2021

Annual Report

storytel

Annual Report &
Sustainability Report 2021

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The audited annual report and group accounting is on page 76-168.
This English version of the Annual Report of Storytel AB (Publ.) is a translation of the Swedish original.
The Swedish text is the binding version and shall prevail in the event of any discrepancies

Let us tell you a story

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.

About Storytel

"2021 was the year Storytel pivoted and calibrated its strategy, directing focus and investments towards the more mature audiobook markets with the highest customer demand in the near-term."

Ingrid Bojner, Interim CEO of Storytel

Read full CEO letter

Storytel's ambition has always been much larger than a market opportunity or a technological possibility.

80%

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

95%

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

54%

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

60%

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

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.

Read more

2005

Jonas Tellander and Jon Hauksson found the Bokilur audiobook service, which subsequently becomes Storytel.

2009

The global financial crisis shakes the world. Storytel's CEO Jonas Tellander takes part in "Draknästet", a Swedish TV programme, and secures financing for the company's continued offensive venture.

2011

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

2016

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

2017

Storytel acquires People's Press (as of February 2021: People's), the fourth largest publisher in Denmark.

2018

Storytel launches the Storytel Reader tablet. High focus on international expansion with launches on six new markets. Storytel is listed on Nasdaq First North. The Family subscription is created.

2019

In August, Storytel passes a new milestone: one million paying subscribers. In September, Finland's third largest publisher, Gummerus Kustannus, is acquired. Storytel's expansion continues and reaches Brazil, Germany and South Korea.

2020

Storytel acquires its competitor in the Middle East, Kitab Sawti, and creates the world's largest audiobook offering in Arabic. Storytel also increases its presence in the Asia Pacific region and in Western Europe.

2021

In January Storytel passes the milestone of 1.5 million paying subscribers. Storytel currently has employees of 43 nationalities in over 20 markets and manifests the importance of diversity by introducing flexible holidays.

2022

In January Storytel completes the acquisition of streaming service Audiobooks.com, and enters the U.S. market.

Vision and Mission

Storytel's ambition has always been much larger than a market opportunity or a technological possibility. We are a brand that aims to be a global leader, and we want to provide good 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 with access to the best stories.

Storytel's ambition has always been much larger than a market opportunity or a technological possibility

Vision	Make the world a more empathetic and creative place.
Mission	Help people discover the right stories at the right time.

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.

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 2021 it had a market capitalization of approximately BSEK 11.

Streaming

Storytel is one of the world's largest subscribed audiobook and e-book streaming services and offers listening and reading of more than 700 000 titles in 30+ languages on a global scale. Our vision is to make the world a more empathetic and creative place with great stories to be shared and enjoyed by anyone, anywhere and anytime. Storytel's streaming business is conducted under the brands Storytel, Mofibo and Audiobooks.com (as of 2022), and at the end of the year the company operates in over 25 markets around the globe: Sweden, Norway, Denmark, Finland, the Netherlands, Belgium, Poland, Russia, USA, South Korea, Germany, Spain, Iceland, Israel, UAE, Saudi Arabia, Egypt, Italy, Turkey, Brazil, Mexico, Colombia, Bulgaria, India, Singapore and Thailand. Storytel is headquartered in Stockholm, Sweden.

In January 2021, Storytel surpassed the milestone of 1.5 million paying subscribers. In November 2021, Storytel signed an agreement to acquire the US-based streaming service audiobooks.com, which extends Storytel's trajectory of expansion and profitable growth to the largest English-language audio market in the world. As the acquisition closed, Storytel passed the milestone of two million users in the first quarter of 2022.

Publishing

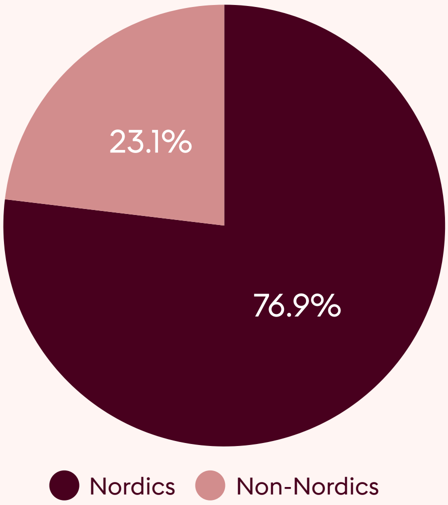
The publishing division comprises the specialized audiobook publisher StorySide and the Storytel subsidiary Storytel Books, which includes renowned publishing houses and imprints such as Norstedts, Printz Publishing, Rabén & Sjögren, B. Wahlströms, Lind & Co, the Danish publisher People's, and the Finnish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

Storytel acquired the majority stake in the Swedish publishing house Lind & Co in April 2021 and further strengthened its position as a distributor, producer and publisher on the Finnish market by acquiring Finnish publisher Aula & Co in June 2021.

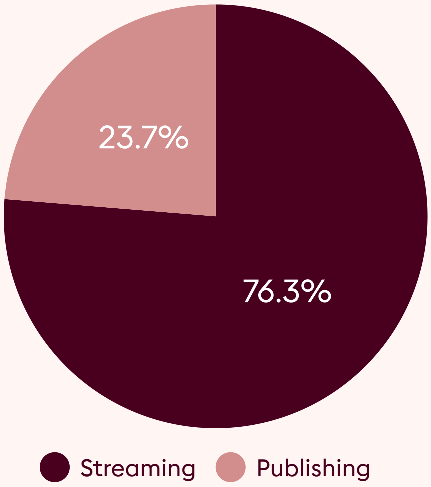
Key Numbers

2021

Revenue split Nordics and Non-Nordics 2021

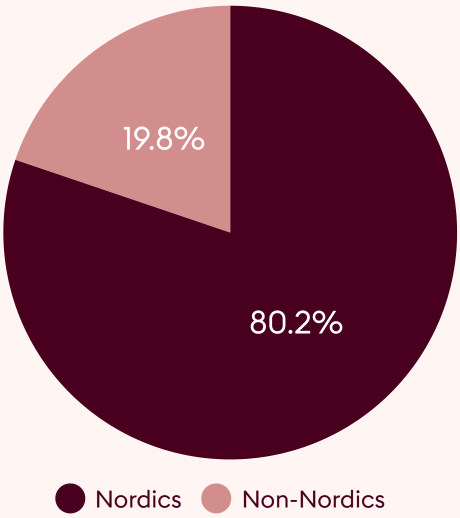


Revenue split Streaming (Norway split 50%) and Publishing 2021

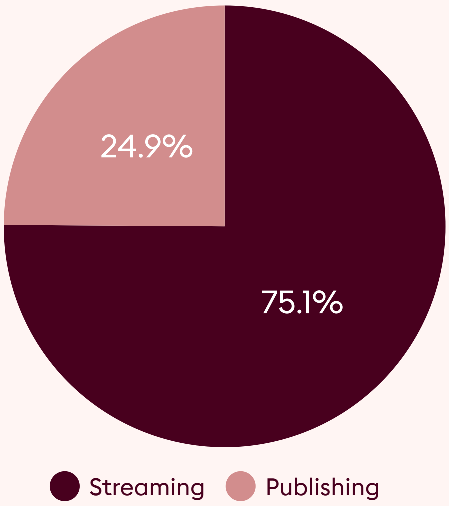


2020

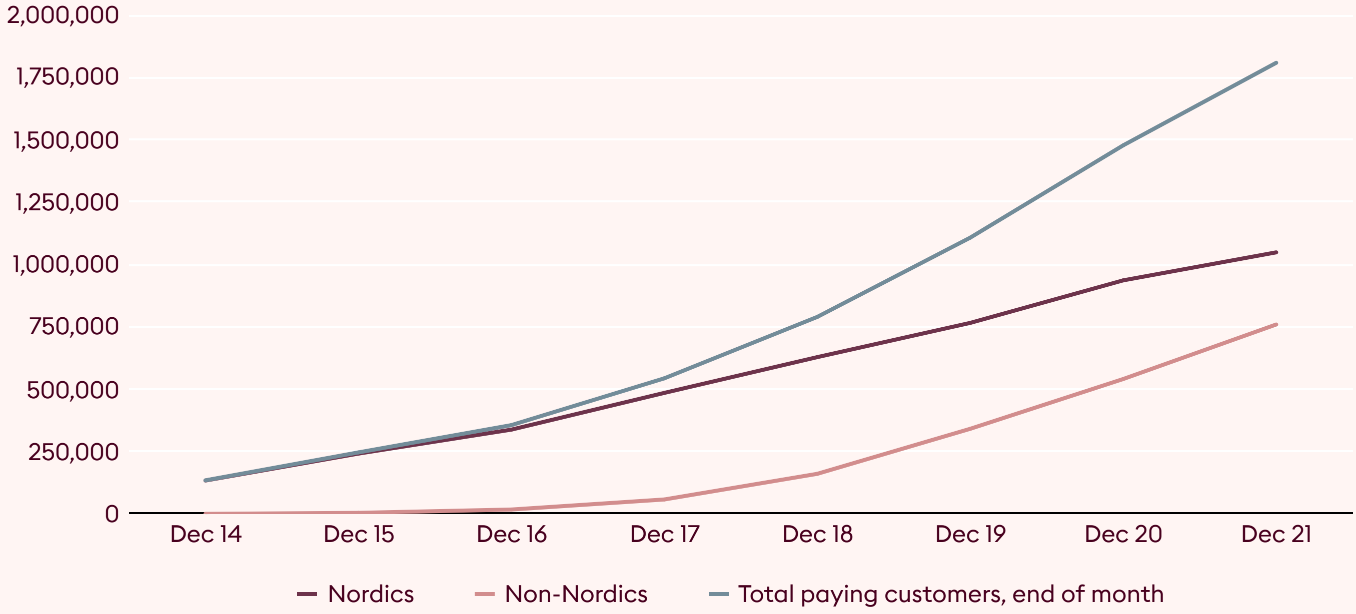
Revenue split Nordics and Non-Nordics 2020



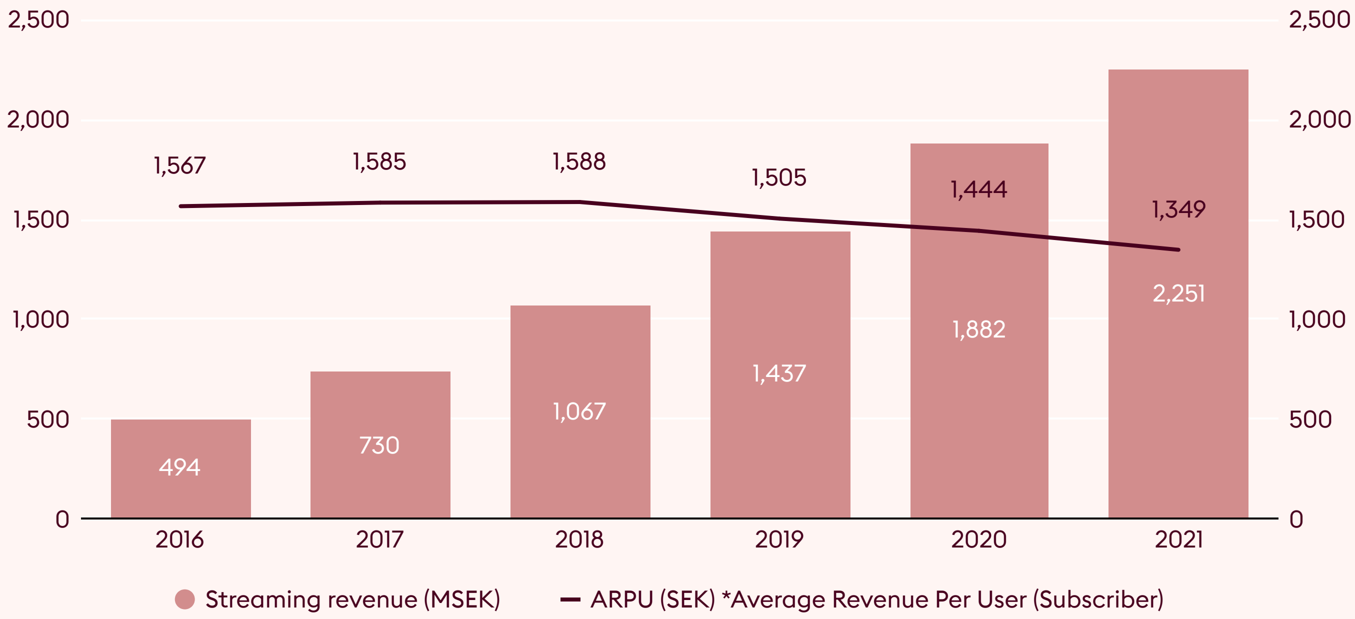
Revenue split Streaming (Norway split 50%) and Publishing 2020



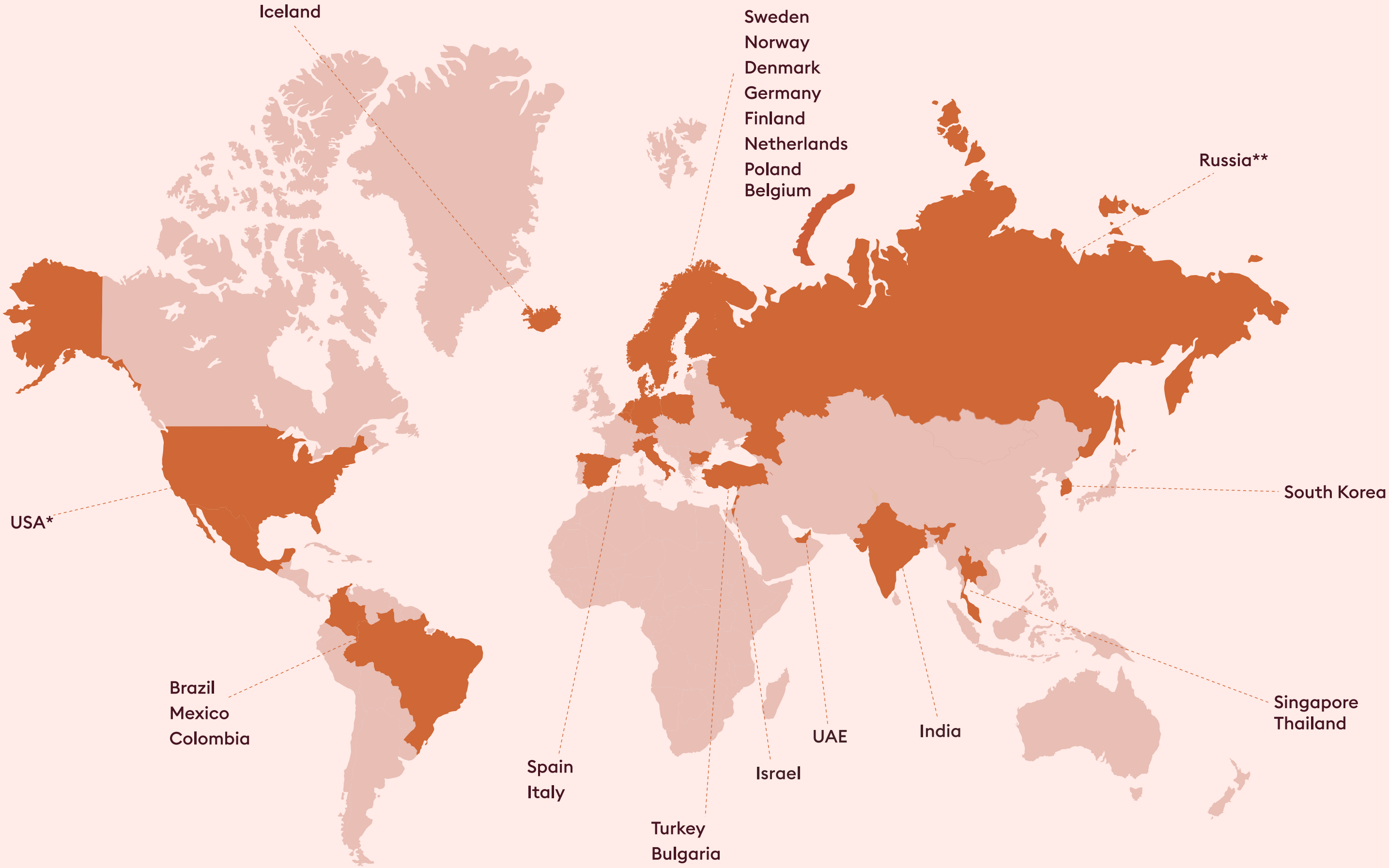
Subscriber Base Development (Year End)



Streaming Revenue (incl. 100% Norway)



Global Presence



* Market entry through the acquisition of Audiobooks.com in January 2022.

** On March 4, 2022 Storytel announced it will pause its Russian operations until further notice as a result of the war and the humanitarian crisis in Ukraine.

CEO letter

> “2021 was the year Storytel pivoted and calibrated its strategy, directing focus and investments towards the more mature audiobook markets with the highest customer demand in the near-term.”

Dear Shareholders,

As I address you today, six weeks have passed since my appointment as acting CEO of Storytel. It is with pride that I have plunged into this exciting endeavor and taken on the position on an interim basis. I am sincerely energized and committed to defend our leading market position and further develop Storytel for future success and continuous ambitious scale-up, creating value for our shareholders and customers. It is an honor taking over the baton from Storytel's founder Jonas Tellander, who stepped down as CEO in February. His tremedeous entrepreneurship, conviction, creativity and 17 years of true pioneership in the global audiobook market is certainly worth acknowledging.

As a consequence of Russia's war in Ukraine, Storytel announced on March 4, its intention to put the company's Russian operations on hold until further notice. Storytel stands with the Ukrainian people in this immense humanitarian crisis. The committment in helping the deeply afflicted citizens is profound among Storytel's employees around the world. We are currently launching a free website with popular fairytales produced in Ukrainian so that any refugee family and child from Ukraine can access the stories from their devices for a moment of comfort and peace.

The audiobook market is large and showing strong growth with Storytel as the spearhead. In 2030, we expect the total market to generate value of around 200 BSEK. 2021 was the year Storytel pivoted and calibrated its strategy, directing focus and investments towards the more mature audiobook markets with the highest customer demand in the near-term. This helped us end the year with continued strong momentum in our top countries. These countries and regions represented about 95% of Storytel's streaming revenues and just over 85% of our revenue growth. As a natural consequence, I announced in March 2022 our intention to reduce the workforce to pool our critical resources into strong teams supporting our continuous growth journey. This will ensure that Storytel positions itself to continue its global growth as efficiently as possible and maintain our leading position within the audiobook segment.

In January 2022, we were able to close the acquisition of Audiobooks.com on the US market – the largest audiobook market in the world. This milestone underlines our strategy to launch our service in more established audiobook markets and enter an even more accentuated growth journey.

I am confident that our focused strategy and organization are keys which will help us acheive 30–34 percent streaming revenue growth and reach an EBITDA margin in the range of -3% to 0% in 2022. This will enhance our continuous positioning of Stortyel as one of the leading companies on the growing global audiobook market for many years to come.

Growth and Development

Storytel's streaming revenues for full-year 2021 amounted to MSEK 2,251 (+20% on an annual basis). The number of paying subscribers at the end of the year was 1.81 million (+22 percent on an annual basis) compared with a forecast of between 1.82 and 1.84 million. The EBITDA margin for the full year was -6% which was in line with guidance.

I am proud of what we have achieved – but at the same time humble in the face of the difficulties it has meant to predict exact results in a world struggling with the pandemic over the past two years. Storytel's desire is to be a positive force in our customers' everyday life: a comfort in quarantine, an entertaining friend on the road, and a source of well-being. In July 2021, Storytel passed the one-million mark for the number of paying customers in the Nordic region, which means that about every 20th adult living in the Nordics currently has a Storytel subscription. But while the Nordic region continued to post strong growth during the year despite high competition, we saw a number of external factors negatively impact the non-Nordic markets, in particular the pandemic paralysis in the Spanish-speaking LATAM region, where the economic impact lingered unusually long in communities. In the fourth quarter, however, we began to see signs of a turnaround, mainly driven by Brazil, where we lowered the price of our Unlimited offer. The result was an improved local market adaptation of our product and a doubled subscriber base in December.

The digital marketing universe is constantly evolving, creating both opportunities and challenges when it comes to attracting new customers. Our global Center of Excellence for online and performance marketing is one example of how we are already working intensely to ensure that we constantly renew ourselves and develop new and effective working methods. Another burdening factor on growth outside the Nordics was a new Indian regulation hindered recurring payments. The regulation hit Storytel's payment model in the country hard for a while and led to a temporary increased churn. At the end of the year, Storytel was able to reintroduce recurring payments.

Our target for 2022 is to increase our streaming revenues by 30–34%, including the acquisition of Audiobooks.com. Streaming revenues do not include potential positive effects from the cooperation with Spotify announced in 2021, which is currently under review.

Expansion, Acquisitions and Collaborations

In November 2021, Storytel announced the acquisition of the major American audiobook service Audiobooks.com. This meant a new and significant milestone for us and that Storytel, in conjunction with the completion of the acquisition in January, could include a new and already successful business in its portfolio. Entering the largest audiobook market in the world and expanding our presence on the English-speaking market, is without a doubt an important strategic piece of the puzzle. Audiobooks.com is a growing and profitable business with +170,000 subscribers and a credit model that also encompasses an all-you-can-eat content library of +300,000 titles in attractive genres. The acquisition of Audiobooks.com thus contributed to Storytel passing the milestone of two million global users in the beginning of 2022. It is our intention to continue to run Audiobooks.com as a separate brand during the year and to continue our long-term investment in the US market.

Accessibility in people's daily life is a vital part of Storytel's mission, and during last year we added WearOS globally and Alexa in the MENA region to our already rich platform presence, which includes AppleWatch, Sonos, Android Auto and Chromecast. Storytel Reader continues to offer an increasingly appreciated and in demand option for customers who want to read and listen to books on a dedicated device. As a result, sales of Storytel Reader increased by 15 percent in 2021. Storytel Reader has also been named "Best e-book reader for Swedish users" by the magazine *PC för Alla*.

