow for the period	14,103	1,211	-250,483	-462,114	-156,485
Translation differences in available funds	-4,814	8,334	14,756	13,643	26,944
Available funds at end of period	540,614	457,411	540,614	457,411	776,341

Notes to the Condensed Consolidated Interim Financial Statements

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 offers more than 1,400,000 titles 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 as well as related notes, and are 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 has divided its operations into three segments: Streaming Nordics, Streaming Non-Nordics (which includes Audiobooks.com) 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).

Jul-Sep 2023	Streaming Nordics	Streaming Non-Nordics	Books	Total segment	Group-wide items and eliminations	Other adjustments	Group total
Revenue from external customers	571,625	270,782	139,970	982,377	-103,586	16,967	895,758
Internal revenue	-	-	56,064	56,064	-56,064	-	-
Cost of sales	-330,598	-145,395	-130,936	-606,928	67,803	-4,763	-543,888
Gross profit	241,027	125,387	65,098	431,513	-91,847	12,204	351,869

Jan-Sep 2023	Streaming Nordics	Streaming Non-Nordics	Books	Total segment	Group-wide items and eliminations	Other adjustments	Group total
Revenue from external customers	1,612,020	771,350	398,721	2,782,090	-286,796	47,827	2,543,121
Internal revenue	-	-	157,747	157,747	-157,747	-	-
Cost of sales	-942,636	-412,303	-355,372	-1,710,310	187,481	-19,738	-1,542,567
Gross profit	669,384	359,047	201,095	1,229,526	-257,062	28,090	1,000,553

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	Jul-Sep 2023	Jan-Sep 2023
Gross profit	351,869	1,000,553
Selling and marketing expenses	-192,581	-617,121
Technology and development expenses	-63,339	-196,742
Administrative expenses	-91,467	-284,169
Other operating income	5,735	24,829
Profit from participations in associates	4,805	10,271
Operating profit/loss	15,022	-62,378
Net financial items	-14,346	-19,200
Profit before tax	676	-81,577

Jul-Sep 2022	Streaming Nordics	Streaming Non-Nordics	Books	Total segment	Group-wide items and eliminations	Other adjustments	Group total
Revenue from external customers	492,765	249,662	147,199	889,626	-97,212	13,405	805,819
Internal revenue	-	-	44,998	44,998	-44,998	-	-
Cost of sales	-303,476	-131,489	-110,281	-545,245	68,178	-16,845	-493,912
Gross profit	189,289	118,173	81,916	389,379	-74,032	-3,440	311,907

Jan-Sep 2022	Streaming Nordics	Streaming Non-Nordics	Books	Total segment	Group-wide items and eliminations	Other adjustments	Group total
Revenue from external customers	1,420,710	724,770	453,503	2,598,983	-272,256	6,991	2,333,719
Internal revenue	-	-	122,428	122,428	-122,428	-	-
Cost of sales	-888,278	-387,327	-331,430	-1,607,035	196,203	-32,118	-1,442,951
Gross profit	532,432	337,443	244,500	1,114,375	-198,481	-25,126	890,768

Group total	Jul-Sep 2022	Jan-Sep 2022
Gross profit	311,907	890,768
Selling and marketing expenses	-174,729	-735,357
Technology and development expenses	-82,801	-251,254
Administrative expenses	-82,967	-272,221
Other operating income	2,832	22,284
Profit from participations in associates	4,894	3,525
Operating profit/loss	-20,864	-342,255
Net financial items	25,134	50,260
Profit before tax	4,270	-291,995

Note 6 Revenue from contracts with customers

Jul-Sep 2023	Books	Streaming	Other	Group total
Type of product or service				
Revenue from subscriptions of streaming service	-	738,821	-	738,821
Revenue from publishing activities	139,970	-	-	139,970
Other	-	-	16,967	16,967
Revenue from contracts with customers	139,970	738,821	16,967	895,758

Jan-Sep 2023	Books	Streaming	Other	Group total
Type of product or service				
Revenue from subscriptions of streaming service	-	2,096,573	-	2,096,573
Revenue from publishing activities	398,721	-	-	398,721
Other	-	-	47,827	47,827
Revenue from contracts with customers	398,721	2,096,573	47,827	2,543,121