Content and Publishing

Storytel's ambition is to be a powerhouse and a strong source of content production around the world. In 2021, our customers spent about 500 million hours together with the content on the Storytel platform. The in-house catalogue, which is owned by our digital audiobook publisher StorySide, comprised approximately 37,000 titles at the end of 2021, making Storytel one of the world's largest audiobook producers. During 2021, we acquired the Finnish publisher Aula & Co and majority ownership in the large Swedish publisher Lind & Co. Storytel's production environment is an inspiring breeding ground for new writing and modern storytelling, with creative and entrepreneurial writers, readers and actors who challenge traditional storytelling.

Pottermore Publishing and Storytel have been collaborating since 2016 on the production and distribution of the Harry Potter series on Storytel in languages such as Swedish, Icelandic, Turkish, Bulgarian, Arabic, Korean and Brazilian Portuguese. The Harry Potter series has contributed to the largest customer-generating figures in Storytel's history compared to other titles or series. We now have two exciting new projects in the pipeline together with Pottermore, including the publication of the so-called Hogwarts Library Collection in Swedish, Danish, Finnish, Icelandic, Dutch, Bulgarian, Polish, Turkish, Korean and Brazilian Portuguese.

In 2022, Storytel will also launch exclusive newly written stories about Sherlock Holmes, created by the best-selling author Anthony Horowitz in collaboration with Conan Doyle Estate.

In April 2021, Linda Säresand was appointed CEO of the subsidiary Storytel Books AB, where we are gathering our publishing operations with publishing in all formats. The segment has shown fantastic results during the year, in particular due to the increasing shift in sales to the digital book store, which increased efficiency in the sales phase. We are proud and happy to note that Storytel Books, led by Norstedts Förlagsgrupp (Sweden), Lind & Co (Sweden), Gummerus (Finland), Aula & Co (Finland) and People's (Denmark), increased its revenues in 2021 by 20% compared to the previous year, from MSEK 657 to MSEK 789. In the case of Norstedts Förlagsgrupp, the result in 2021 was the best in ten years.

ESG

Storytel has divided the ESG framework into three units – Brainprint, Footprint and Fingerprint – to better show the impact that Storytel has on society at large.

Storytel's primary focus is on its Brainprint, where the company works to have a significant positive impact on people's well-being by helping them to read more. Storytel's secondary focus is our Footprint, where our long-term goal is net zero impact for Storytel's streaming and publishing operations. Fingerprint, or being a responsible business, is the foundation for sustainable growth, and material topics thereunder are considered hygiene factors that Storytel must manage.

Storytel Brainprint highlights for 2021:

- Improved processes within content responsibility and app accessibility.
- Increased engagement in content impact projects in local markets.
- Storytel Poland's environmental audio drama *The Future Peasants* reached five million Poles.
- Our large Storytel survey for 2021 shows that 80% of users say that they read/listen to more books since subscribing to Storytel.

Storytel Footprint highlights for 2021:

- Carried out a full scope emissions mapping for 2020 and 2021.
- Introduced a recycling system for internal IT.
- Norstedts Förlagsgrupp's (NFG) efforts in 2021 resulted in 29% lower emissions for the printed book than previous year.
- Introduced a fossil-free distributor of the Storytel Reader in Denmark.

Storytel Fingerprint highlights for 2021:

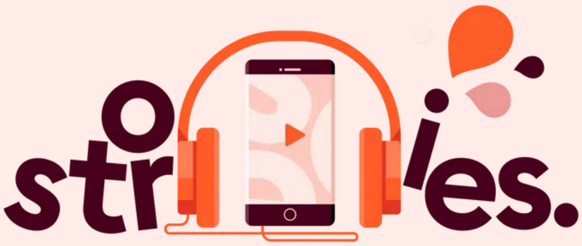
- Became a participant of the UN Global Compact, an international network for collaboration on the UN's global targets
- Incorporated the ten principles of the UN Global Compact into our Sustainability Policy.

I can recommend you all to read more about our ESG initiatives in our Sustainability Report. In 2021, we have laid an important foundation to build on and I am confident that our increased knowledge in ESG will make our continuous measures increasingly effective.

Storytel continues its strong and sustainable growth trajectory.
Thank you for your committment to us as shareholders and customers.
I am grateful and happy for your trust.

Ingrid Bojner, Interim CEO of Storytel

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 68,281,911 on 31 December 2021, of which 68,281,276 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 2021, Jonas Sjögren and associated companies was Storytel’s largest shareholder, holding 11 per cent of the votes and share capital in the company. The company’s five largest shareholders on 31 December 2021 are shown below and in the Directors' Report.

Largest shareholers as of 31 December 2021

Shareholder	Capital, %	Votes, %
Jonas Sjögren & associated companies	11.0%	11.0%
EQT	11.0%	11.0%
Swedbank Robur Fonder	7.5%	7.5%
Jonas Tellander	7.2%	7.2%
Annamaria Tellander	4.4%	4.4%
Other shareholders	58.9%	58.9%
	100%	100%

Goverance 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, must address the adoption of the income statement and balance sheet, appropriation of profit/loss, composition of the Board, and Board fees. 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. 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 communiqués from a general meeting are published on the company's website. The AGM 2022 will be held on Wednesday, 4 May 2022.

AGM 2021

The AGM 2021 was held on 4 May 2021. In order to prevent the spread of COVID-19, 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 (2020:198) on temporary exemption to facilitate the implementation of general and association meetings. 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 balance sheet and income statement.
- No dividend to shareholders.
- Release from liability for the Board members and the CEO.
- Adoption of the number of Board members elected by the AGM (seven) without deputies and that the company must have one registered auditing firm as auditor.
- Election of Stefan Blom, Helen Fasth Gillstedt, Malin Holmberg, Nils Janse, Rustan Panday, Jonas Sjögren and Jonas Tellander as Board members. Re-election of Rustan Panday as the chair of the Board.
- That fees for the members of the Board will amount to a total of SEK 2,600,000, including fees for committee work (SEK 1,860,000 the previous year). Resolution that SEK 250,000 (SEK 200,000) will be paid to each non-employed Board member (at the time: Jonas Sjögren, Nils Janse, Stefan Blom, Malin Holmberg and Helen Fasth Gillstedt) and SEK 750,000 (SEK 600,000) to the chair of the board; that SEK 50,000 (SEK 30,000) would be paid to each non-employed member of the audit committee and SEK 200,000 (SEK 200,000) to the chair of the committee who is also not employed; and that SEK 50,000 (SEK 30,000) would be paid to each of the non-employed members of the remuneration committee and SEK 200,000 (SEK 200,000) to the chairman of the committee who is also not employed.
- Re-election of Ernst & Young Aktiebolag as the company's auditor. Ernst & Young Aktiebolag announced that authorised public accountant Beata Lihammar would continue to be the auditor-in-charge. Resolution that fees to the auditor will be paid according to an approved invoice.
- Authorisation for the Board of Directors, up through the next AGM, with or without deviation from shareholders' preferential rights, on one or several occasions, to decide on a new issue of shares or issue of warrants and/or convertibles of a maximum of ten per cent of the Company's share capital.
- A change in the capital limits and the limits on the number of shares in the Articles of Association and the introduction into the Articles of Association of the possibility of proxy collection and postal voting before the general meeting.
- Establishment of an employee stock option program for employees and key consultants as well as a warrant program for senior executives and key personnel.

Extraordinary General Meeting September 2021

Storytel held an extraordinary general meeting on 23 September 2021. In order to prevent the spread of COVID-19, 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 (2020:198) on temporary exemption to facilitate the implementation of general and association meetings. Prior to the meeting, the shareholders were given the opportunity to submit questions in writing to the Board and the CEO. The extraordinary general meeting resolved, in accordance with the Nomination Committee's proposal, that the Board will consist of seven members and no deputies and that Joakim Rubin be elected as a new Board member and Stefan Blom as the new chair of the Board. Nils Janse stepped down from the Board in conjunction with the general meeting. The meeting further resolved that the Board and Committee fees resolved by the AGM 2021 would continue to apply and, where applicable, be distributed pro rata in relation to each respective general meeting's election of the chair of the Board and Board member, respectively.

Extraordinary General Meeting November 2021

Storytel held an extraordinary general meeting on 30 November 2021. In order to prevent the spread of COVID-19, 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 (2020:198) on temporary exemption to facilitate the implementation of general and association meetings. Prior to the meeting, the shareholders were given the opportunity to submit questions in writing to the Board and the CEO.

The extraordinary general meeting resolved, in accordance with the proposal of the nomination committee, that the Board will consist of eight members and no deputies and to elect Richard Stern as a new Board member. The meeting further resolved that the newly elected Board member should receive a fee of SEK 250,000 on an annual basis, to be distributed pro rata for the part of the year in which he is appointed.

Extraordinary General Meeting February 2022

Storytel held an extraordinary general meeting on 11 February 2022. In order to prevent the spread of COVID-19, shareholders, in accordance with the company's Articles of Association, were given the opportunity to exercise their voting rights at the meeting by postal vote.

The extraordinary general meeting resolved, in accordance with the Nomination Committee's proposal, that the Board will consist of eight members and no deputies, and to elect Hans-Holger Albrecht as a new Board member and chair of the Board. Stefan Blom stepped down from both the chair and the Board in conjunction with the general meeting. The meeting further resolved that the newly elected Board member and chair of the Board should receive a fee of SEK 750,000 on an annual basis, to be distributed pro rata for the part of the year in which he is appointed.

Annual General Meeting 2022

The AGM 2022 will take place on Wednesday, 4 May 2022. The date of the AGM was made available in conjunction with the presentation of the Q3 interim report. The notice is expected to be published in April 2022. For more information, please visit https://investors.storytel.com/eng/.

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 presents every year 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 AGM 2020, must 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 via https://investors.storytel.com/en/nomination-committee/.

Meetings of the Nomination Committee

The nomination committee held three minuted meetings prior to AGM 2022. No fees were paid for the work of the nomination committee.

Nomination Committee prior to AGM 2022

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

* Jonas Tellander's votes include Annamaria Tellander's votes.

** Hans-Holger Albrecht replaced Stefan Blom after the extraordinary general meeting on 11 February 2022 when Stefan Blom stepped down from the Board and Hans-Holger Albrecht was elected new chair of the Board.

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 owner 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 to report financial development to the board.

Composition of the Board of Directors

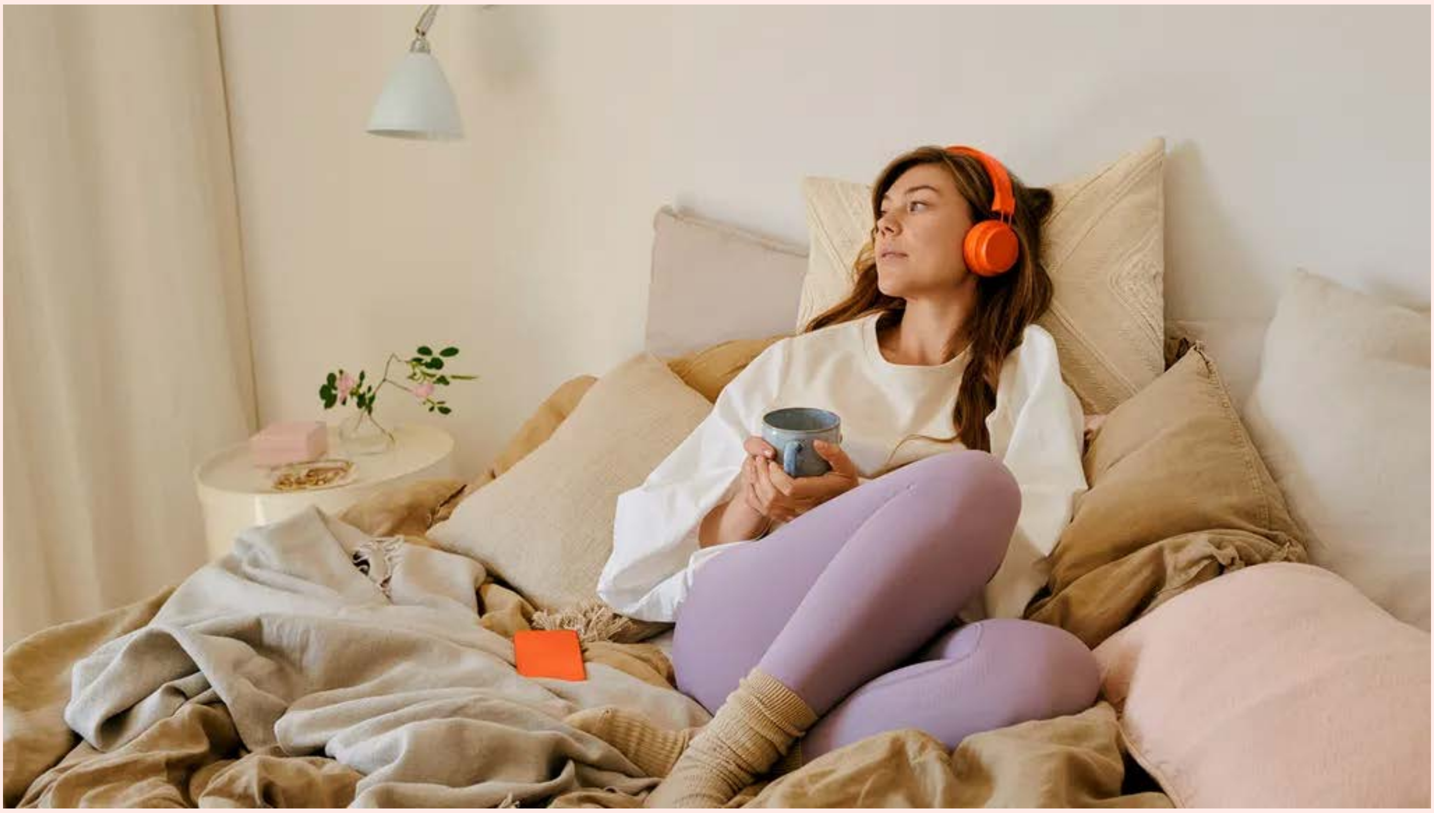
According to the Articles of Association, Storytel's Board of Directors must consist of a minimum of three and a maximum of eight members elected by the meeting who are elected annually at the AGM for the period until the end of the following AGM. The AGM 2021 resolved that the Board shall consist of seven members elected by the meeting. Furthermore, the AGM 2021 appointed Rustan Panday, Jonas Tellander, Helen Fasth Gillstedt, Jonas Sjögren, Nils Janse, Stefan Blom and Malin Holmberg as Board members for the period until the end of the AGM 2022 and Rustan Panday chair of the Board. At the extraordinary general meeting in September 2021, Joakim Rubin was elected as a new Board member and Stefan Blom was elected as new chair of the Board. Nils Janse stepped down from the Board at the same time. The extraordinary general meeting in November 2021 resolved that the Board shall consist of eight members and that Richard Stern was elected as a new Board member. At an extraordinary general meeting on 11 February 2022, Hans-Holger Albrecht was elected as a new Board member and the chair of the Board. Stefan Blom stepped down at the same time from the Board and as chair.

Since the extraordinary general meeting in February 2022, the Board has consisted of Hans-Holger Albrecht, Joakim Rubin, Helen Fasth Gillstedt, Malin Holmberg, Rustan Panday, Jonas Sjögren, Jonas Tellander and Richard Stern, with Hans-Holger Albrecht as chair of the Board.

The average age of the members elected by the general meeting at the turn of the year was 52.6 years, and two 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 the 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, six are independent in relation to the company and executive management and seven 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, chair of the Board, CEO and auditor, the quorum, issues of bias, the work of the committees, internal and external reporting, procedures for the notice of meeting, meetings and the minutes. Furthermore, the Board reviews on an annual basis and adopts a Code of Conduct and policies for the work environment, sustainability, information security, insider information and communication, risk and compliance, and finance.

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 and 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. In 2021, Omino Business Psychology Advisors prepared an external Board evaluation. All Board members were interviewed and assessed the Board and its work. Selected members of the management team were also interviewed to offer their view of the Board’s work. The results of the survey were reported to and discussed by the Board and the nomination committee.

Board Meetings

In 2021, the Board held 40 meetings, of which 18 per capsulam and three inaugural meetings. The CEO, the CFO and the Chief Legal 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, and at the AGM on 4 May 2021, Rustan Panday was re-elected chair of the Board. At the extraordinary general meeting on 23 September 2021, Stefan Blom was elected new chair of the Board. At the extraordinary general meeting on 11 February 2022, Stefan Blom stepped down from the Board and Hans-Holger Albrecht was elected new chair of the Board. The chair of the Board should lead the Board’s work and monitor that the Board discharges its duties. The chair is responsible in particular for ensuring that the work of the Board is well-organised, 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 members of the audit committee are appointed annually by the Board at the first 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 2021, the audit committee consisted of members Helen Fasth Gillstedt (chair), Jonas Sjögren and Rustan Panday, and Joakim Rubin replaced Jonas Sjögren on the audit committee following the extraordinary general meeting on 23 September 2021. 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 2021, the audit committee held six meetings.

Remuneration Committee

The members of the remuneration committee are appointed annually by the Board at the first 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 2021, the remuneration committee consisted of Malin Holmberg (chair), Helen Fasth Gillstedt, and Rustan Panday, and Stefan Blom replaced Rustan Panday in the remuneration committee after the extraordinary general meeting on 23 September 2021.

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 programmes, and ensuring 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 2021, the remuneration committee held three meetings and two preparatory meetings.

Sustainability Committee

On 21 June 2021, the Board decided to form a sustainability committee consisting of Helen Fasth Gillstedt and Jonas Tellander. In the future, the committee's members will be appointed by the Board at the first board meeting in conjunction with the AGM, and the committee will then appoint its chair from among its members.

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. Since its formation in June 2021, the sustainability committee has held two 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.

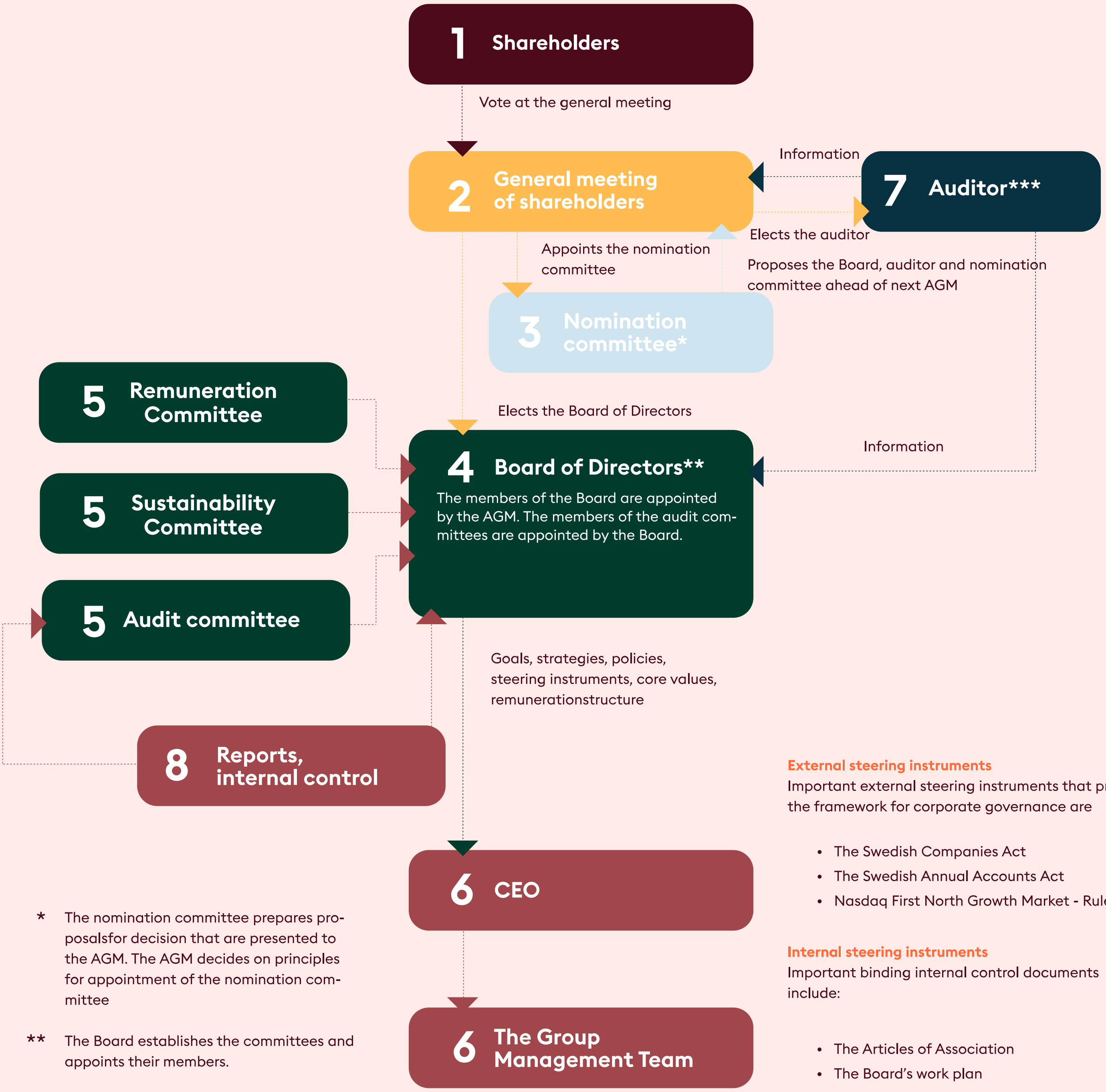
Jonas Tellander has been the CEO of Storytel since it was founded. On 31 December 2021, in addition to the CEO, Group management consisted of four department heads, the Chief Financial Officer, the Chief Commercial Officer, the Chief Content Strategy Officer, the Chief Technology Officer, and the Chief Product Officer. In 2022, Group management has been expanded to also include a Chief Operating Officer and a Chief Business Officer. Further in 2022, the Chief Commercial Officer was appointed Deputy CEO of Storytel. On 18 February 2022, Jonas Tellander resigned as CEO of Storytel and was replaced by Deputy CEO Ingrid Bojner, until further notice. For information about the CEO and other members of Group management, see the Management Team page.

Group management holds regular management meetings, and in 2021 the meetings were held weekly. The meetings focus on the Group's strategic and operational development and result follow-ups.

Linda Säresand has been the CEO of the wholly owned subsidiary Storytel Books AB since April 2021, which since the beginning of 2021 has led Storytel's publishing operations, which are conducted through a number of Nordic subsidiaries.

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 auditors' reporting to the owners takes place at the AGM through the auditor's report. At the AGM on 4 May 2021, the registered auditing company Ernst & Young Aktiebolag was re-elected as the company's auditor with the authorised public accountant Beata Lihammar as the auditor-in-charge. On 3 August 2021, the authorised public accountant Johan Holmberg was appointed as new auditor-in-charge.



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
- The Board's work plan
- Instructions for the CEO, the audit committee, and financial reporting
- Policies

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

** The Board establishes the committees and appoints their members.

*** 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.

Financial Reporting

The Board is responsible for ensuring that the company's organisation 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.

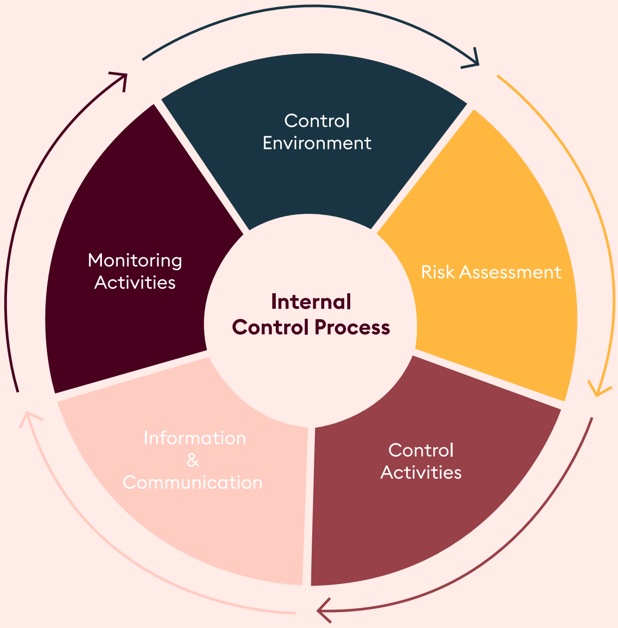
The audit committee is responsible for the preparation of the Board's work to ensure the quality of the company's financial reporting. However, the audit committee does not address only the Group's financial statements and more significant accounting issues but also issues regarding internal control, 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 President/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, balance sheet and investment budget is drawn up twice a year for the coming 12 months and is then adopted at the regular board meetings in June and December.

Financial information is regularly provided to the market in the form of:

- Interim reports
- Annual report
- Press releases with key announcements that are judged to potentially have an impact on the share price
- 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 on listed companies and specifically Nasdaq First North Growth Market, where Storytel's share is listed. An internal control framework has been established within Storytel and has been continuously developed in recent years with the aim of supporting the organisation and the systems and processes that contribute to Storytel's ability to meet the 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 where responsibilities and authorities are defined. Examples of governing documents, specifically regarding financial reporting, are the Financial policy, Signing and Approval policy and the 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 is an integralpart of the reporting to Group management and the Audit Committee.

Control Activities

Control activities aim to prevent and identify at an early stage significant misstatements in the financial reporting in order for them to be managed and remediated. Control activities are present at both generic and more detailed levels within the Group and are both manual 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 the past two years, an onsite visit programme has been rolled out with the aim of evaluating subsidiaries' processes and control structures. This has led to a more systematic approach when working to identify local risks, risks in the financial reporting, and documentation and evaluation of controls for how such risks are managed. The controls will be further adapted in 2022 to each legal entity's working processes and system structure with the aim of enabling self-assessment. A greater focus will also be placed on improving the formalisation of key controls and risks in significant business processes for the subsidiaries within Storytel Books.

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 affected 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 Head of Risk and Internal Control coordinates follow-up activities and compiles an aggregate picture for reporting to the CFO and Audit Committee. The Board's follow-up of the internal control for financial reporting occurs primarily through the Audit Committee.

The monitoring activities of internal control also occur as part of the statutory external audit. The Audit Committee follows up on the financial accounting and receives reports from both the Head of Risk and Internal Control and the External Auditors.

Evaluation of the need for a separate internal audit function

At Storytel, there is no formal Internal Audit function established today. The Board conducts an annual review of the issue and has for the financial year 2021 assessed that existing structures for follow-up and evaluation is satisfactory. If a need arises for any internal special audit, external efforts can be conducted.

Risk Management and Risks

As for all companies, the way of doing business at Storytel 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 objectives.

Storytel's work with risk management is based on international standards under the leadership and coordination of the company's Head of Risk & Internal Control. 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 for annual review.

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

On an annual basis, a risk assessment is carried out for Storytel Group to identify, evaluate and prioritise 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 their impact on lowering the risk as intended. A review and status reporting of the most significant enterprise risks is carried out at least annually and is included in reporting to the Audit Committee and the Board.

As part of the work to reduce risk exposure in selected areas, different types of insurance are also taken out for the risks that are insurable. These include property and interruption insurance, general product and liability, CEO and Board liability as well as insurance that covers business travel. 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 Coronavirus Pandemic

The coronavirus pandemic has continued to affect society as a whole throughout 2021 and has, among other things, led to great uncertainties about consumption trends in both the short and long term, challenges in the manufacturing and transport sector and an accelerated digitalisation transition linked 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 behaviour and resale channels as a result of the coronavirus pandemic. To manage this risk, Storytel carefully follows and analyses trends and market conditions.

Storytel has, like other companies, transitioned its internal working methods and implemented work environment adaptations to find effective ways to work together in a digital environment and to work proactively with our employees' health and well-being. This has meant, among other things, less travel and fewer physical meetings as well as increased efforts to prevent mental illness. More about Storytel's work to promote a good working environment can be read in our sustainability report.

In order to deal with future uncertainties linked to the coronavirus pandemic,there is a continuing need to be able to act swiftly in conducting risk assessments and implement appropriate risk responses. This includes listening to and cooperating with external stakeholders and an enhanced focus on internal communication and employee health.

Competition in a Broader Perspective

Storytel's competition includes not only the actors who perform audiobook and publishing activities but also the overall competition for consumers' time, and this competition is expected to increase in the future. This also includes risks regarding the ability and possibility to reach out with marketing in a cost-effective way. Storytel works to constantly develop and improve the offer to our customers and review and improve our business models.

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 catalogue by attracting and retaining important content creators are managed through a focus on relationship building, credibility and high competence. Storytel has also made, and plans to continue, investments in self-produced content in targeted markets to offer unique listening experiences.

Storytel Streaming provides content for our customers that we can stand behind and that, for example, lives up to requirements associated with human rights and freedoms. There is a risk that we will not detect and prevent offensive content from being made available in our service. A certain type of content could have a negative impact on, for example, our credibility with various stakeholder groups, such as customers and investors. Storytel has established a committee to set up general content requirements and review specific material. Storytel's customers can also report content that is perceived as offensive. Read more about this in our sustainability report.

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 in combination with high competition also places ever higher demands on the app's areas of use and compatibility, as well as product development at the forefront. Storytel has therefore strengthened our expertise in product development and innovation during the year.

In Storytel Books and the production of physical books, the ongoing, and worldwide, shortage of paper involves risks linked to the size of book editions and publishing. This includes both risks that are due to editions being delayed or smaller than planned and thus leading to lower sales than expected, or that editions become too large, thereby resulting in high inventory and high capital tie-up. In Storytel Books, the key ratio sold edition compared to printed edition is followed continuously to ensure optimisation.

In book production, there are also risks that picture books for children and other non-book products do not meet applicable safety requirements. We place high demands on our suppliers, outlined in theCode of Conduct for suppliers within Storytel Books for physical products and we require adherence to established safety directives and product certifications in the area; more about this is available to read in the publishers' sustainability reports.

Product Stability in a Digital World

Storytel believes that the global threat of being exposed to cyber attacks, intrusions, overloading, data leaks and service interruptions remains high. Since product stability is of paramount importance to our business, and to maintain a high level of trust among customers, content creators and other stakeholders, Storytel has introduced a risk category called cyber resilience. The introduction of this risk category enables more efficient and structured management of cyber-related risks. During 2021, Storytel has continuously worked to further strengthen the stability and continuity of our product and the modernization of our infrastructure. The work has also included additional recruitment of staff with IT-security expertise to increase our ability to handle incidents, monitoring and proactive strengthening the information security work.

Rapid Growth Requires a Scalable Organisation

Storytel's growth strategy also places high demands on a scalable organisation, and there is a risk that processes, IT systems and competence will not keep pace with development. As the organisation grows, both organically and through company acquisitions, higher demands are placed on clear goal management, coordination and business follow-up. A rapidly growing organisation increases the risk of the emergence of subcultures as well as risks associated with inefficiency in small-scale or manual processes. Storytel works actively to improve processes to integrate acquisitions in a sustainable and efficient way and to clarify roles and responsibilities by creating good structures for governing documents, procedure descriptions and KPIs for follow-up.

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 the year, Storytel also carried out recruitments in important leadership roles in line with the growth strategy and continues to invest in employee health and activities to promote the corporate culture.

Legal and Regulatory Risks

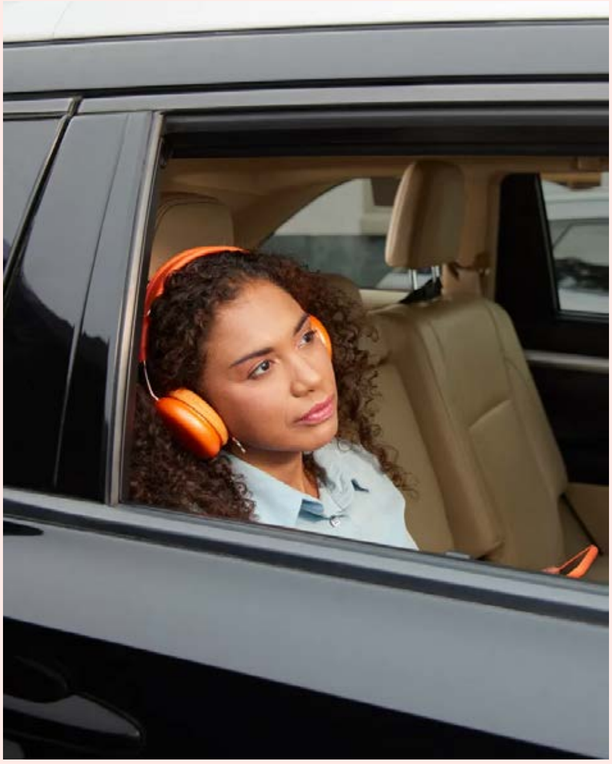
The Storytel Group operates in several different jurisdictions and is thus exposed to various legal risks which also increase as the business expands into more geographical markets. There is a risk that Storytel will not take into account the complexity that legal requirements entail and/or succeed in 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 organisational, 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 GDPR but where there may also be deviating or stricter rules. Interpretation of this regulation is thus constantly changing. This 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 severe penalties 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 behaviour 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 behaviour 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. During the year, Storytel also committed to following the ten principles of the UN Global Compact; more about this is available in our sustainability report.



Global Presence and Expansion Increase Risk Exposure in Several Directions

An important part of Storytel's growth consists of expansion into new markets. When Storytel expands to markets where audiobook listening is still low, risks arise regarding how new customers are to be acquired and retained, as well as risks regarding the 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 behaviour but also 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, as well as in the subsequent integration process.

Storytel Books places considerable focus on the cooperation between publishers in order to strengthen its market position in the geographical areas where they are present and continue to be able to offer rights holders a stronger offer in an increasingly globalised and competitive market.

For our publishers at 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 in freedom of expression and human rights. The publishers within the group support both the domestic PEN organisations in each country as well as international PENs and other bodies that promote freedom of expression. These organisations are important voices for protecting free speech as well as persecuted and harassed writers.

Sustainability-Related Risks

Storytel breaks its sustainability work down into three areas: Footprint, Brainprint and Fingerprint. During the year, Storytel joined the UN Global Compact and will continue to pay even more attention to value-creating work with sustainability-related risks under the leadership of the Board's sustainability committee. Read more about Storytel's sustainability-related 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.

Board of Directors

Hans-Holger Albrecht

Chair of the Board since 2022.

Born: 1963

Education/background: Hans-Holger has a Doctorate from the University of Bochum in Germany and a Master of Law from the University of Freiburg in Germany. He has been CEO of Deezer, one of the largest music streaming services worldwide as well as 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, 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: Hans-Holger holds 30,000 class B shares in the Company.

Warrants: –

Call options: 101,955

Jonas Tellander

Board member since 2005.

Born: 1970

Education/background: Jonas is the founder of Storytel and CEO 2005-2022. 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: Yes

Holdings in the Company: Jonas holds 4,950,000 class B shares in the Company.

Employee stock options: 17,847

Warrants: 62,500

Rustan Panday

Board member since 2011. Chair of the Board 2015-2021.

Born: 1969

Education/background: Rustan Panday has a broad experience and has worked within the media sector for more than 20 years. He is an entrepreneur and founder of Mediaplanet AB, a media company with operations in 18 countries.

Other significant board assignments: Chair of the board Never Eat Alone Invest II. Board member Never Eat Alone Invest I. Advisory Board UNHCR Sverige. Board member in Norstedts Förlagsgrupp AB.

Independent in relation to the company and management: No

Independent in relation to major shareholders: Yes

Holdings in the Company: Rustan holds 2,037,910 class B shares in the Company.

Warrants: -

Call Options: -



Jonas Sjögren

Board member since 2008.

Born: 1966
Education/background: MSc in Electrical Engineering from Chalmers University of Technology, an MBA from INSEAD as well as licensed physician from Sahlgrenska Academy.
Other significant board assignments: Board member in Orbit Esport AB and Deputy Board member in Delibr AB.
Independent in relation to the company and management: Yes
Independent in relation to major shareholders: No
Holdings in the Company: Jonas owns 16,6% of Roxette Photo NV that in turn holds 9,098,565 class B shares in Storytel, and 171,143 class B shares that are owned privately, partly through a capital insurance and partly through a pension plan.
Warrants: -
Call Options: -

Helen Fasth Gillstedt

Board member since 2019. Chair of the Audit Committee and Chair of the Sustainability Committee.

Born: 1962
Education/background: MSc in International Business and Finance & Control from the Stockholm School of Economics. Studies in Sustainable Societal Development, at Stockholm Resilience Center/Stockholm University. She was previously a board member of amongst others Humana AB, AcadeMedia AB, Lindorf AS, NAI Svefa AB, Intrum AB, Swedesurvey AB, Precise Biometrics AB and Technology Nexus AB. She has also been Vice President in different areas, in the SAS Group and within the Statoil Group A/S.
Other significant board assignments: Board member and Chair of the Audit Committee in Munters AB, PowerCell AB, and Viva Wine Group AB. Board member in Sortera AB. Board member and member of the Remuneration Committee at Handelsbanken Fonder AB, which she also represents in several Nomination Committees.
Independent in relation to the company and management: Yes
Independent in relation to major shareholders: Yes
Holdings in the Company: Helen holds 5,000 class B shares in the Company.
Warrants: 10,000
Call options: 10,000

Malin Holmberg

Board member since 2020. Chair of the Remuneration Committee.

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 assignments: -
Independent in relation to the company and management: Yes
Independent in relation to major shareholders: Yes
Holdings in the Company: Malin holds 3,200 class B shares in the Company.
Warrants: 25,000
Call options: 10,000

Joakim Rubin

Board member since 2021.

Born: 1960

Education/background: Master of Engineering, Institute of Technology, Linkoping University. Has previously worked as Partner Zeres Capital, Senior Partner CapMan and Head of Corporate Finance and Head of Corporate Finance at Handelsbanken Capital Markets.

Other significant assignments: Partner EQT Public Value. 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: -

Richard Stern

Board member since 2021.

Born: 1977

Education/background: Richard has a degree from Bard College. He has held leading positions in fast-growing digital media companies such as Amazon Studios, Sony Playstation and Audible, where he served as the Chief Product Officer. He is currently the CEO of TuneIn, one of the world's leading platforms for live audio with over 80m listeners globally.

Other significant board assignments: -

Independent in relation to the company and management: Yes

Independent in relation to major shareholders: Yes

Holdings in the Company: Richard holds 7,000 class B shares in the Company.

Warrants: –

Call options: –

Stefan Blom

Board member 2020-2022, and Chair of the Board 2021-2022 until he stepped down and was succeeded by Hans-Holger Albrecht.

Management Team

Ingrid Bojner

Interim CEO since 2022. Chief Commercial Officer (CCO) 2018-2022. Board member 2016-2018.

Born: 1973

Education/background: Master of Science in Business Administration from the Stockholm School of Economics and studies at the MBA program at UCLA. Ingrid has 12 years of experience from working at McKinsey & Company and left in 2010 as a Local Partner. She has also been Vice President and Head of Sales at TeliaSonera, Deputy CEO and CMO at the SSE ExEd and run her own company Dirgni Development.

Holdings in the Company: Ingrid Bojner holds 46,860 class B shares in the Company.

Employee stock options: 13,901

Warrants: 52,000

Johan Ståhle

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: Johan Ståhle holds 594 class B shares in the Company.

Employee stock options: –

Warrants: 15,000

Sofie Zettergren

Chief Financial Officer (CFO) since 2013.

Born: 1986

Education/background: MSc in Economics from Uppsala University and studies at Singapore Management University. Before joining Storytel, she worked with auditing at Ernst & Young.

Holdings in the Company: Sofie Zettergren holds 21,000 class B shares in the Company.

Employee stock options: 10,708

Warrants: 27,000

Helena Gustafsson

Chief Content Strategy 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 Strategy 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: Helena Gustavsson holds 18,258 class B shares in the Company.

Employee stock options: 7,066

Warrants: –

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

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 since 2021, Regional Manager for the Nordic operations. She has held several management roles prior to Storytel, most recently as Head of Marketing and Sales at Novamedia.

Holdings in the Company: Åse Ericson holds 550 class B shares in the Company.

Employee stock options: 11,484

Warrants: 15,000

Claus Wamsler-Nielsen

Chief Operating Officer (COO) since 2022.

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: Claus Wamsler-Nielsen holds 4,056 class B shares in the Company.

Employee stock options: 14,832

Warrants: 10,000

Jonas Tellander

Founder of Storytel, and board member since 2005. CEO 2005-2022 until he resigned and was succeeded by Ingrid Bojner.

Sustainability Report

A Word from the Sustainability Committee

The audiobook is a fantastic way to access stories, and oral storytelling is perhaps the oldest tradition we have. If you seek companionship, live with a visual impairment or dyslexia, or simply do not have enough time, the audiobook format is a door opener to the wonderful world of books. Research shows that stories make us feel good. Reading is a great way to relax and unwind from a stressful world where screen time, scrolling and notifications are hard to avoid. Stories serve as a common reference that can bring us closer together and help us think bigger and see beyond ourselves. Studies actually show that the right book for the right person contributes to increased empathy.

The digital format makes it possible for anyone with a phone connected to Storytel to choose from a catalogue of 700,000 books – wherever they are. The impact that we have on people's lives can be seen in Storytel surveys, where four out of five users state that they read both more often and more books after they became Storytel users. This is what we contribute to the world.

Storytel works for the well-being of people and the planet.

Storytel's negative impact on the climate and the environment must decrease with the long-term goal of not existing at all. In 2021, we conducted for the first time a Scope 3 full emissions report on the entire Storytel Group for both the 2020 and 2021 financial years. In 2022, Storytel will set science-based targets and a reduction plan for how to reduce its emissions and negative impact.

Storytel does business in a responsible and ethical way. We are proud to have become in the past year a participant of the UN Global Compact, whose ten principles for ethical business practices serve as an internationally renowned framework.

Helen Fasth Gillstedt and Jonas Tellander, Sustainability Committee.

Storytel's vision is to make the world a more empathetic and creative place with stories that empower people.

Highlights from 2021

- Launched a sustainability committee within the Board to oversee sustainability work.
- Conducted a full mapping of Storytel's emissions, Scopes 1–3, for 2020 and 2021.
- Improved processes within content responsibility and app accessibility and increased focus on content impact.
- Committed to the UN Global Compact Initiative.

Key figures for 2021

80%

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

19 616

tCO2e in total emissions for the Storytel Group.

95%

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

About the report 2021

The Sustainability Report for Storytel AB (publ) is prepared in accordance with the Swedish Annual Accounts Act. It also meets the specifications and demands of the Global Reporting Initiative's (GRI) Standards: Core Option. The report includes a GRI index and Storytel's first COP report to the UN Global Compact initiative.

ESG at Storytel

ESG stands for Environmental, Social and Governance, which together make up a well-established framework for corporate sustainability. Storytel has drawn from this framework and divided them into Footprint, Brainprint and Fingerprint to better show the impact that Storytel has on society at large. Storytel wants to offer a service and products that are sustainable by design and contribute to the well-being of society.

Our Ambitions

Brainprint

To be a socially responsible company that makes a positive contribution to society.

Learn more

Footprint

To be an environmentally responsible company that minimises its environmental impact.

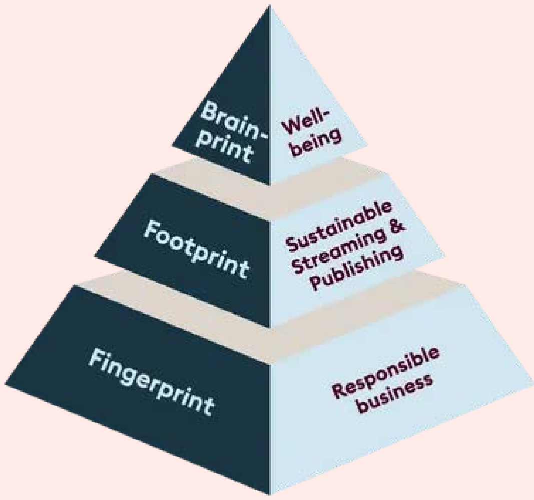
Learn more

Fingerprint

To be an ethical and well-governed company that pursues sustainable growth.