Jul-Sep 2022	Books	Streaming	Other	Group total
Type of product or service				
Revenue from subscriptions of streaming service	-	645,215	-	645,215
Revenue from publishing activities	147,199	-	-	147,199
Other	-	-	13,405	13,405
Revenue from contracts with customers	147,199	645,215	13,405	805,819

Jan-Sep 2022	Books	Streaming	Other	Group total
Type of product or service				
Revenue from subscriptions of streaming service	-	1,853,858	-	1,853,858
Revenue from publishing activities	453,503	-	-	453,503
Other	-	-	26,358	26,358
Revenue from contracts with customers	453,503	1,853,858	26,358	2,333,719

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 (put/call option) refers to the future acquisition of the remaining 13.3 % shares in Earselect AB, which will result in an additional transferred consideration of 8,237 TSEK. 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 is 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	Q1-Q3 2023	Q1-Q3 2022	Q1-Q4 2022
Opening balance	13,124	23,095	23,095
Consideration paid	-4,275	-	-
Change in value recognized in profit/loss	-	60	48
Change in value recognized in OCI - financial derivative	-	-8,580	-8,580
Transfer of cash flow hedge to business combinations	-	-14,51	-1,451
Closing balance	8,849	13,124	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, was closed in 2022 and remains unchanged compared to as presented in the annual report for 2022.

A consideration of 4,275 TSEK for Storytel's acquisition option in Earselect was paid during the period. Storytel obtained a further 6.83% ownership and owned at the end of the period 86.7% of Earselect.

Condensed Parent Company Interim Statements of Comprehensive Income

TSEK	Q3 2023	Q3 2022	Q1-Q3 2023	Q1-Q3 2022	Q1-Q4 2022
Net sales	9,671	10,234	29,013	24,889	43,096
Cost of revenue	-	-	-	-	-
Gross profit	9,671	10,234	29,013	24,889	43,096
Administrative expenses	-14,512	-11,392	-30,822	-31,196	-54,223
Other operating income	-	-	46	-	224
Profit from participation in group company	-	-	-	-	15,608
Operating profit	-4,841	-1,158	-1,763	-6,307	4,705
Net financial items	-5,996	-2,638	-12,289	-471	-5,258
Profit/loss before taxes	-10,837	-3,796	-14,053	-6,778	-553
Tax	-	-	-	-	-1,437
Profit/loss for period	-10,837	-3,796	-14,053	-6,778	-1,990
Parent Company's condensed statement of comprehensive income					
Profit for the period	-10,837	-3,796	-14,053	-6,778	-1,990
Other comprehensive income, after tax	-	-	-	-	-
Total comprehensive income for the period	-10,837	-3,796	-14,053	-6,778	-1,990

Condensed Parent Company Interim Statements of Financial Position

TSEK	30 Sep 2023	30 Sep 2022	31 Dec 2022
Non-current financial assets	4,858,935	4,635,945	4,848,936
Current receivables	226,011	234,520	228,412
Cash and cash equivalents	85,342	64,339	365,813
Total assets	5,170,289	4,934,804	5,443,161
Equity	4,196,817	3,813,402	4,210,538
Non-current liabilities	699,052	597,633	598,416
Current liabilities	274,420	523,769	634,207
Total equity and liabilities	5,170,289	4,934,804	5,443,161

Number of shares and share capital as of September 30, 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 September 30, 2023. The shareholder structure is presented at investors.storytel.com.

Auditor's review

This interim report has not been audited or 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

Year-End Report January–December 2023	February 15, 2024
Interim Report January–March 2024	May 7, 2024
Annual General Meeting	May 14, 2024
Interim Report January–June 2024	July 30, 2024
Interim Report January–September 2024	October 29, 2024
Year-End Report January–December 2024	February 12, 2025

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. CET on October 31, 2023.

Signatures and Assurance

The Board of Directors and the Chief Executive Officer offer their assurance that this interim report provides a true and fair view of the Group's and the Parent Company's operations, financial position and operational performance.

Stockholm, October 31, 2023

Hans-Holger Albrecht
Chair of the Board

Jonas Tellander
Vice Chair of the Board

Adine Grate
Board member

Lina Brouneus
Board member

Lutz Finger
Board member

Jonas Sjögren
Board member

Alexander Lindholm
Board member

Joakim Rubin
Board member

Johannes Larcher
CEO

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