Learn more

Storytel's Materiality Assessment

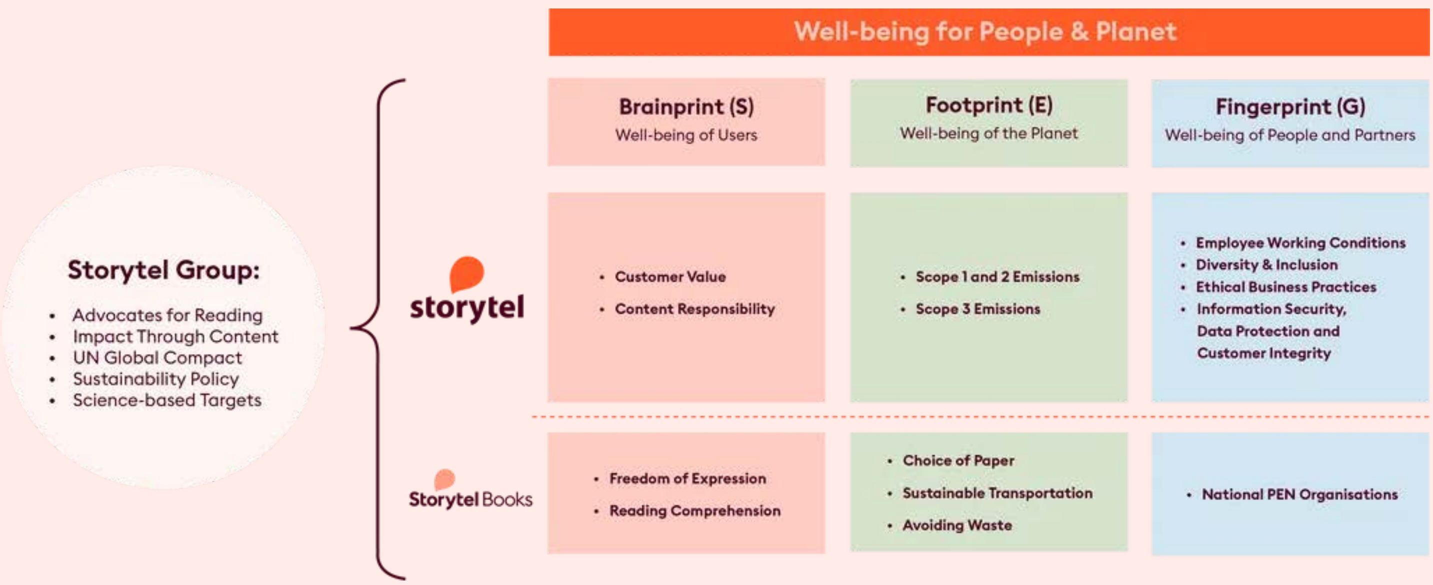


Storytel works to be an advocate for well-being in the world by helping people read more. Storytel's primary focus is on its Brainprint, where the company works to have a significant positive impact.

Storytel's secondary focus is on its Footprint, with a goal of net zero impact.

Fingerprint, or being a responsible business, is the foundation for sustainable growth, and material topics thereunder are considered hygiene factors that Storytel must manage.

Storytel's materiality assessment was performed in 2018 when employees, owners, the Board of Directors, the management team, customers and publishing houses were involved in identifying Storytel's main sustainability challenges within the Streaming segment. In 2021, Storytel changed Environmental Impact from Storytel's Business Operations to Scope 1 and 2 Emissions, and Environmental Impact from Storytel's Services and Products to Scope 3 Emissions.



Storytel Streaming's Material Sustainability Topics

- Environmental Impact from Storytel's Business Operations → Scope 1 and 2 Emissions
- Environmental Impact from Storytel's Services and Products → Scope 3 Emissions
- Customer Value
- Content Responsibility
- Employee Working Conditions
- Diversity and Inclusion
- Ethical Business Practices
- Information Security, Data Protection and Customer Integrity

Storytel carries out an enterprise risk assessment on an annual basis to evaluate its strategic, operational, financial, legal & compliance and cyber resilience risks. The Group Management team and the Board of Directors review and discuss this assessment. High-risk areas have been incorporated into this report to describe how we work to mitigate those risks.

Division of Responsibilities

Once a year, the goals, policies and processes connected to sustainability are reviewed by the Board of Directors. Storytel reports the progress towards the goals in the annual sustainability report. In 2021, Storytel set up a sustainability committee within the Board of Directors.

The purpose of this committee is to manifest Storytel's strategic and systematic commitment to its sustainability efforts across the business and oversee that the company continues to manage goal-setting and reporting processes, strengthen relations with external stakeholders, and operate with a high level of business ethics. The sustainability committee supports the Board in fulfilling its responsibilities to specifically address climate & environmental matters, human rights, labour standards, and anti-corruption practices.

The management team reviews the progress towards Storytel's sustainability goals twice a year. As part of Storytel's continuous sustainability work, the impact that Storytel has on its major stakeholders is assessed, which we define as employees, publishers, authors, customers, authorities, shareholders, society and the environment. The selection of stakeholders is based initially on Storytel's value chain and thereafter complemented with stakeholders that are both directly and indirectly impacted by Storytel's operations.

Brainprint
Well-being of users

Storytel aspires to be a socially responsible company that makes a positive contribution to society. Organisations that create and distribute content hold a powerful position in society through the impact and influence of their content. Storytel wants to empower people with stories and take responsibility for the content offered.

Storytel aspires to be a socially responsible company that makes a positive contribution to society.

Highlights from 2021

- Improved processes within content responsibility and app accessibility.
- Increased engagement in content impact projects in local markets.
- First global content impact project initiated.
- Storytel Poland's audio drama *The Future Peasants* reached five million Poles.
- 80% of users say that they read/listen to more books since subscribing to Storytel.

Customer Value

Stories, Books and Well-being

At a time where time management is a major challenge for many, Storytel should always be time well spent for customers. Books make people relax and unwind and are a welcome break from screen time and the pressure of everyday life. The consumption of stories activates the empathy areas of the brain and makes the brain release the feel-good hormone oxytocin. Simply put, we become better at understanding each other, the world, and ourselves through stories.

A study from the UK Literacy Trust in 2020 shows that audiobooks can improve children's reading skills and support their mental well-being. Another study from 2017 shows that audiobooks can also improve the mental well-being of the elderly.

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 and how audiobooks impact the health and well-being of youth. Preliminary results are expected during the fall of 2022, and final results at the earliest in late 2023.

In 2021, Storytel publisher Rabén & Sjögren initiated The Big Reading Challenge, a competition for 4th graders in Sweden to see who could read the most books over a period of three months. One-third of all fourth graders in Sweden participated in the challenge, during which reading increased by 70%.

Customer Impact

Storytel is on a mission to make books more accessible and reading more convenient and compatible with everyday life.

Storytel offers its users self-care, self-development and a sense of community, which can be described as meaningful recreation. Opening the Storytel app should always be time well spent and act as a tool for enhancing people’s well-being.

Globally, the average user spends 30 hours a month on the Storytel platform, which means that Storytel is a truly integral part of its users’ everyday lives. Storytel conducted surveys on a regular basis to understand how it is helping shape reading habits.

The Storytel survey was sent out on an ongoing basis in 2021 to a total of 28 561 users across Storytel’s geographic markets.

80%

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

80%

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

60%

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

54%

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

App Accessibility

Around 20% of the world's population is estimated to have some kind of impairment (visual, cognitive, functional), and Storytel works to develop products that are inclusive and accessible. In 2021, Storytel assessed its products from an accessibility perspective to use this data as a springboard for improvements. The assessment followed the Web Content Accessibility Guidelines (WCAG) 2.1, which is the basis for accessibility requirements. In 2022, Storytel will implement a more systematic approach to accessibility in product development.

Content Responsibility

Storytel has a broad catalogue that includes a mix of content produced by Storytel across all 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 education and freedom of expression, and through diversity and pluralism in its content, Storytel aims to facilitate understanding and cultivate empathy in its readers. Storytel aspires to work both proactively and reactively with content decisions. It works proactively by having policies and procedures in place that uphold universal human rights and safeguard users. However, Storytel cannot decide what content is suitable for each individual user, and as a result also relies on reactive forms of content moderation, such as user reports. In 2022, Storytel will continue to assess and develop tools for content moderation that are needed to safeguard users and take responsibility for the content offered.

Storytel's process for content responsibility has four pillars:

1. 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 part is the content principles, which refer to the content of the audiobooks and e-books being legally compliant and aligned with human rights. For example, Storytel does not accept toxic content such as hate speech, disinformation or misinformation, encouragement or idealisation of self-harm, suicide or solicitations to commit crime. Storytel's content guidelines were updated in 2021.

2. 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 for publishers and authors when necessary, and it works to resolve content-related issues both proactively and reactively. Users, employees, partners and other stakeholders can report content on the service, allowing the Content Committee to reactively review complaints. The Content Committee is a collaboration between various departments within the organisation to give a collective Storytel view on content reported as explicit or in other ways unsuitable for the service. The Committee also assists local Storytel markets in making well-informed decisions with regards to freedom of expression as well as local laws, culture and politics.

3. 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. This is done by showing a selection of the content that Storytel has, ranging from big commercial titles and lesser-known gems to internal content. The principles of Storytel's curation are relevance, personalisation and profitability. Curation can be used to quickly hide an inappropriate title while it is being investigated by the Content Committee and is awaiting a formal decision.

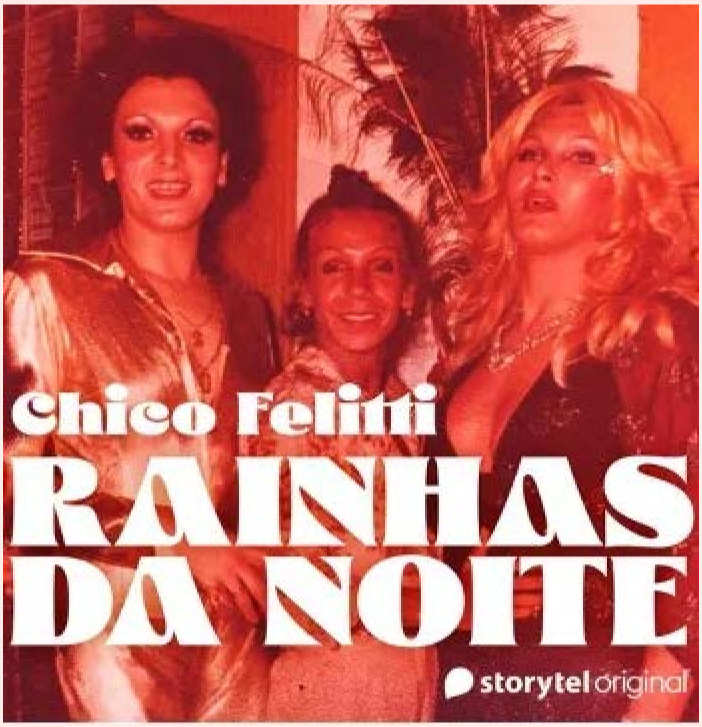
4. Kids mode

Kids mode is a function in the Storytel App that serves as a 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 safely explore stories on the Storytel platform.

Content Impact

As a publisher, Storytel makes investments in stories that it believes are relevant and interesting. Storytel Originals, published directly to audio, and titles from Storytel Books are aimed to spark discussion and reflection.

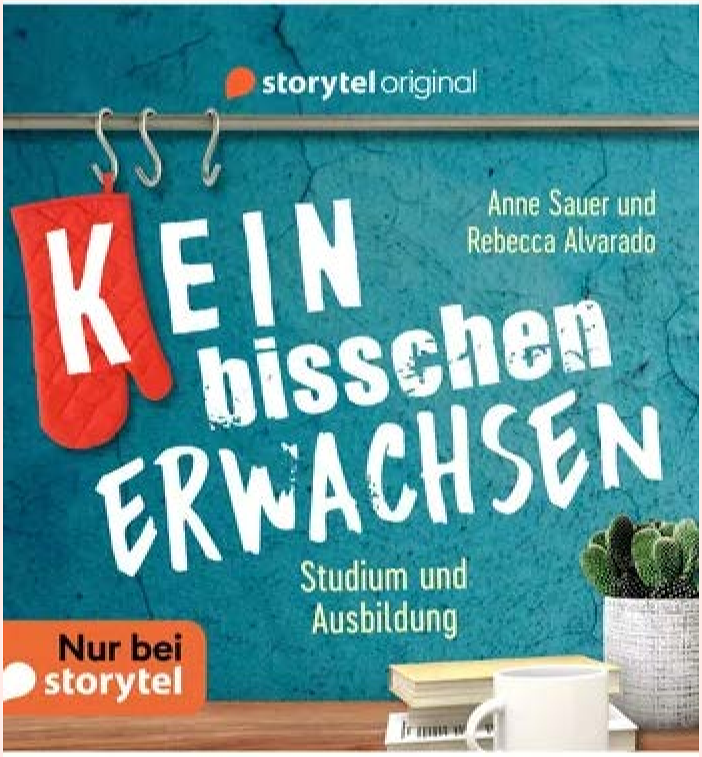
The following are a selection of the titles and content partnerships that Storytel has invested in to raise awareness about different social issues and by extension have a positive impact on people and society:



Queens of the Night by Chico Felitti

Storytel Brasil

In this Original released in Storytel Brazil in the fall of 2021, journalist and author Chico Felitti investigates the LGBTQIA+ scene of central São Paulo from the 1970s up until the 2000s. The story focuses on three iconic transvestites: Jacqueline Blábláblá, Andrea de Mayo and Cris Negão – "Queens of the Night". Through hundreds of interviews during the pandemic, Chico shines a light on a story about artistic achievements, violence, crime, wealth and harassment that did not end up in the news or official archives. "Having your story told is having the right to a past, from which we support each other to build a future of acceptance", says Chico Felitti. The audiobook is narrated by the transgender actress Renata Carvalho.



A Little Bit Grown Up (Or Not at All) by Anne Sauer and Rebecca Alvarado

Storytel Germany

Congratulations, you made it! You finished school, and now you're an adult. But hang on, how does that work? With the rise of mental health issues amongst youth, Storytel Germany released the podcast "A Little Bit Grown Up (Or Not at All)" in the fall of 2021 to support youth in the practicalities and anxieties of adulthood. Podcaster Anne and Youtuber Rebecca have "been there" and tell you everything they wish that they had known when they first had to stand on their own two feet. They offer advice on everything from finding somewhere to live to dealing with exams and other stresses.

Beloved Dyslexia in cooperation with Prince Couples Foundation

Storytel Sweden & Storytel Finland

One child in every classroom has dyslexia, and there are still many presumptions about dyslectics that cause mental health issues. Storytel Sweden and the Prince Couple's Foundation have been working together since 2019 to change the perception of dyslexia. Through an audiobook in 2020 and this podcast series in 2021, parents, teachers and relatives can learn from experts and find emotional support in others' stories. In this podcast series led by high profile actress Eva Röse, nine experts and nine celebrities talk about their perspectives on and experiences dealing with dyslexia. The audiobook was launched in Storytel Finland in the spring of 2021, and the podcast series was released in Storytel Sweden in the fall of 2021.

You Become What You Say in cooperation with Swedish PEN

Norstedts

You Become What You Say is an anthology about hate speech, freedom of expression and the importance of a democratic conversation. Something has changed in the way we talk to each other, not least on social media. The tone becomes harsher, threats and hatred dominate, and the polarisation makes it harder to meet in a meaningful conversation. Hate speech silences voices and is thus one of the fastest growing threats to freedom of expression today. What does this mean for democracy and political discourse? What does it do to all of us, as citizens? And most importantly – how can we meet this challenge? In this anthology, authors and journalists discuss these burning issues and also try to identify some possible ways forward. You Become What You Say was published in collaboration with Swedish PEN, where all profits from sales go to their work.

Everything You Need to Know About Consumerism by Julia Thurén

Gummerus

Julia Thurén's non-fiction book *Everything You Need to Know about Consumerism* (*Kaikki kuluttamisesta*) is a smart piece of non-fiction that explains where to direct your gaze in a world where the climate crisis isn't going to be solved through KonMari and vegetarianism alone. In this profound but entertaining and engagingly written work, Thurén explains why we feel the need to consume and offers genuine answers. The book was nominated for the Finlandia Prize in the non-fiction category, Finland's most prestigious literary recognition.

Investing Sustainably by Pernille Wahlgren and Eva Grønbjerg

People's

The book targets anyone – both experienced and brand-new investors – who wants to invest sustainably and responsibly. Investing sustainably gives you the tools to make investments that match your innermost values, with less risk, greater returns and a clear conscience. You will learn how to enter the market successfully and safely as a long-term and sustainable investor, including researching companies' profiles and figuring out both when the initiatives are actually sustainable and future-proof and when they are just greenwashing and speculation. The authors guide and inspire you to make sustainable investments with minimal risk and maximum return.

The Future Peasants

The Future Peasants **audio drama premiered in February 2020 in Storytel Poland.**

It is a tragic vision about the future of Poland if society does not recognise the climate crisis and adapt to address it. The story took inspiration from the classic Polish book *Peasants* by Wladyslaw Reymont and the World Wide Fund report 2050 "Poland for generations". Together with several partners, the audio drama was presented in a 360 campaign which included, among other things, an art exhibition. In only two weeks, The Future Peasants reached more than five million Poles and climbed to the number-one position on many streaming platforms. A year after the premiere, it was aired as weekly episodes on the most popular youth radio station in Poland, and its content will appear in 200,000 hardcopy school textbooks in Poland. In spring 2021, the International Academy of Digital Arts and Sciences recognised Storytel Poland's audio drama The Future Peasants as the winner of a Webby Award in the category of Apps and Software: Education & Reference.

Representation & Narrators

On-screen representation matters, and so does representation among the voices we listen to. Storytel aims to have narrators as diverse as the customers it serves and the stories it tells. Storytel set a goal in 2021 to audit the catalogue from a diversity perspective and subsequently decided to start with initiatives related to the voices of the stories.

In 2021, Storytel Brazil launched *Queens of the Night*, which is narrated by a transgender narrator, and released several other titles with narrators from minority groups. In 2022, Storytel Brazil will continue to work to bring more diversity to the local catalogue, for example by having the transgender actress Renata Carvalho narrate the local version of *1984* by George Orwell.

2022 Brainprint goals

- Be an advocate for reading and well-being.
- Within Storytel Books, work to advance children's reading.
- Integrate accessibility requirements into product development.
- Improve tools and processes for content moderation.
- Produce more Storytel Original content impact projects.

[1] *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/

[2] *How Does Fiction Reading Influence Empathy? An Experimental Investigation on the Role of Emotional Transportation* by P. Matthijs Bal and Martijn Veltkamp, 2013. https://journals.plos.org/plosone/article?id=10.1371/journal.pone.0055341

Speaker–listener neural coupling underlies successful communication by Greg J. Stevens, Lauren J. Silbert and Uri Hasson, 2010. https://www.ncbi.nlm.nih.gov/pmc/articles/PMC2922522/

[3] *How Stories Change the Brain* by Paul Zak in the Greater Good Magazine, 2013. 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

[4] *Children, young people and audiobooks before and during lockdown* by National Literacy Trust, 2020. https://literacytrust.org.uk/research-services/research-reports/children-young-people-and-audiobooks-lockdown/

[5] *The Impact of Audio Book on the Elderly Mental Health* by Fereshteh Ameri, Naser Vazifeshenas and Abbas Haghparast, 2017. https://www.ncbi.nlm.nih.gov/pmc/articles/PMC5691168/

Footprint
Well-being of the planet

Storytel aspires to be an environmentally responsible company that minimises its environmental impact. Emissions are calculated and reported in accordance with the Greenhouse Gas Protocol. With Storytel's ambition to minimise its environmental impact, a full Scope 3 report was prepared for 2021 to be able to set science-based targets and work towards net zero emissions.

Storytel aspires to be an environmentally responsible company that minimises its environmental impact

Highlights from 2021

- Carried out a full scope emissions mapping for 2020 and 2021.
- Introduced a recycling system for internal IT.
- Norstedts Förlagsgrupp's (NFG) efforts in 2021 resulted in 29% lower emissions for the printed book than previous year, going from 700 gCO2e in 2020 to 500 gCO2e per printed book.
- Introduced a fossil-free distributor of the Storytel Reader in Denmark.

Learn more about the 2022 Footprint goals here

Overview

The market-based approach has been used to calculate Storytel's environmental impact. System boundaries were defined using the control approach, i.e., covering all entities where Storytel has operational control. The report does not include emissions from Lind & Co, which was acquired in March 2021.

Storytel Streaming and Books

	Scope 1	Scope 2	Scope 3	Total
2021	26 tCO2e	175 tCO2e	19 415 tCO2e	19 616 tCO2e

	Storytel Streaming		Storytel Books	
	2021	**% of total**	**2021**	**% of total**
Scope 1	0	0%	26	0,1%
Scope 2	138	0,7%	37	0,2%
Scope 3	15 753	80,3%	3 662	18,7%
Total	15 891	81%	3 725	19%

Scope 1 and 2 Emissions

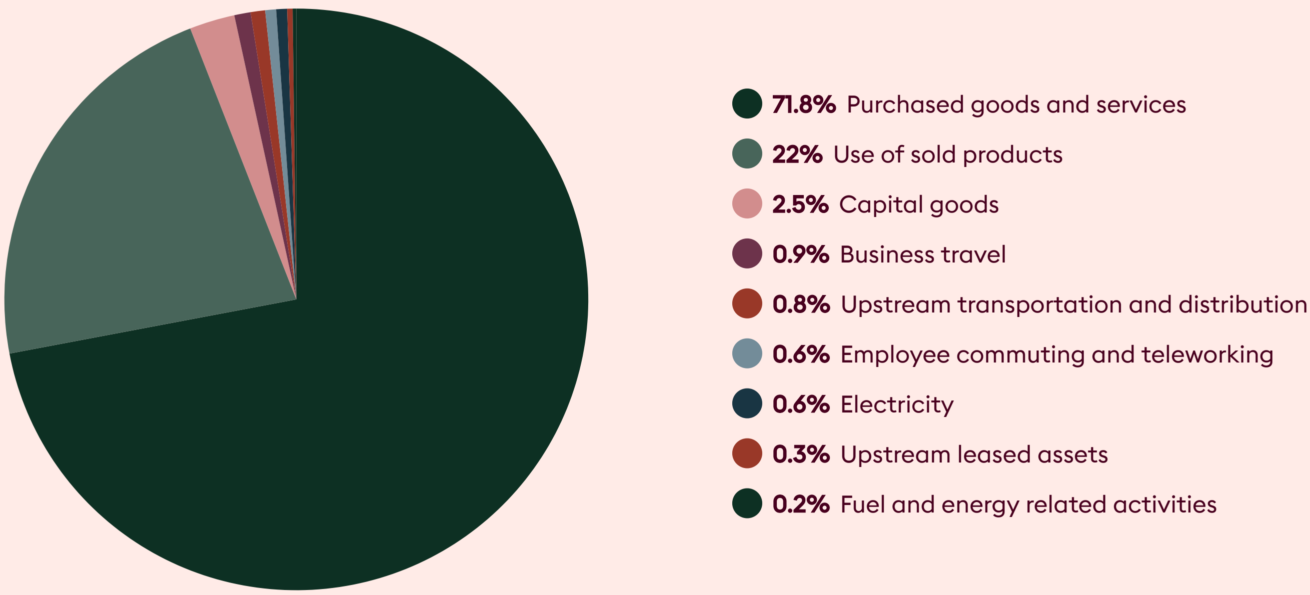
Scope 1 emissions made up 0.1% of the Storytel Group's total emissions in 2021. These emissions come from fuels, more specifically mobile combustion from company vehicles. Scope 2 emissions made up 0.9% of emissions in 2021 and come from electricity and heating at the Storytel offices.

Today, 31% of Storytel's offices are powered by renewable energy. By 2025, 100% 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

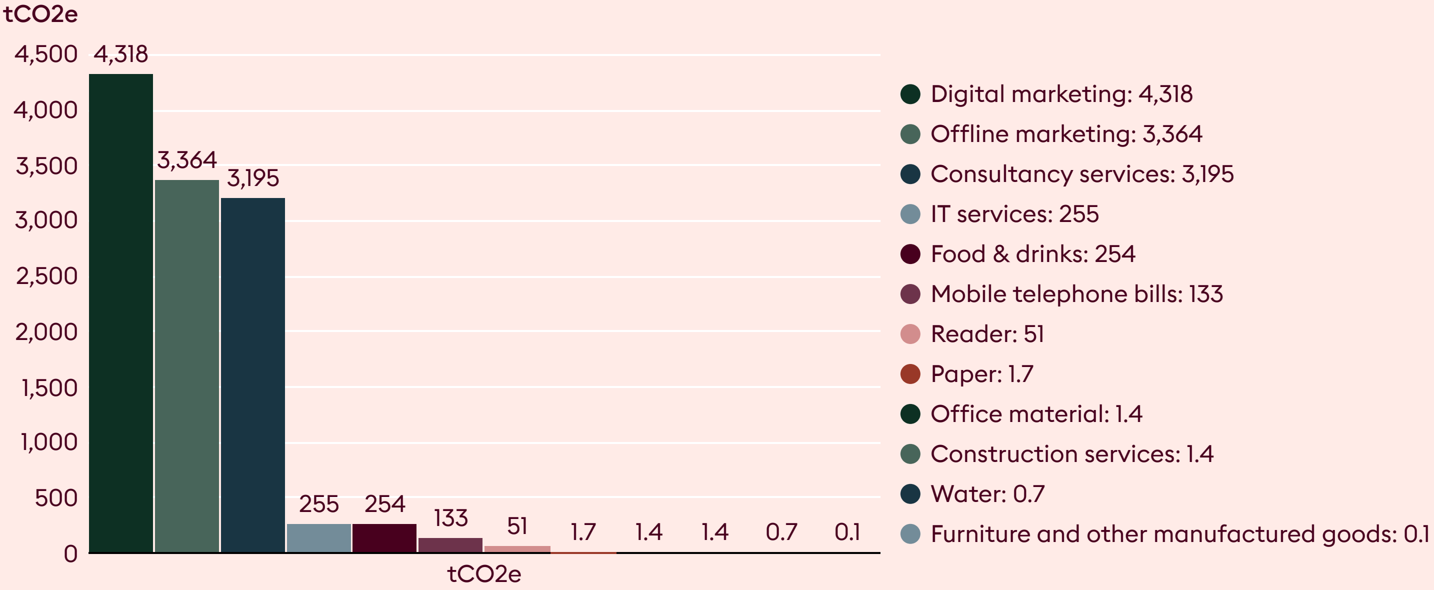
Scope 3 emissions made up 99% of the Storytel Group's total emissions in 2021. The categories of emissions that stand out are purchased goods and services and use of sold products.

Streaming Emissions by Source

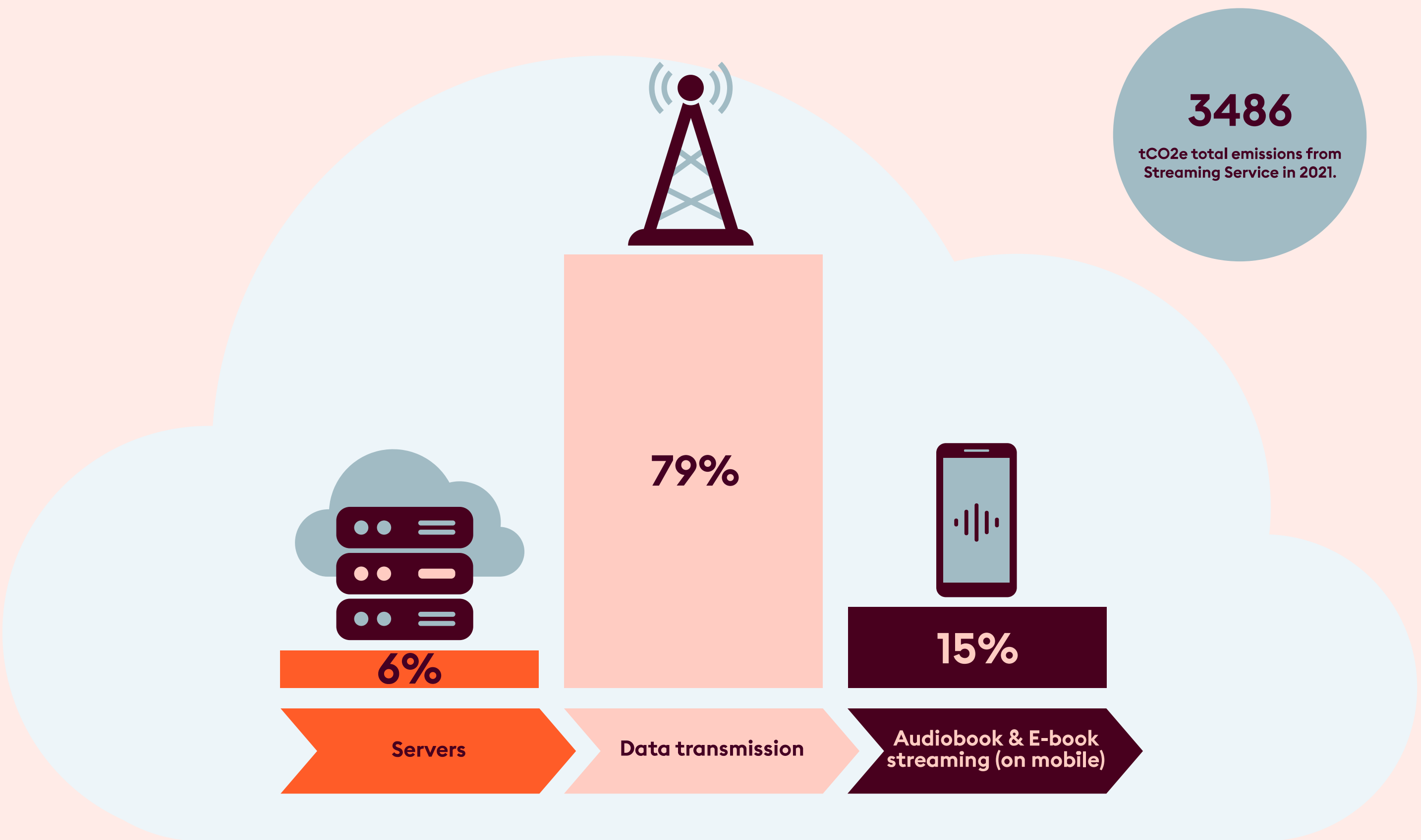


Purchased goods and services - Storytel Streaming

Total emissions deriving from purchased goods and services were 11 409 tCO2e. The majority of the emissions in the purchased goods and services category come from marketing and consultancy services. In terms of marketing, 4 318 tCO2e came from digital marketing, and 3 364 tCO2e came from offline marketing. Consultancy services accounted for 3 195 tCO2e.



Product breakdown

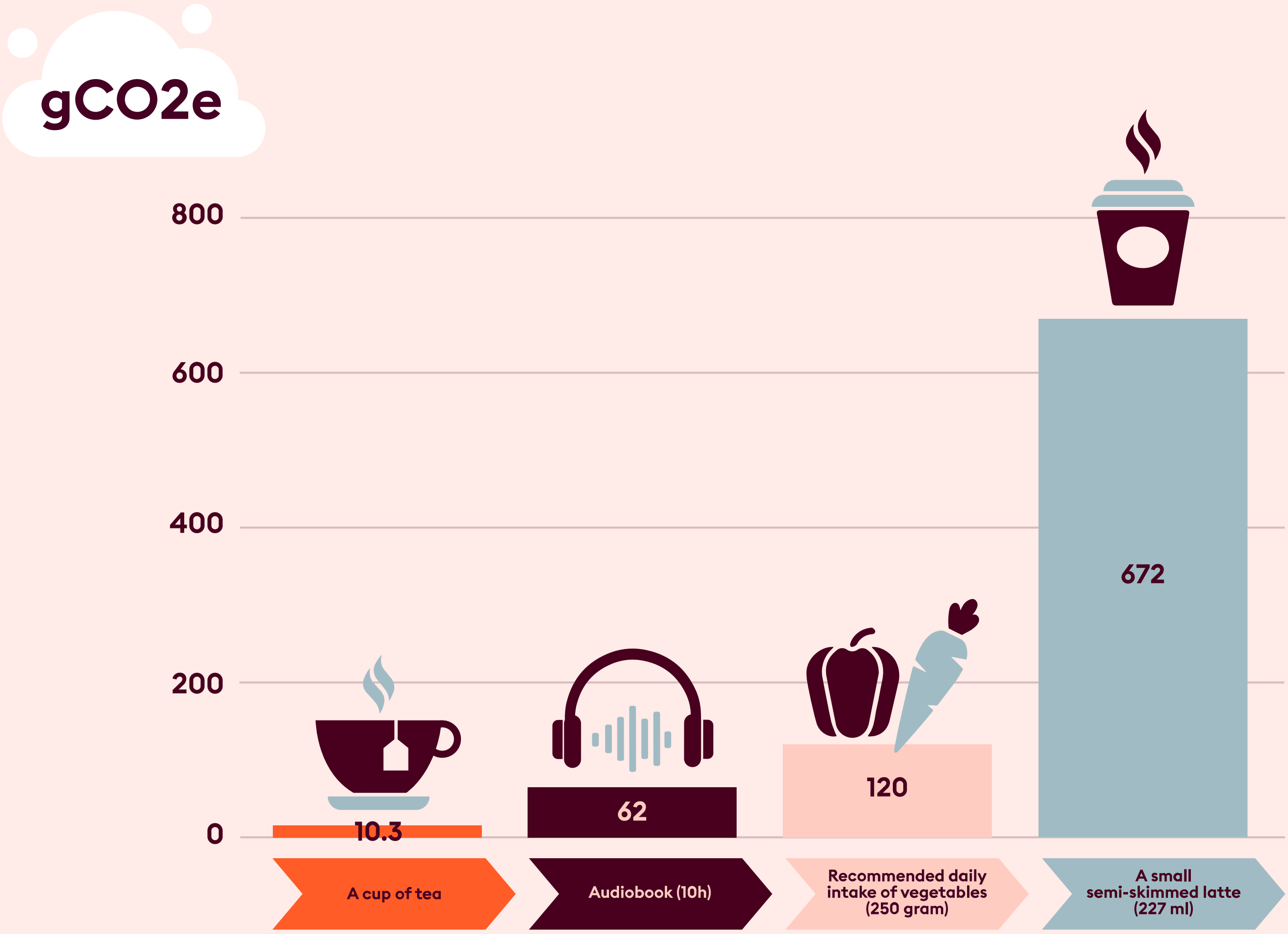


Streaming Service

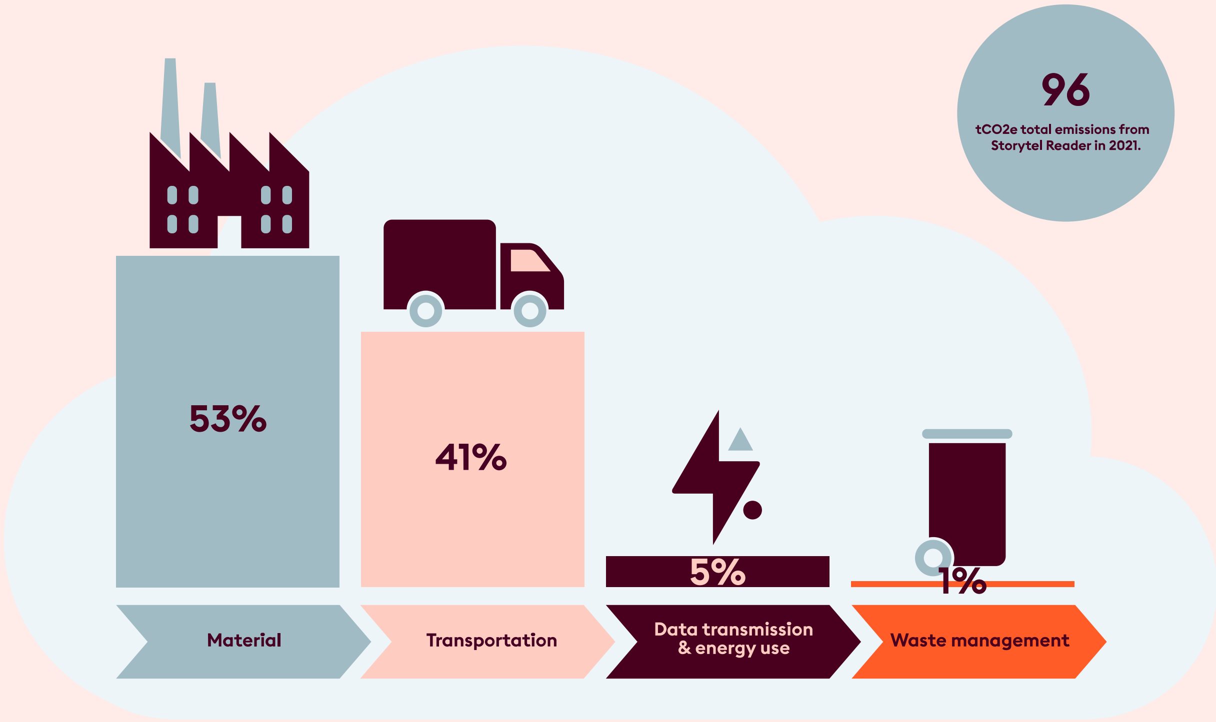
In 2018, Storytel set a goal to only power its Streaming service using renewable energy, and a key initiative has been to migrate the technical infrastructure to the Google Cloud Platform, which was completed in 2021. Google matches 100% of the energy consumed by its global operations with renewable energy and has committed to only use renewable energy in its operations by 2030. The next step is to evaluate the rest of Storytel's many IT services and make more sustainable choices in that regard. Some factors that contribute to emissions caused by the Streaming platform are beyond Storytel's direct control, for example what type of device users have and the energy source used to power it.

Audiobook Impact Comparison

One hour of listening to an audiobook on Storytel emits 6.2 gr
ams of CO_2e.

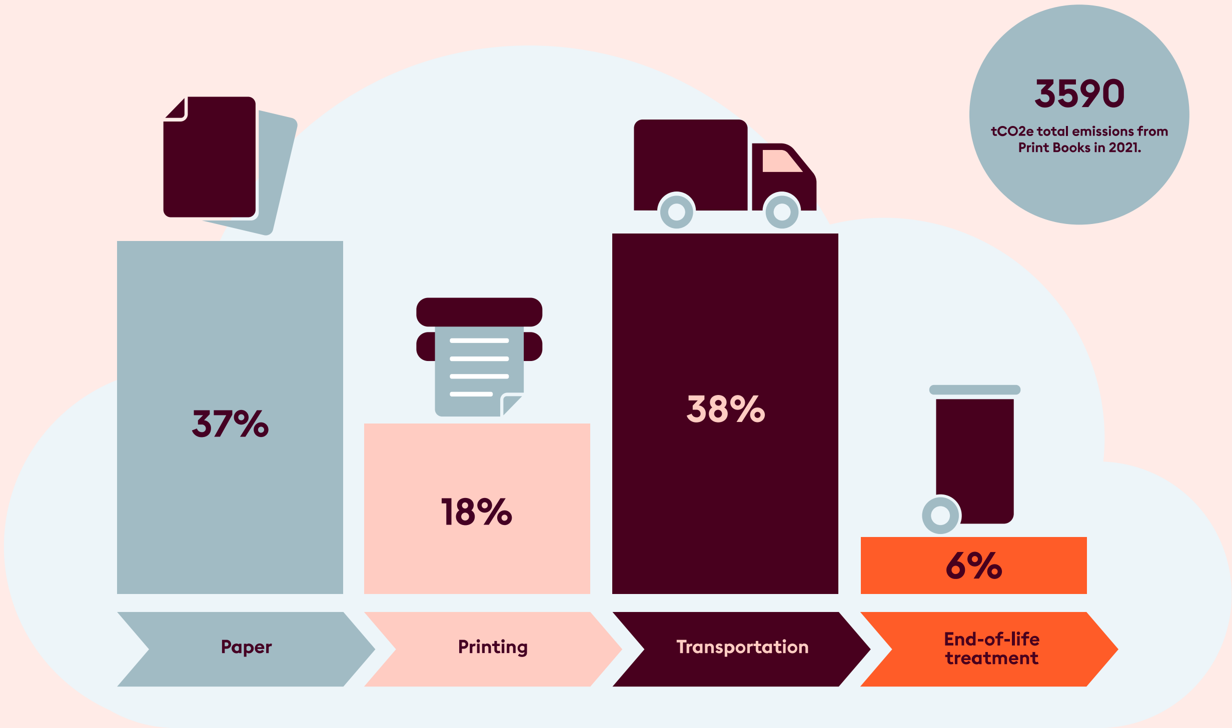


An audiobook of 10 hours corresponds to about half of the emissions generated by the daily intake of vegetables.



Storytel Reader

The majority of emissions from the Storytel Reader come from purchased material and the transportation and distribution of the product. The Storytel Reader is currently available in six markets: Sweden, Denmark, Finland, Iceland, Netherlands and Belgium. In 2021, Denmark onboarded a fossil-free distribution partner for delivery from the warehouse to the end user. During 2022, Storytel will evaluate the whole chain of logistics for Storytel Reader to reduce emissions further. By the end of 2022, the goal is to have 100% fossil-free deliveries from the warehouse to the customer in all Storytel Reader markets. Moreover, the team is investigating the possibility of selling used, but still functional, Storytel Readers to customers.



Print Books

Within the Print Books segment, emissions primarily occur from the paper required for the books and the transportation of the books. High-impact initiatives include using more sustainable paper for the books and transporting books in ways that are fossil free.

A printed book from Storytel Books emits on average about 510gCO2e.

Norstedts Förlagsgrupp's (NFG) efforts in 2021 resulted in about 29% lower emissions for the printed book than previous year, going from 700 gCO2e in 2020 to 500 gCO2e per printed book.

2022 Footprint goals

- Commit to the initiative on science-based targets and create a reduction plan.
- Investigate emissions related to marketing to find action points for reduction.
- Launch Green Office Guidelines that cover purchasing, recycling and waste management.
- Power 50% of Storytel's offices with renewable energy.
- Launch a Travel Management Service provider that automatically tracks and measures the carbon footprint of all business travel.
- Introduce fossil-free distribution of the Storytel Reader from the warehouse to the customer in all markets.
- Initiate a sustainability committee for the publishers within Storytel Books to increase knowledge sharing and

Fingerprint
Well-being of people and partners

Storytel aspires to be an ethical and well-governed company that pursues sustainable growth. Storytel employees are the cornerstone of the company's ability to succeed, so making sure the employees thrive makes the business thrive. Growing sustainably also means ensuring ethical business practices and compliance across the organisation.

Storytel aspires to be an ethical and well-governed company that pursues sustainable growth.

Highlights from 2021

- Became a participant of the UN Global Compact.
- Incorporated the ten principles of the UN Global Compact into the Sustainability Policy.
- 95% of all employees feel included and that they can be themselves at Storytel.

Learn more about the 2022 Fingerprint goals here

Employee Working Conditions

Employee Satisfaction

Employee engagement is one of Storytel's most important metrics, and it is regularly assessed. The employee net promoter score (eNPS) is calculated by asking employees if they would recommend their employer as a great place to work. During 2021, Storytel's average eNPS score was 49, slightly lower than previous years but still high compared to the industry benchmark.

	2019	2020	2021	Industry benchmark (*CultureAmp*)	Long term target
eNPS	54	52	49	31	>50

Attract and develop exceptional people by nourishing a diverse workplace built on trust, innovation and collaboration

- Storytel's People Mission Statement

86%

say that their colleagues really listen when there’s something they need to talk about. - Employee Well-being Survey 2021

Work Environment

Storytel has a work environment committee that includes representatives from both employees and management. Storytel’s Global Work Environment Policy outlines the work environment at Storytel and what is expected of each employee in terms of behaviour and responsibility. As stated in the Code of Conduct, Storytel has zero tolerance for harassment, sexual harassment, bullying and retaliation. If Storytel is made aware 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 up to, and including, termination of employment. A whistleblowing function is in place to make it possible for anyone to anonymously report incidents.

Employee wellbeing

An important measure for creating a work environment where everyone feels safe talking about well-being and that prevents illness is to lower the threshold for asking for help. Storytel collaborates with an external company to offer employees anonymous sessions with therapists; this has provided a stepping-stone to talk more openly about mental health at Storytel.

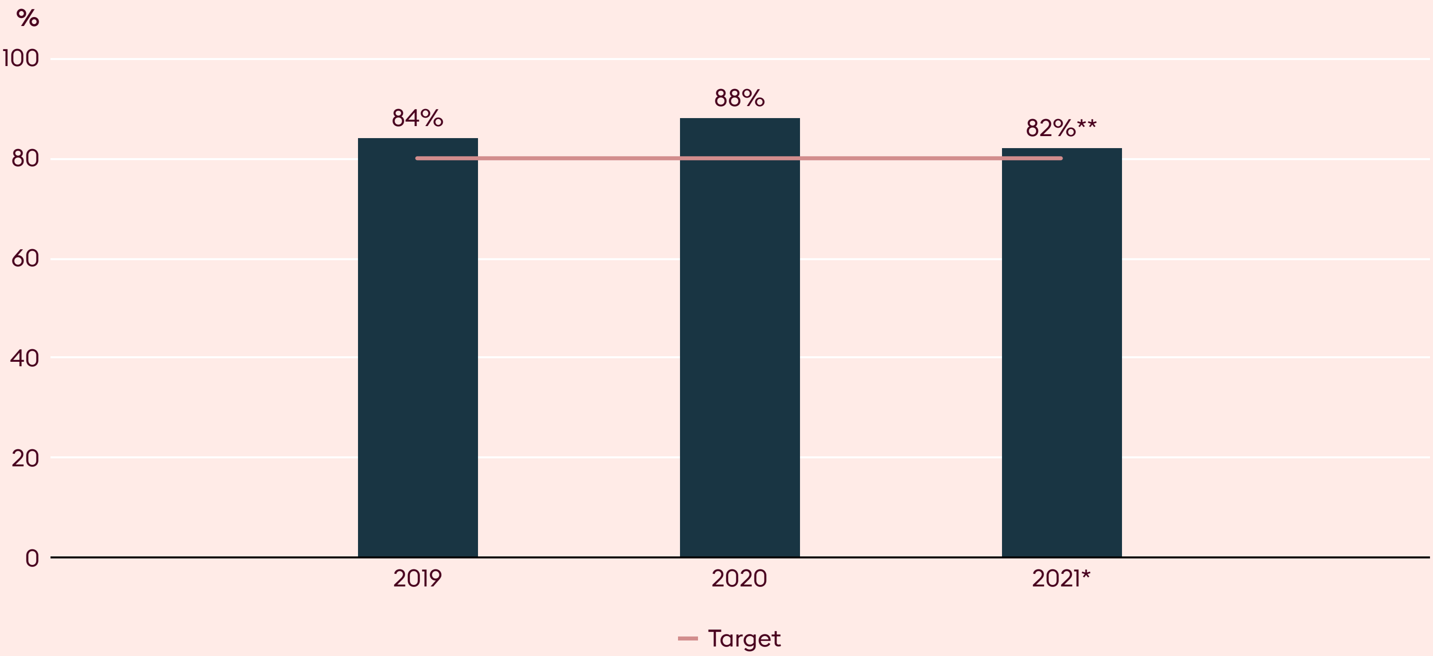
The pandemic made working from home the new normal, and this has presented challenges for the corporate culture, such as maintaining a sense of belonging and meeting new colleagues. Storytel has arranged a digital global conference each of the past two years, and 67% of all employees said they felt a stronger sense of belonging afterward.

Storytel has a zero tolerance for harassment, sexual harassment, bullying and retaliation.

Learning & Development

In 2021, Storytel launched peer-to-peer feedback, which means that employees are able to send feedback to their colleagues. Storytel employees have an annual appraisal with their manager to evaluate performance and development and set individual goals. Storytel strives to be an organisation where everyone feels comfortable giving feedback to colleagues and managers alike, with the intention of helping the other person grow and improving cooperation.

"Storytel gives me opportunities to grow and develop"



** In 2021, Storytel switched to a new tool for internal surveys, and following this change this question was broken down into several more detailed questions.*
*** Storytel is a great place for me to make a contribution to my development.*

There is an individual budget set for each employee to use for learning and development. The manager and the team decide together how to allocate the budget during the year. Storytellers are also encouraged to take part in external training and webinars and are allowed to use their working time for this.

Storytel welcomes people of all genders, identities, disabilities, sexual orientations, ethnicities, ages, religions or other beliefs.

Diversity and Inclusion

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, salary practices, recruitment and promotion, education and competence, development, and the possibility to combine work life and parenthood. Every year, Storytel conducts a salary mapping in Sweden and Denmark, where 71% of all employees are located, to detect and prevent gender pay gaps.

A Diversity and Inclusion survey was sent out in May 2021 to all employees at Storytel. The purpose of this anonymous survey was to evaluate the work that had been done within this area and to discover where more action is needed.

89%

of employees feel that Storytel values diversity.

95%

of employees feel respected by their manager.

95%

of employees feel included and that they can be themselves.

Equal Opportuniy

One of the most important parts of Diversity and Inclusion is for there to be equal opportunity for everyone at Storytel to grow and develop. Storytel continuously works to create a more inclusive and unbiased approach to performance management and evaluation, for example through guidelines on how to evaluate performance at Storytel. These guidelines serve as a basis on which managers and employees can follow up development during the year. They are also used to make decisions on promotions and remuneration.

Age and Gender Distribution - Storytel Streaming

Data is based on permanent employees at Storytel Streaming (excluding consultants, temporary employees and interns) as at 31 December 2021.

Age Distribution

	<30	31-50	50+
Board of Directors	-	37,5%	62,5%
Management Team	-	83%	17%
Managers	7%	82%	11%
Employees	27%	69%	4%

Gender Distribution

	Female	Male	Other	Undeclared
Board of Directors	25%	75%	-	-
Management Team	50%	50%	-	-
Managers	48%	52%	-	-
Employees	52%	48%	>1%	-

Number of permanent employees: **648***

Number of new employees in 2021: **187***

Number of nationalities: **58***

Number of offices**: **23**

Average age of employees: **35**

**Data is based on permanent employees at Storytel Streaming (excluding consultants, temporary employees and interns) as at 31 december 2021.*

*** Storytel has multiple offices in Sweden, including Stockholm, Lund, Umeå and Karlstad.*

Age and Gender Distribution - Storytel Books

This data includes Norstedts Förlagsgrupp, Gummerus and People's.

Age Distribution

	<30	31-50	50+
Board of Directors - Storytel Books	-	33%	66%
Management Teams	-	40%	60%
Managers	-	40%	60%
Employees	9%	67%	25%

Gender Distribution

	Female	Male	Other	Undeclared
Board of Directors - Storytel Books	33%	66%	-	-
Management Teams	67%	33%	-	-
Managers	90%	10%	-	-
Employees	86%	14%	-	-

Ethical Business Practices

Policies and Compliance

Storytel policies are vital documents for assuring compliance within the organisation 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 provide more information. The Code of Conduct is introduced during the recruitment process, and the onboarding program introduces new employees to the Storytel culture, the Storytel values and how Storytel operates as a business. All new employees are expected to read and understand the Code of Conduct, the global policies and the information security instruction during their first weeks of employment. Storytel has a compliance program focused on ethical business practices, and compliance training is part of the onboarding for all new employees.

Storytel's global policies cover the following areas:

- Work Environment
- Sustainability
- Risk Management and Compliance
- Finance
- Information Security
- Insider and Communication

Each policy is assessed and revised on an annual basis or more often if needed. Storytel's whistleblower function helps to ensure that unethical behaviour can be reported without employees fearing retaliation.

Storytel is a participant in the UN Global Compact.

Commitment to Human Rights

In 2021, Storytel became a participant in the UN Global Compact (UNGC). Throughout the year, employees have learnt about the ten principles of the UNGC and what they mean to Storytel. Moreover, the principles have been incorporated into the company-wide Sustainability Policy. In the next few years, Storytel will continue to integrate the principles into the business and extend them across the value chain. A goal in 2021 was to introduce a global Supplier Code of Conduct, however this effort has been pushed to 2022 in order to integrate the ten principles into this document.

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

Anti-corruption and Fair Competition

Storytel is committed to fully complying with the applicable antitrust and competition laws and regulations in the countries in which it operates. Storytel does not tolerate corrupt behaviour, regardless of whether local legislation may permit such acts or not. Storytel's Code of Conduct outlines zero tolerance for bribes and corruption. 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, in terms of both 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 normal business practice. Through onboarding, information sessions and its mandatory annual compliance program, Storytel works to mitigate these risks. In 2019, Storytel introduced a process for all new employees employed in Sweden and Denmark that requires them to sign the Code of Conduct as part of the employment agreement.

Protecting Intellectual Property (IP)

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

Expansion and Acquisitions

Storytel actively focuses on expanding its business to new markets around the world. While this is a cornerstone of the company's growth strategy, it requires caution to assure local compliance and mitigate risks. Storytel continuously develops its assessment processes prior to making decisions on geographic expansion or entering into acquisitions to ensure that different teams can systematically identify and assess factors such as legal and regulatory requirements, political risks, communication risks, technical risks and opportunities, financial commitments, strategic fit, taxes and content and publishing opportunities. Moreover, sustainability risks are considered, including labour and social issues as well as environmental issues, transparency and human rights. Final decisions on geographic expansion and acquisitions are made by the Storytel Board of Directors with this risk assessment in mind.

Industry Value

Since the start in 2005, Storytel has been one of the leading actors in the digitalisation of the book industry.

Storytel contributes to building and creating a catalogue of audiobooks with both new and existing stories. As a publisher of Storytel Originals, Storytel develops the audiobook format by publishing directly to audio. 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 catalogue in the local language with local publishers and authorships. 90% of all consumption in each market is in the local language, and the top 50 list in each market contains the same portion of local authors.

Storytel has a global catalogue of more than 700,000 titles in 39 languages; on average, 82% of all audiobooks in the local language in each market were fully listened to at least once during 2021. In Sweden, 99.5% of the audiobooks on Storytel's platform were fully listened to at least once during 2021. In 2021, more than 70% of the audiobooks consumed on Storytel were books that were released earlier than one year ago, also known as backlist titles. This helps older books and authorships experience renewed life and find new audiences.

Storytel seeks to be transparent with data and information with content partners. Via Storytel's Publisher Portal, publishers can access data about their digital titles.

99,5%

of the audiobooks on Storytel's platform were fully listened to at least once.

70%

of the audiobooks consumed on Storytel were books that were backlist titles.

90%

of all consumption in each market is in the local language.

Information Security, Data Protection and Customer Integrity

Overview

Information security and data protection are important to customers of digital products and services and are a central part of Storytel's overall work within compliance, risk and control. Storytel operates in a large number of countries both within and outside the EU/EEA, of which many have implemented a national data protection law. This entails high requirements on the organisation, both technically and on the organisational measures, and there is a risk that Storytel will not implement processes to accommodate this quickly enough 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. More specifically, Storytel's ambition with these processes is 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. In 2022, Storytel will continue 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 data protection and information security.

Policies and Processes

The Information Security Policy describes the overall principles set to proactively protect data, information, and IT assets from unauthorised 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 for employees. All of Storytel's central governing documents are supported by more detailed 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 and updated continuously to provide accessible and practical information and tools for all employees. To implement data protection and information security into the organisation organically, Storytel has a data privacy coordinator network which continuously works to improve internal data protection processes.

Awareness Training

Storytel employees receive continuous information security and data protection awareness training to guarantee a basic understanding of these areas and practical ways of working to ensure compliance. Activities held in 2021 on information security and data protection included cyber risk workshops, increased efforts in security awareness training, new data protection training, and an increased focus on the requirements of information security aimed at third parties. A dedicated team was also established during the year with a focus on the security of IT products and platforms with a customer interface.

2022 Fingerprint goals

- Have an employee net promoter score (eNPS) for employee satisfaction over 50.
- Launch 1–3 employee well-being initiatives.
- Oversee Storytel's recruitment process to reduce unconscious biases and enable the business to identify and recruit talent.
- Through Storytel Books, support different international freedom of expression projects.
- Continue integrating the ten principles of the UN Global Compact into Storytel's operations.
- Launch a Supplier Code of Conduct that aligns with the UN Global Compact principles.

Communication on Progress (COP)

Since 2021, Storytel has been committed to the UN Global Compact corporate responsibility initiative and its principles in the areas of human rights, labour, the environment, and anti-corruption.

The planet is facing enormous challenges. On the journey towards 2030, it's essential for Storytel to contribute to creating a better world. Storytel has pledged to incorporate the UN Global Compact principles into its strategy, culture, and daily work, and we commit to our involvement in projects and collaborative efforts that support the development of global sustainability goals. Sustainability must be a part of Storytel's DNA. I'm very proud to express continued support for, and commitment to, the UN Global Compact.

Storytel joined the UN Global Compact initiative in 2021. As a first step, the ten principles were incorporated into Storytel's company-wide sustainability policy. Since committing to the UNGC, information sessions have been held for the entire company, explaining what this commitment means and which Sustainable Development Goals we will focus on. Storytel employees have attended information sessions hosted by the network for members to learn about what we can do to accelerate further in 2022.

Please read our full Sustainability Report for 2021 to learn more about how we work with the ten principles and the UN Sustainable Development Goals, how we measure progress, and our focus areas for 2022.

COMMUNICATION ON PROGRESS

UN GLOBAL COMPACT

This is our **Communication on Progress** in implementing the Ten Principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

Ingrid Bojner, Interim CEO of Storytel

GRI Index

Storytel's Sustainability Report refers to the calendar year 2021 and has been prepared in accordance with the GRI Standards: Core option.

Storytel intends to continue to report on sustainability on an annual basis in accordance with the GRI Standards.

This report describes Storytel's business model, outlines its main sustainability risks, explains the policies and processes put in place to mitigate these risks, and specifies the KPIs that are tracked to follow-up on goals.

Management Approach Disclosures
Storytel continuously evaluates the efforts within each material aspect to identify potential improvements and take appropriate actions. In 2021, Storytel introduced a dedicated Board committee to oversee Storytel's sustainability work.

Materiality Analysis
The current materiality assessment is based on the results from a survey in 2018 when employees, owners, the Board of Directors, the management team, customers and publishing houses were involved in identifying the main sustainability challenges. The grouping and wording of the material issues was modified slightly in 2021, without making any substantial changes to the material topics themselves or their level of materiality.

Organisational Profile & Business Model
Storytel is one of the world's largest subscribed audiobook and e-book streaming services and offers listening and reading of more than 700,000 titles on a global scale. Storytel's vision is to make the world a more empathetic and creative place with great stories to be shared and enjoyed by anyone, anywhere and anytime. Storytel's streaming business is conducted under the brands Storytel and Mofibo. Storytel's publishing business area is carried out through the audiobook publisher StorySide and acclaimed Nordic publishing houses such as Norstedts, Lind & Co, People's and Gummerus. Storytel operates in over 25 markets around the globe and is headquartered in Stockholm, Sweden.

Storytel's business model is about connecting storytellers with their audience. Storytel charges its customers in advance on a monthly basis, and after successful payment subscribers have access (in most cases unlimited) to the books in the service in their market. All consumption is tracked, and at the end of a reporting period, Storytel calculates the total number of hours per book consumed. Revenues from customers are shared with publishers in a revenue share model as the standard model. Publishers then pay royalties to their authors based on the revenues received from Storytel.

General

GRI 102: General Disclosures (2016)

Disclosure Number	Disclosure Title	Page	Notes
102-1	Name of the organization	15	Storytel AB (publ)
102-2	Activities, brands, products, and services	7, 71	
102-3	Location of headquarters	71	Stockholm, Sweden
102-4	Location of operations	7, 10	
102-5	Ownership and legal form	15	
102-6	Markets served	7, 10	
102-7	Scale of organization	7, 78, 80, 81, 103 (Note 9)	
102-8	Information on employees and other workers	61–64, 103 (Note 9)	
102-9	Supply chain	7, 56-58, 71	
102-10	Significant changes to the organization and its supply chain	76-78	
102-11	Precautionary Principle or approach		The precautionary approach is applied and outlined in Storytel's Sustainability Policy and Code of Conduct
102-12	External initiatives		GRI Standards: Core Option
102-13	Membership of associations		UN Global Compact
102-14	Statement from senior decision-maker	11, 40	
102-15	Key impacts, risks, and opportunities	28-33	
102-16	Values, principles, standards, and norms of behavior	60-69	
102-18	Governance structure	15-24	
102-40	List of stakeholder groups	42-43, 71	
102-41	Collective bargaining agreements		Circa 15% (Employees of NFG and Gummerus)
102-42	Identifying and selecting stakeholders	44, 71	
102-43	Approach to stakeholder engagement	44, 71	

102-44	Key topics and concerns raised	28-33, 43	
102-45	Entities included in the consolidated financial statements	126–127 (Note 22)	
102-46	Defining report content and topic boundaries	43	The Sustainability Report primarily covers the Storytel Streaming business area, which makes up circa 75% of the Group's revenues, in line with the materiality principle
102-47	List of material topics	43	
102-48	Restatements on information		No material restatements
102-49	Changes in reporting	43	
102-50	Reporting period	71	This report covers the sustainability performance of Storytel for the period January 1– December 31, 2021
102-51	Date of more recent report		The Sustainability Report 2020 covers the sustainability performance of Storytel for the period January 1– December 31, 2020
102-52	Reporting cycle		Annual
102-53	Contact point for questions regarding the report		sandra.olt@storytel.com
102-54	Claims of reporting in accordance with the GRI Standards	71	
102-55	GRI content index	71-75	
102-56	External assurance		No external review

Brainprint

– Including *Customer Value* and *Content Responsibility*

Disclosure number	Disclosure title	Page	Notes
103-1 (2016)	Explanation of the material topic and its boundaries	43, 45	Material topics, and boundaries, to the Streaming business area, which makes up circa 75% of the Group's revenues, unless otherwise stated and in line with the materiality principle
103-2 (2016)	The management approach and its components	43, 44, 48, 65, 66	
103-3 (2016)	Evaluation of the management approach	44, 48, 65	Storytel's sustainability policy and its effectiveness are reviewed and revised as necessary on an annual basis

Footprint

– Including *Scope 1, Scope 2 and Scope 3 Emissions*

Disclosure number	Disclosure title	Page	Notes
103-1 (2016)	Explanation of the material topic and its boundaries	43, 54	The material boundaries of this section include the full Storytel Group with the exception of the publishing house Lind & Co, acquired by Storytel in March 2021
103-2 (2016)	The management approach and its components	43, 44, 54, 60	
103-3 (2016)	Evaluation of the management approach	44, 54, 65	Storytel's sustainability policy and its effectiveness are reviewed and revised as necessary on an annual basis
305-1 (2016)	Direct (Scope 1) GHG emissions	54-55	
305-2 (2016)	Energy indirect (Scope 2) GHG emissions	54-55	
305-3 (2016)	Other indirect (Scope 3) GHG emissions	54-56	
305-4 (2016)	GHG emissions intensity	56-59	Emissions are calculated in accordance with the GHG Protocol

Fingerprint

– Including *Employee Working Conditions, Diversity and Inclusion, Ethical Business Practices* and *Information Security, Data Protection and Customer Integrity*

Disclosure number	Disclosure title	Page	Notes
103-1 (2016)	Explanation of the material topic and its boundaries	43, 60	Material topics, and boundaries, relate to the Streaming business area, which makes up circa 75% of the Group's revenues, unless otherwise stated and in line with the materiality principle
103-2 (2016)	The management approach and its components	43, 44, 60, 65	
103-3 (2016)	Evaluation of the management approach	44, 60, 65	Storytel's sustainability policy and its effectiveness are reviewed and revised as necessary on an annual basis
205-2 (2016)	Communication and training about anti-corruption policies and procedures	65, 66	
405-1 (2016)	Diversity of governance bodies and employees	63, 64, 103 (Note 9)	

Directors' report

Information about the operations

The Board of Directors and CEO of Storytel AB (publ) (556575-2960) hereby submit the annual report and consolidated accounts for the financial year 1 January 2021–31 December 2021. The company has its registered office in Stockholm. The annual report has been prepared in Swedish kronor (SEK) with all figures stated in SEK thousand unless otherwise specified.

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 as of 2022. The publishing business is managed by Storytel Books, as well as by the audiobook publisher StorySide. Storytel Group is present in over 25 markets. The head office is located in Stockholm, Sweden.

Ownership and the Share

The closing price on 30 December 2021, the final day of trading, was SEK 165.1. The share was not traded on 31 December 2021. During the financial year, the lowest share price was SEK 144.9 and the highest SEK 268.5. The average price was SEK 209.1 during the financial year. An average of 279,343 shares were traded per day, with a high of 6,055,457 shares on a single day. Storytel's market cap as of 31 December was 11,273 MSEK.

Largest shareholders as of 31 December 2021

Shareholder	Capital, %	Votes, %
Jonas Sjögren & associated companies	11.0%	11.0%
EQT	11.0%	11.0%
Swedbank Robur Fonder	7.5%	7.5%
Jonas Tellander	7.2%	7.2%
Annamaria Tellander	4.4%	4.4%
Other	58.9%	58.9%
	100%	100%

Significant events during the year

The COVID-19 pandemic has continued to create uncertainty around the world, although vaccines have created hope for the future. Storytel has been able to continue its operations as before since all employees have been able to work from home unhindered. The effect of the pandemic at the country level has varied, and the same applies to the effect on Storytel's subscribers, which is also very difficult to quantify.

On 20 January, Storytel passed a milestone of 1.5 million paying customers.

On 10 March, the company conducted a private placement, which generated around MSEK 1,171. The subscription price in the Private Placement was set at SEK 218 through an accelerated bookbuilding procedure performed by ABG Sundal Collier and Swedbank AB (publ). The Private Placement was significantly oversubscribed. The investors in the Private Placement consisted of a large number of Swedish and international institutional investors such as AMF Pensionsförsäkring, C WorldWide Asset Management, Handelsbanken Fonder, Skandia Fonder, Skandia Liv, Swedbank Robur and Vitruvian Partners.

On 18 March, Storytel acquired a 70% majority stake in Bokförlaget Lind & Co (Lind & Co). The purchase price was paid partly in cash and partly via an issue of shares in Storytel AB (publ). The issue consisted of 343,394 new class B shares.

The Annual General Meeting was held on 4 May 2021. Rustan Panday was re-elected as the Chair of the Board. Jonas Tellander, Nils Janse, Jonas Sjögren, and Helen Fasth Gillstedt were re-elected directors of the Board. Malin Holmberg and Stefan Blom were newly elected directors of the Board. Ernst & Young was re-elected as the company's auditor.

On 20 May, Storytel announced that the company would enter into a partnership with Spotify and make audiobooks even more accessible to Storytel customers. Storytel subscribers will be able to enjoy Storytel's audiobook experiences on Spotify by linking the two accounts. In connection with the Q4-21 report, Storytel announced that the partnership was under review.

On 23 June, Storytel acquired a 100% share in the Finnish publisher Aula & Co. The acquisition further strengthened Storytel's position as a distributor, producer and publisher in the Finnish market. The purchase price was paid partly in cash and partly through the issue of shares in Storytel AB (publ). The issue consisted of 23,482 new B shares.

An extraordinary general meeting was held on 23 September, at which Joakim Rubin was elected director of the Board as a representative of EQT. It was noted that Nils Janse is stepping down from the Board and Stefan Blom, Helen Fasth Gillstedt, Malin Holmberg, Rustan Panday, Jonas Sjögren and Jonas Tellander remain as directors of the Board. Stefan Blom was elected Chair of the Board.

On 5 November, Storytel joined the world's largest initiative for sustainable business and undertook to adapt its activities in line with the ten principles of the UN Global Compact and report on its progress. A new sustainability committee within Storytel's Board will lead and monitor the company's sustainability work.

On November 12, Storytel entered into an agreement to acquire Audiobooks.com from the global investment company KKR. Audiobooks.com is one of the leading services for audiobook experiences in the U.S. Through the acquisition of Audiobooks.com, Storytel is extends its trajectory of expansion into the world's largest English-speaking market. The acquisition was completed on January 7 with a purchase price, paid in cash, calculated based on an enterprise value of MUSD 135 on a cash and debt free basis. The acquisition is financed through existing funds and a newly issued MSEK 500 bridge loan facility, with termination date in Q1 2023, with Swedbank AB (publ). The bridge loan has been 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 and the available amount increased to MSEK 850 (from MSEK 500).

An extraordinary general meeting was held on 30 November at which Richard Stern was elected director of the Board.

Future development

Storytel's ambition is to be a global market leader in digital storytelling. The company is expected to continue to grow on both existing and new markets and continually develop its service to be an attractive choice on the market, primarily for digital audiobooks and e-books.

Risks and uncertainties

Risks associated with Storytel's expansion

The COVID-19 pandemic could continue to create global uncertainty. Although Storytel's operations are able to continue according to plan, the effect on our current and future subscribers is difficult to quantify.

Storytel will continue to invest in international expansion. In many cases, Storytel may be entering immature audiobook markets, so there is 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. Storytel is also expanding into markets that are significantly different from Storytel's domestic market of Sweden. This includes, but is not limited to, stricter laws and regulations, sanctions and corruption, for example. External risks connected to our global presence also includes events affecting the macroeconomic or the geopolitical environment negatively. These macroeconomic or geopolitical events, such as political instability are difficult to predict. There is a risk that the company may not take all of these elevated risks into account when entering new markets.

Storytel's ability to attract new customers is largely dependent on the company continuing to successfully deliver an innovative and technically feasible service with the right 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 full service Storytel is dependent on filling the service with 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.

Storytel is in a period of expansion, and the company has obtained and may need to obtain more capital from the capital market. If the company is not able to do this because of external or internal circumstances, the company risks not being able to continue to grow as desired.

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 not perform in in line with expectations from Storytel and the market.

Risks associated with processing personal data

On 25 May 2018, the new EU regulation GDPR (General Data Protection Regulation) came into force. Storytel has implemented organisational, technical and administrative changes and resources to meet the requirements in this 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 evolving. This 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 severe penalties, and the company, depending on the nature and extent of a possible breach, may risk both injunctions for measures with a short implementation period and penalties or sanctions of up to MEUR 20 or four percent of Storytel's global sales.

Opportunities for continued operation

The Storytel Group recorded a loss in 2021. This loss was in line with the budget and projections and was due to the substantial investments made in the company's international operations, which usually take a number of years to become profitable. In 2021, Storytel operated on 25 markets, five of which generated a profit. 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.

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 15-24 and covers all of Storytel Group's operations.

Sustainability report

Storytel is not required to produce a sustainability however a voluntary sustainability report has been prepared and is presented on pages 40-75 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.

Transition to IFRS

As of 1 January 2021, Storytel AB prepares its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretative statements from the IFRS Interpretations Committee as adopted by the European Union (EU).

Multi-year overview

Group (TSEK)	**2021**	**2020**	**2019***	**2018***	**2017***
Net sales	2,620,797	2,236,751	1,843,267	1,459,952	1,170,861
Profit before tax	-352,324	-191,700	-380,186	-260,962	-82,963
Operating margin (%)	-13,4%	-7,4%	-19,6%	-16,9%	5,7%
Profit margin	-14,2%	-8,4%	-17%	-14,5%	6,2%
Equity	1,910,603	955,607	342,200	624,079	343,573
Balance sheet total	3,008,720	1,889,963	1,305,901	1,367,803	949,421
Equity-to-assets ratio (%)	63,5%	50,1%	26,2%	45,6%	36,2%
Number of employees	830	685	539	383	309

Parent Company (TSEK)	**2021**	**2020**	**2019***	**2018***	**2017***
Net sales	20,896	4,717	3,788	3,186	2,685
Profit after financial items	35,459	-14,241	-27,822	-8,685	2,242
Balance sheet total	3,835,947	2,534,087	1,867,313	1,633,214	1,075,762
Equity-to-assets ratio (%)	99,9%	99,4%	78,4%	89,1%	90,5%

* The years 2017, 2018 and 2019 have not been restated to IFRS but are presented in accordance with the previous accounting principles, K3. The impact of IFRS on various items in the financial statements is presented in Note 33 for the Group and Note 17 for the Parent Company.

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CONSOLIDATED STATEMENT OF INCOME			
Amounts in TSEK	**Note**	**2021-01-01 -2021-12-31**	**2020-01-01 -2020-12-31**
Net sales	3,4	2,620,797	2,236,751
Cost of sales	6,7,8,9,10	-1,607,690	-1,380,061
Gross profit/loss		**1,013,107**	**856,690**
Sales and marketing expenses	6,7,8,9,10	-957,338	-712,611
Technology and development expenses	6,7,8,9,10	-206,913	-150,882
General and administrative expenses	6,7,8,9,10	-221,372	-184,773
Other operating income	5	17,554	19,248
Profit from participations in associates	23	4,208	6,582
Operating profit		**-350,754**	**-165,746**
Financial income	11	16,717	6,305
Financial expenses	12	-18,287	-32,259
Profit before tax		**-352,324**	**-191,700**
Tax	13	-20,761	2,945
Profit for the year		**-373,085**	**-188,755**
Profit for the year attributable to:			
Parent Company shareholders		-381,587	-188,755
Non-controlling interests		8,502	-
		-373,085	**-188,755**
Earnings per share, calculated on earnings attributable to Parent Company shareholders	14		
Earnings per ordinary share, basic (SEK)		-5.68	-3.07
Earnings per ordinary share, diluted (SEK)		-5.68	-3.07

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME		**2021-01-01**	**2020-01-01**
Amounts in TSEK	**Note**	**- 2021-12-31**	**- 2020-12-31**
Profit for the year		-373,085	-188,755
Other comprehensive income			
Items that will be reclassified to profit/loss (after tax)			
Translation difference	24	8,626	-30,845
Items that will not be reclassified to profit/loss (after tax)			
Revaluation of defined-benefit pension plans	10	-389	-8,756
Revaluation of hedging instruments	24	-10,031	-
Total other comprehensive income for the year, after tax		**-1,794**	**-39,601**
Total comprehensive income for the year, after tax		**-374,879**	**-228,356**
Total comprehensive income for the year attributable to:			
Parent Company shareholders		-383,381	-228,356
Non-controlling interests		8,502	-
		-374,879	**-228,356**

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION				
Amounts in TSEK	**Note**	**2021-12-31**	**2020-12-31**	**2020-01-01**
Assets				
Non-current assets				
Intangible assets, goodwill	15	418,383	308,848	160,400
Other intangibe assets	15	644,762	357,055	109,583
Property, plant and equipment	16	27,675	24,640	15,309
Right-of-use assets	17	131,421	141,287	143,528
Other non-current receivables	18	31,492	22,667	21,202
Participations in associates	23	10,872	11,131	11,001
Deferred tax asset	13	3,750	2,879	-
Total non-current assets		**1,268,355**	**868,507**	**461,023**
Current assets				
Inventories	19	65,662	53,207	71,873
Trade receivables	18,25	311,901	224,634	177,182
Receivables in associates	25	25,582	12,248	8,967
Other receivables	18	152,370	125,043	87,944
Prepaid expenses and accrued income	20	278,967	244,678	164,565
Cash and cash equivalents	18,21	905,882	361,646	321,519
Total current assets		**1,740,365**	**1,021,456**	**832,050**
TOTAL ASSETS		**3,008,720**	**1,889,963**	**1,293,073**
EQUITY AND LIABILITIES				
Equity	**24**			
Share capital		34,139	31,273	28,055
Other capital contributions		3,192,821	1,931,152	885,235
Reserves		-15,010	-14,723	17,240
Retained earnings including profit/loss for the year		-1,375,189	-992,095	-795,702
Equity attributable to Parent Company shareholders		**1,836,761**	**955,607**	**134,828**
Non-controlling interests		73,842	-	-
Total equity		**1,910,603**	**955,607**	**134,828**
Non-current liabilities				
Liabilities to credit institutions	18,25	-	-	196,134
Lease liabilities	17	95,276	105,419	110,415
Pension provision, net	10	116,449	105,575	89,876
Deferred tax liability	13	31,883	10,070	11,444
Long-term provisions	26	13,034	12,512	-
Total non-current liabilities		**256,642**	**233,576**	**407,869**

Current liabilities				
Liabilities to credit institutions	18,25	-	2,116	203,798
Lease liabilities	17,18	36,383	33,354	29,171
Trade payables	18,25	171,092	147,957	116,804
Current tax liabilities		15,330	10,849	4,676
Hedge reserve		10,031	-	-
Other current liabilities	18,25	80,462	55,951	46,605
Accrued expenses and deferred income	4,27	507,284	418,735	307,252
Short-term provisions	26	20,893	31,818	42,070
Total current liabilities		**841,475**	**700,780**	**750,375**
TOTAL EQUITY AND LIABILITIES		**3,008,720**	**1,889,963**	**1,293,073**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Equity attributable to shareholders in parent company							
Amounts in TSEK	**Note 24**	**Share capital**	**Other capital contributions**	**Foreign currency translation reserve**	**Hedge reserve**	**Retained earnings including profit/loss for the year**	**Total**	**Non-controlling interests**	**Total equity**
Opening equity as of 2020-01-01		**28,055**	**885,235**	**17,240**	**-**	**-795,702**	**134,828**	**-**	**134,828**
Profit for the year		-	-	-	-	-188,755	**-188,755**	-	**-188,755**
Other total comprehensive income for the year:									
Translation difference		-	-	-30,845	-	-	**-31,963**	-	**-31,963**
Revaluation of defined-benefit pension plans	10	-	-	-	-	-8,756	**-7,638**	-	**-7,638**
Total comprehensive income for the year		**-**	**-**	**-30,845**	**-**	**-197,511**	**-228,356**	**-**	**-228,356**
Transactions with the Group's owners									
New share issue		3,218	1,034,644	-	-	-	**1,037,862**	-	**1,037,862**
Issue expenses		-	-11,168	-	-	-	**-11,168**	-	**-11,168**
Warrants	9	-	11,212	-	-	-	**11,212**	-	**11,212**
Employee stock options	9	-	11,229	-	-	-	**11,229**	-	**11,229**
Total		**3,218**	**1,045,917**	**-**	**-**	**-**	**1,049,135**	**-**	**1,049,135**
Closing equity as of 2020-12-31		**31,273**	**1,931,152**	**-13,605**	**-**	**-993,213**	**955,607**	**-**	**955,607**
Opening equity as of 2021-01-01		**31,273**	**1,931,152**	**-13,605**	**-**	**-993,213**	**955,607**	**-**	**955,607**
Profit for the year		-	-	-	-	-381,587	**-381,587**	8,502	**-373,085**
Non-controlling interest from acquisition of Lind & Co		-	-	-	-	-	**-**	65,340	**65,340**
Other total comprehensive income for the year:									
Translation difference		-	-	8,626	-	-	**8,626**	-	**8,626**
Revaluation of defined-benefit pension plans	10	-	-	-	-	-389	**-389**	-	**-389**
Hedge accounting		-	-	-	-10,031	-	**-10,031**	-	**-10,031**
Total comprehensive income for the year		**-**	**-**	**8,626**	**-10,031**	**-381,976**	**-381,587**	**73,842**	**-309,539**
Transactions with the Group's owners									
New share issue		2,866	1,252,208	-	-	-	**1,255,074**	-	**1,255,074**
Issue expenses		-	-13,476	-	-	-	**-13,476**	-	**-13,476**
Warrants	9	-	6,998	-	-	-	**6,998**	-	**6,998**
Employee stock options		-	15,939	-	-	-	**15,939**	-	**15,939**
Total		**2,866**	**1,261,669**	**-**	**-**	**-**	**1,264,535**	**-**	**1,264,535**
2021-12-31		**34,139**	**3,192,821**	**-4,979**	**-10,031**	**-1,375,189**	**1,838,555**	**73,842**	**1,910,603**

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CONSOLIDATED STATEMENT OF CASH FLOWS

Amounts in TSEK	Note	01/01/2021 - 31/12/2021	1/1/2020 - 31/12/2020
Operating activities			
Operating profit		-352,326	-191,700
Whereof interest paid		-3,849	-4,076
Adjustments for non-cash items	28	194,613	145,215
Tax paid		-17,286	-14,589
Cash flow from operating activities before changes in working capital		**-174 999**	**-61,072**
Cash flow from changes in working capital			
Change in inventory		-4,996	18,109
Changes in operating receivables		-146,023	-165,471
Changes in operating liabilities		107,318	124,902
Cash flow from operating activities		**-218,700**	**-83,532**
Investing activities			
Acquisition of intangible assets		-317,651	-256,136
Acquisition of property plant and equipment		-9,935	-12,199
Business combinations	18,31	-41,759	-107,098
Acquisition of financial non-current assets		-1,973	-2,047
Cash flow from investing activities		**-371,319**	**-377 480**
Financing activities	28		
New share issue		1,157,184	936,929
Warrants		6,998	11,212
Repayment of debt		-2,116	-399,882
Amortization of lease liability	17	-30 497	-29,604
Cash flow from financing activities		**1 131 569**	**518,656**
Cash flow for the year		**541,550**	**57,644**
Cash and cash equivalents at beginning of year		361,646	321,519
Exchange rate difference in cash and cash equivalents		2,686	-17,517
Cash and cash equivalents at year-end	21	**905,882**	**361,646**

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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 3 April 2022, the Board of Directors approved this annual report and consolidated financial statements, which will be submitted for adoption at the Annual General Meeting on 4 May 2022. Storytel's formal financial statements are included on pages 76-168 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 IFRS 1 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 1 January 2022 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 instruments or debt instruments, that arise are recognised directly in profit/loss for the year. In business combinations where transferred remuneration exceeds the fair value of acquired assets and assumed liabilities that are recognised separately, the difference is recognised as goodwill. When the difference is negative, so-called acquisitions at a low price, this is recognised directly in profit/loss for the year.

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 recognised 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 recognised. 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 recognised in profit/loss. Contingent consideration is classified as a financial liability and revalued at fair value in each period. Any changes in value are recognised 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 recognised in profit/loss. Previous holdings are measured at fair value, and the change in value is recognised 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 recognised according to the equity method.

The equity method means that the recognised 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 recognised in profit/loss for the year. Exchange gains and losses relating to operating receivables and liabilities are recognised 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.

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 cooperation 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 the customer 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 is 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 is 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 redeemed within their validity period (usually between one and two years). The revenue related to these is recorded over the validity period, based on the estimated share of gift cards which are not expected to 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 recognised at the time when consumption has taken place.

Sales of streaming-related products
Storytel also sells streaming-related products such as the e-reader Storytel Reader. The transaction price is mainly fixed, and revenue from the sale of the product is recognised 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 recognised (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 recognised as a personnel cost in the income statement, except the net interest rate, which is reported as a financial item.

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 an employee warrant programme 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 remuneration to employees is based on the fair value of the warrants as per the allocation date, calculated in accordance with the Black & Scholes model, and is recognised 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. 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 programme. For employee stock option programs issued during 2021, an earnings condition regarding the Group's revenue growth during the years 2021–2023 is also included, which is handled in the same way.

At every period end, the Group reassesses how many warrants are expected to be vested. Any deviations to the original assessment are recognised in the income statement, and corresponding adjustments are made in equity. There are currently no synthetic warrants issued.

Social security expenses attributable to share-based remuneration 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.

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 recognised in the period to which it relates.

Dividends received are recognised 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 recognised in the period to which they relate.

Income tax

Income tax consists of current tax and deferred tax. Income taxes are recognised in profit/loss for the year except when the underlying transaction is recognised in other comprehensive income or equity, whereby the related tax effect is recognised 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 recognised 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 recognising goodwill or for the initial reporting of an asset acquisition since the acquisition does not impact either recognised 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 recognised only to the extent that there are sufficiently strong factors that these will be utilised, 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 utilised.

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 recognised 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 recognised for the first time in the financial statement. Intangible assets with a limited useful life are recognised at cost less depreciation and any write-downs. 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 write-downs. 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 if any impairment indicators are identified.

Internally generated intangible assets – Capitalised expenses for development work
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 capitalised afterwards. Costs that arise during the development phase are capitalised 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 capitalisation are met.

Capitalised expenses for development work is recognised during the development phase at cost less and any accumulated write-downs. The expenditure that is capitalised 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 capitalisation are charged to profit/loss when they arise. Internally generated intangible assets are recognised under capitalised 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 capitalised 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 depreciation and any accumulated write-downs. 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 recognised at cost less accumulated depreciation and any accumulated write-downs.

Depreciation principles
Intangible non-current assets are depreciated systematically over the asset's estimated useful life. The useful life is reconsidered at each balance sheet date and adjusted if necessary. When the depreciable 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, depreciation 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 depreciated from the date they are available for use. Estimated useful lives for significant intangible non-current assets are as follows:

Capitalised development expenses	3–10 years
Rights, licenses, brands	3-10 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 write-downs. Cost includes the purchase price and expenses directly attributable to the asset to bring it into place and in condition to be utilised 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 recognised 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 leasehold improvements 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 to Storytel the right for a certain period to decide 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 write-downs, and adjusted for revaluations of the lease liability, excluding currency translation. The cost of right-of-use assets includes the initial value recognised 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 amortised on a straight-line basis during the lease period.

Lease liabilities
On the commencement date of a lease, the Group recognised 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 recognised 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 recognises 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 recognised 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 recognised 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 recognised 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.

Recognition 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 recognised 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 write-downs 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 acquisition value,
– Fair value via other comprehensive income, or
– Fair value through profit/loss.

Financial assets classified at amortised 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 amortised 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 recognised 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 amortised cost. Financial liabilities reported at amortised cost are initially measured at fair value, including transaction costs such as borrowing costs. After the initial reporting occasion, they are measured at amortised 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 utilised. In such cases, the fee is reported when the credit facility is utilised. When it is not considered probable that part or all of the credit facility will be utilised, 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 recognised in the income statement as other operating income or other operating expenses. The discounting effect is recorded as a financial item.

See separate heading regarding derivatives below.

Borrowing is classified as current liabilities unless the Group has conditional right to defer payment of the debt for at least twelve months after the balance sheet date. Borrowing costs are recognised in the income statement in the period to which they relate. Accrued interest is recognised 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 recognised 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 recognised 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 write-downs 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 amortised cost, i.e., net of gross value and loss reserve. Changes in the loss reserve are recognised 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. Utilised overdraft facilities are 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 recognised as a non-current or current liability 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 additional purchase payments. Warranty commitments related to Storytel Reader vary between markets, but provisions for these are currently very limited.

Contingent liabilities

A contingent liability is recognised 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 commitment that is not recognised as a liability or provision because an outflow is not probable.

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 additional 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 judgements 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 additional consideration which may be contingent on future financial development. Assessment of outcomes for contingent additional consideration is based on estimates of future financial developments and may thus change.

Capitalised development expenses
The Group capitalises certain development expenses 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. Capitalisation of development expenses 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 utilised. 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.

Royalty advances
Royalty advances are recognised at the amount expected to be offset 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 be 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 utilisation 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 sales returns
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.

01/01/2021 – 31/12/2021	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 sales	-1,067,461	-327,952	-407,814	-1,803,227	221,604	-26,067	-1,607,690
Gross profit	**663,914**	**191,528**	**399,208**	**1,254,650**	**-245,673**	**4,130**	**1,013,107**

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

Internal revenue for the Books segment which relate to sales from streaming are already included as a cost reduction in the segment reporting for the Streaming segments.

Revenues and cost of sales of Storytel AS are included in the Streaming Nordics segment. These are subsequently eliminated in the column for Group-wide items and eliminations, where the license fee from Storytel AS is also added back.

01/01/2021 – 31/12/2021	Group
Gross profit	**1,013,107**
Selling and marketing expenses	-957,338
Technology and development expenses	-206,913
Administrative expenses	-221,372
Other operating income	17,554
Profit from participations in associates	4,208
Operating profit	**-350,754**
Net financial income/expense	-1,570
Profit before tax	**-352,324**

01/01/2021 – 31/12/2021	Streaming Nordics	Streaming Non-Nordics	Books	Total segment	Group-wide items and eliminations	Other adjustments	Group total
Revenue from external customers	1,510,180	371,869	589,217	2,471,266	-267,242	32,727	2,236,751
Internal revenue	-	-	98,209	98,209	-98,209	-	-
Cost of sales	-902,197	-224,075	-399,141	-1,525,413	165,637	-20,285	-1,380,061
Gross profit	**607,983**	**147,794**	**288,285**	**1,044,062**	**-199,814**	**12,442**	**856,690**

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

Internal revenue for the Books segment which relate to sales from streaming are already included as a cost reduction in the segment reporting for the Streaming segments.

Revenues and cost of sales of Storytel AS are included in the Streaming Nordics segment. These are subsequently eliminated in the column for Group-wide items and eliminations, where the license fee from Storytel AS is also added back.

01/01/2020 – 31/12/2020	**Group**
Gross profit	**856,690**
Selling and marketing expenses	-712,611
Technology and development expenses	-150,882
Administrative expenses	-184,773
Other operating income	19,248
Profit from participations in associates	6,582
Operating profit	**-165,747**
Net financial income/expense	-25,954
Profit before tax	**-191,700**

Information per country where the Group has operations	**Revenue from external customers 2021-01-01 – 2021-12-31**	**Revenue from external customers 2020-01-01 – 2020-12-31**
Sweden	1,357,530	1,213,402
Denmark	438,912	396,435
Finland	230,455	198,352
Netherlands	176,592	136,783
Other countries	417,308	291,778
Total	**2,620,797**	**2,236,751**

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% or more of the Group's revenues.

Information per country where the Group has operations	**Non-current assets**
Sweden	1,121,673
Other countries	177,159
Group items including acquired surplus values	-30,477
Total	**1,268,355**

There are no material non-current assets in any specific country outside of Sweden.

Note 4 Revenue from contracts with customers

01/01/2021 – 31/12/2021	Books	Streaming	Other	Group total
Type of product or service				
Revenue from subscriptions of streaming service	-	1,931,017	-	**1,931,017**
Revenue from publishing activities	659,583	-	-	**659,583**
Other	-	-	**30,197**	**30,197**
Revenue from contracts with customers	**659,583**	**1,931,017**	**30,197**	**2,620,797**

01/01/2020 – 31/12/2020	Books	Streaming	Other	Group total
Type of product or service				
Revenue from subscriptions of streaming service	-	1,614,807	-	**1,614,807**
Revenue from publishing activities	589,217	-	-	**589,217**
Other	-	-	32,727	**32,727**
Revenue from contracts with customers	**589,217**	**1,614,807**	**32,727**	**2,236,751**

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

Contractual debt		12/31/2021	12/31/2020	1/1/2020
Opening balance		60,621	56,260	-
Significant changes in contractual liabilities as a result of business combinations		-	1,606	-
Changes attributable to ordinary operations		23,907	2,755	-
Closing balance		**84,528**	**60,621**	**56,260**

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 Contingent on continued performance in accordance with the contract. When the company's right to compensation becomes unContingent, 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 recognised in the balance sheet under the item Accrued expenses and prepaid income. 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, all contractual debt is expected to be recognised within one year, with most of it being recognised 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

	01/01/2021 - 31/12/2021	01/01/2020 - 31/12/2020
Grants received	10,828	9,755
Exchange gains relating to operations	742	1,186
Other revenue	5,984	8,307
Total	**17,554**	**19,248**

Grants received mainly relate to grants for the publishing of books within the Group.

Note 6 Operating expenses

	01/01/2021 - 31/12/2021	01/01/2020 - 31/12/2020
Cost of sales		
Goods for resale	1,346,025	1,155,445
Other external costs	18,654	24,135
Personnel costs	190,645	173,826
Depreciation and amortisation	51,141	25,604
Other	1,224	1,051
Total	**1,607,690**	**1,380,061**

	01/01/2021 - 31/12/2021	01/01/2020 - 31/12/2020
Sales and marketing expenses		
Goods for resale	47,082	35,046
Other external costs	694,673	517,142
Personnel costs	194,518	144,793
Depreciation and amortisation	19,697	14,611
Other	1,368	1,018
Total	**957,338**	**712,611**

	01/01/2021 - 31/12/2021	01/01/2020 - 31/12/2020
Technology and development expenses		
Goods for resale	-	-
Other external costs	21,418	13,497
Personnel costs	89,992	91,130
Depreciation and amortisation	95,429	46,143
Other	74	112
Total	**206,913**	**150,882**

	01/01/2021 - 31/12/2021	01/01/2020 - 31/12/2020
General and administrative expenses		
Goods for resale	-	-
Other external costs	104,703	86,654
Personnel costs	98,864	82,519
Depreciation and amortisation	15,883	13,996
Provision for expected credit losses	387	69
Other	1,535	1,536
Total	**221,372**	**184,774**

Cost of sales consists mainly of royalties and content cost related to digital and printed books, costs for suppliers of payment solutions and costs of printed books sold. It also includes distribution costs as well as payroll and related personnel expenses associated with the acquisition, production and publishing of books. Amortisations of content assets are also included.

Sales and marketing expenses consist mainly of advertising expenses including royalties and content cost related to free trials, as well as payroll and related personnel expenses associated with marketing and PR. Amortisations of trademarks are also included.

Technology and development expenses consist of payroll costs and related expenses and consultant costs associated with IT and the development of products for the Storytel technical platforms. Amortisations of technical platforms are also included.

General and administrative expenses consist of payroll and related expenses for administrative personnel, such as management, finance, HR and legal departments. Also administration related professional services fees and other general corporate costs, transaction costs from acquisitions and depreciation of office equipment are included.

Note 7 Depreciation/amortisation and write-downs

Depreciation/amortisation per function	01/01/2021 - 31/12/2021	01/01/2020 - 31/12/2020
Cost of sales	51,141	25,604
Selling expenses	19,697	14,611
Technology and development expenses	70,429	46,143
Administrative expenses	15,883	13,996
Total	**157,150**	**100,354**

Depreciation/amortisation per asset class	01/01/2021 12/31/2021	01/01/2020 12/31/2020
Intangible assets	112,333	65,082
Tangible assets	6,895	4,199
Right-of-use assets	37,923	31,076
Total	**157,150**	**100,354**

Impairment losses per function	**01/01/2021 12/31/2021**	**01/01/2020 12/31/2020**
Cost of sales	-	-
Selling expenses	-	-
Technology and development expenses*	25,342	-
Administrative expenses	-	-
Total	**25,342**	**-**

Impairment losses per asset class	**01/01/2021 12/31/2021**	**01/01/2020 12/31/2020**
Intangible assets*	25,342	-
Tangible assets	-	-
Right-of-use assets	-	-
Total	**25,342**	**-**

*The impairment lossses are mainly related to the write downs of IT platforms as part of the discontinuation of Ztorylabs in Sweden and in conjunction with the migration of customers from the Mofibo and Kitab platforms to the Storytel platform.

Note 8 Auditor's fees

Ernst & Young AB	**01/01/2021 - 31/12/2021**	**01/01/2020 - 31/12/2020**
Audit assignment	4,426	3,447
Other auditing activities	51	22
Tax advice	85	299
Other services	917	610
Total	**5,479**	**4,378**

Other auditing companies	**01/01/2021 - 31/12/2021**	**01/01/2020 - 31/12/2020**
Audit assignment	54	50
Tax advice	51	-
Total	**105**	**50**

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

Average number of employees	01/01/2021 – 31/12/2021 Average number of employees	Of which women, percent %	Of which men, percent %	01/01/2020 – 31/12/2020 Average number of employees	Of which women, percent %	Of which men, percent %
Parent Company	2	50%	50%	2	50%	50%
Subsidiaries in:						
Sweden	506	61%	39%	404	62%	38%
Denmark	96	50%	50%	82	54%	46%
India	23	57%	43%	19	53%	47%
Netherlands	19	53%	47%	14	36%	64%
Finland	44	89%	11%	30	87%	13%
Spain	13	38%	62%	12	25%	75%
Poland	14	36%	64%	14	14%	86%
Russia	14	71%	29%	14	71%	29%
Turkey	13	54%	46%	11	45%	55%
Bulgaria	10	80%	20%	9	78%	22%
Iceland	14	50%	50%	12	42%	58%
Other countries	62	40%	60%	62	35%	65%
Group total	**830**			**685**		

Gender distribution, Board and senior executives	01/01/2021 – 31/12/2021 Average number of employees	Of which women, percent %	Of which men, percent %	01/01/2020 – 31/12/2020 Average number of employees	Of which women, percent %	Of which men, percent %
Board members	7	28%	72%	7	29%	71%
CEO and other senior executives	5	61%	39%	4	60%	40%
Group total	**12**			**11**		

Personnel costs	**01/01/2021 - 31/12/2021**	**01/01/2020 - 31/12/2020**
Parent Company		
Board and other senior executives		
Salaries and other remuneration	5,461	3,864
Social security contributions	2,003	1,503
Pension costs	655	719
Total	**8,119**	**6,085**
Subsidiaries		
Board and other senior executives		
Salaries and other remuneration	6,500	5,394
Social security contributions	2,042	1,695
Pension costs	1,822	1,312
Total	**10,364**	**8,401**
Other employees		
Salaries and other remuneration	477,436	387,666
Social security contributions	101,823	90,487
Pension costs	40,016	31,283
Total	**619,275**	**509,436**
Group total	**637,758**	**523,922**

01/01/2020 – 31/12/2020	Basic remuneration, Board fee	Variable remuneration	Pension cost	Other compensation	Total
Chair of the Board					
Rustan Panday	630	-	-	16	646
Board member					
Jonas Sjögren	230	-	-	-	230
Malin Holmberg From 2020-05-06	130	-	-	-	130
Nils Janse	200	-	-	-	200
Helen Fasth Gillstedt	400	-	-	-	400
Stefan Blom From 2020-05-06	130	-	-	-	130
Morten Strunge Through 2020-05-06	70	-	-	-	70
Eva Swartz Grimaldi Through 2020-05-06	83	-	-	-	83
Chief Executive Officer					
Jonas Tellander	2,537	-	650	42	3,229
Other senior executives (4)	4,775	-	1,381	14	6,170
Total	**9,186**	**-**	**2,031**	**72**	**11,289**

01/01/2021 – 31/12/2021	Basic remuneration, Board fee	Variable remuneration	Pension cost	Other compensation	Total
Chair of the Board					
Stefan Blom	381	-	-	-	381
Board member					
Rustan Panday (Chair of the Board until September 2021)	628	-	-	16	644
Jonas Sjögren	263	-	-	-	263
Malin Holmberg	367	-	-	-	367
Nils Janse Through 2021-09-23	166				166
Joakim Rubin From 2021-09-23	81	-	-	-	81
Helen Fasth Gillstedt	467	-	-	-	467
Richard Stern From 2021-11-30	21	-	-	-	21
Chief Executive Officer					
Jonas Tellander	2,755	-	863	54	3,672
Other senior executives (6)	6,744	-	1,555	10	8,309
Total	**11,873**	**-**	**2,418**	**80**	**14,371**

Per December 31 2021 the Board members, the Chief Executive Officer and the other senior executive members had the following holdings in the Storytel Loyalty Programs and the Storytel warrant programs:
Stefan Blom, 35,000 warrants
Helen Fasth Gillstedt, 10,000 warrants
Malin Holmberg, 25,000 warrants
The Chief Executive Officer, 62,500 warrants and 17,847 employee stock options
Other senior executive members, 109,000 warrants and 31,675 employee stock options

Other compensation mainly refers to benefits such as health insurance and private accident and life insurance. There is no variable remuneration in the form of bonuses or the like.

Remuneration and conditions for senior executives

Remuneration to the CEO and other senior executives consists of basic salary, pension benefits and share-based remuneration, otherwise no variable remuneration. Other senior executives refer to persons who, together with the CEO, form the Group Management.

If no other agreement is decided jointly by the parties, the CEO has a notice period of twelve months, regardless of whether the termination is on the part of the Group or if the CEO chooses to terminate his employment. The pension benefit for the CEO is as follows; 4.5% pension provision up to 7.5 income base amounts and 30% pension provision on salary above 7.5 income base amounts. The pension premium for the CEO has a ceiling of TSEK 170 per month.

Severance pay
The CEO is entitled to severance pay of TSEK 4,200. No pension or holiday benefits shall be paid based on the severance pay, but a separate pension payment of TSEK 2,200 shall be paid as well as earned holiday. The severance pay is paid regardless of which side initiates the termination. The agreement was signed during 2022, and severance pay is not included in the amounts above.

There are no other agreements on severance pay for senior executives.

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Employee stock option programme

The Storytel Group implemented during the year its third employee stock option programme, Storytel Loyalty Program 2021/2024, where employees and key consultants in the Streaming business area were offered the right to subscribe to stock options. The programme comprises a maximum of 630,000 employee stock options. The design of this year's programme is the same as the design of the employee stock option programmes 2019/2022 and 2020/2021, and vesting occurs during a three-year period starting in June 2021, where one-third of the stock options are vested per year. If employment is terminated, non-vested employee stock options are forfeited. Redemption occurs during the period June–December of the programme's final year, and the exercise per share amounts to SEK 262.18 for the 2021/2024 programme. Each employee stock option entitles the holder to subscribe to one B share in the company.

To enable Storytel's delivery of shares in accordance with the programme and thus guarantee related costs, primarily social security contributions, the company conducted a private placement totalling 787,500 warrants (series 2021/2024:1), which were subscribed by Storytel AB (publ). The stock options that have been issued, in addition to the number that corresponds to employee stock options under the programme, will be sold to regulate the cash flow for social security contributions in conjunction with employees exercising their stock options. Thus, all the Group's employee stock option programmes 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 1,128,125 at full subscription of all warrants issued in conjunction with the Group's employee stock option programmes as per year-end.

The Group's costs for the outstanding employee stock option programmes, 2019/2020, 2020/2023 and 2021/2024, amounted to TSEK 8,998 (TSEK 25,487), of which TSEK 15,939 (TSEK 13,094) constituted stock option costs and TSEK -6,942 (TSEK 12,393) costs for social security contributions.

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

Number of stock options	Storytel Loyalty Program 2019/2022	Storytel Loyalty Program 2020/2023	Storytel Loyalty Program 2021/2024
Outstanding 1 January 2020	450,792	-	-
Allocated	-	556,704	-
Forfeited	-30,608	-17,494	-
Redeemed	-	-	-
Expired	--	-	-
Outstanding 31 December 2020	420,184	539,210	-
Redeemable 31 December 2020	**-**	**-**	**-**
Allocated	-	-	589,112
Forfeited	-14,097	-39,794	-27,654
Redeemed	-	-	-
Expired	-	-	-
Outstanding 31 December 2021	406,087	499,416	561,458
Redeemable 31 December 2021	-	-	-
Exercise price (SEK)	119.69	231.96	262.18
Redemption period	1 June–15 Dec 2022	1 June–15 Dec 2023	1 June–15 Dec 2024

The total cost of share-based payments during the period amounted to the following per function:

	01/01/2021 - 31/12/2021	01/01/2020 - 31/12/2020
Cost of sales	2,212	6,255
Technology and development expenses	2,548	7,217
Sales and marketing expenses	2,709	7,671
Administrative expenses	1,530	4,344
Total	**8,998**	**25,487**

The estimated fair value on the grant date regarding stock options allocated in 2021 was SEK 46.81 per warrant (2020 – SEK 36.72), which was calculated using the Black-Scholes valuation model. The following input data was used in the model for the warrant granted during the year: Exercise price SEK 262.18, allocation date 11 June 2021, maturity 3.51 years, share price at allocation date SEK 219.20, acquired volatility in the company's share price 38%, no expected dividend and a risk-free interest rate of -0.27%.

Warrant programmes

In 2021, an additional warrant programme was introduced, 2021/2024:2, which pertains to the management team, certain senior executives and key employees. The warrants have been transferred to the participants at a market value calculated using Black & Scholes valuation model and reported as an increase in equity of in total TSEK 6,998 (TSEK 11,212). The participants also signed an agreement with Storytel, giving Storytel the right to repurchase the warrants from the participant under certain conditions, for example if the participant's employment/consultancy were to be terminated. Redemption occurs in June of the programme's final year, and the exercise per share amounts to SEK 360.49 for the year's programme. Each warrant entitles the holder to subscribe to one B share in the company.

The quota value is SEK 0.5 per share, and the increase of the company's share capital can thus amount to at the most SEK 394,634 (SEK 238,985) at full subscription of the warrants for new shares in the new warrant programmes. See a summary below of all warrant programmes in the Group.

Number of warrants	**Warrant program 2020/2023:2**	**Warrant program 2020/2024:1**	**Warrant program 2021/2024:2**
Outstanding 1 January 2020	-	-	-
Allocated	407,970	70,000	-
Forfeited	-	-	-
Redeemed	-	-	-
Expired	-	-	-
Outstanding 31 December 2020	407,970	70,000	-
Redeemable 31 December 2020	-	-	-
Allocated	-	-	311,297
Forfeited	-15,000	-	-
Redeemed	-	-	-
Expired	-	-	-
Outstanding 31 December 2021	392,970	70,000	311,297
Redeemable 31 December 2021	-	-	-
Exercise prices (SEK)	318.95	289.95	360.49
Redemption period	1 June – 30 June 2023	1 June – 30 June 2024	1 June – 30 June 2024

Note 10 Pensions

Specification of pension costs	2021-01-01 - 2021-12-31	2020-01-01 - 2020-12-31
Costs relating to defined-benefit pensions		
Costs related to service this year, including special payroll tax and corresponding tax	3,678	5,269
Costs related to service in previous years	-	-
Net interest	6,808	2,901
Costs relating to defined-contribution pensions		
Costs for defined-contribution pensions, including special payroll tax and corresponding tax	38,815	28,045
Pension cost recognised in the income statement	**49,301**	**36,215**
Of which		
Amount charged to personnel costs	42,493	33,314
Amounts charged to financial items	6,808	2,901
	49,301	**36,215**
Revaluation of pension provision	15,820	13,430
Revaluation of plan assets	-15,431	-4,674
Pension cost, revenue (-) recognised in other comprehensive income	**389**	**8,756**

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 foundation, 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% of the company's pension liability, which is reported as a contingent liability.

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

Amounts reported in the balance sheet	2021-12-31	2020-12-31	2020-01-01
Present value of pension obligation, funded plans	284,118	262,674	244,694
Fair value of plan assets	167,669	157,099	154,819
Net debt (+)/receivable (-) funded plans	116,449	105,575	89,875

Change in present value in obligations	2021-12-31	2020-12-31	2020-01-01
Opening balance	262,673	244,694	-
Interest	2,371	3,414	-
Costs related to service this year, including special payroll tax and corresponding tax	9,501	7,350	-
Revaluations of pension obligations, actuarial gains (-) and losses (+)	15,820	13,430	-
Remuneration paid	-6,247	-6,215	-
Closing balance	**284,118**	**262,673**	**244,694**

Change in the fair value of plan assets	2021-12-31	2020-12-31	2020-01-01
Opening Balance	157,099	154,819	-
Interest	1,386	2,274	-
Revaluations of plan assets, actuarial gains (-) and losses (+)	15,431	4,674	-
Contributions from employers	-	1,547	-
Remuneration paid from plan assets	-6,247	-6,215	-
Closing balance	**167,669**	**157,099**	**154,819**

Specification of plan assets	2021-12-31	2020-12-31	2020-01-01
Bonds and other interest-bearing securities	52%	51%	52%
Shares	34%	35%	35%
Real estate	14%	14%	13%
Other	0%	0%	0%
	100%	**100%**	**100%**

In addition to investments in real estate, plan assets consist of assets that have a quoted price in an active market.

Actuarial assumptions	2021-12-31	2020-12-31	2020-01-01
Discount rate	1.3%	0.9%	1.5%
Inflation	2.2%	1.5%	1.8%
Future salary increase	3.2%	2.5%	2.8%
Lifespan/mortality	DUS14	DUS14	DUS14
Expected return on plan assets	1.3%	0.9%	1.5%

Sensitivity analysis defined-benefit pension liability (debt change, TSEK)	2021-12-31	2020-12-31
Change of assumption:		
Discount rate +/- 0.5 percentage points	25,220	23,204

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 6,308 (6,154).

Note 11 Financial income

	01/01/2021 - 31/12/2021	01/01/2020 - 31/12/2020
Assets measured at amortised cost:		
Interest income from accounts receivable	-	-
Interest income other financial assets	1,386	2,274
Total interest income according to the effective interest method	**1,386**	**2,274**
Other financial income:		
Exchange rate differences – income, financial items	7,271	1,088
Other, including profit from revaluation of contingent additional consideration to fair value via profit/loss	8,060	2,943
Total	**15,331**	**4,031**
Total financial income	**16,717**	**6,305**

Note 12 Financial expenses

	01/01/2021 - 31/12/2021	01/01/2020 - 31/12/2020
Liabilities measured at amortised cost:		
Interest expenses liabilities to credit institutions	5,243	8,538
Interest expenses other financial liabilities	-	-
Total interest expenses according to the effective interest method	**5,243**	**8,538**
Other financial costs:		
Pension provision	2,371	3,414
Exchange rate differences – costs, financial items	6,828	11,993
Interest expenses lease liabilities	3,845	4,076
Other, including loss from revaluation of contingent additional consideration to fair value through profit/loss	-	4,238
Total	**13,044**	**23,721**
Total financial costs	**18,287**	**32,259**

Note 13 Tax

	01/01/2021 - 31/12/2021	01/01/2020 - 31/12/2020
Current tax		
Tax on profit for the year	-23,066	-12,069
Adjustment for previous years	-1,120	-3,017
Total current tax	**-24,185**	**-15,086**
Deferred tax		
Deferred tax on temporary differences	3,425	18,031
Deferred tax on loss carryforwards	-	-
Total deferred tax	**3,425**	**18,031**
Reported tax in the income statement	**-20,761**	**2,945**

Reconciliation of effective tax	**01/01/2021 - 31/12/2021**	**01/01/2020 - 31/12/2020**
Profit before tax	-352,324	-191,700
Tax rate Parent Company	20.6%	21,4%
Tax according to the current tax rate for the Parent Company	72,579	41,024
Tax effect from:		
Non-taxable income	3,972	3,938
Effect due to different tax rates in foreign subsidiaries	-180	965
Other non-deductible expenses	-5,115	-13,143
Capitalisation of losses	3,399	11,496
Loss carryforwards, whose tax value is not recognised as an asset	-82,185	-15,377
Utilisation of losses	-12,111	-22,941
Adjustments for previous years	-1,120	-3,017
Reported tax	**-20,761**	**2,945**
Effective tax rate	5,9%	1%

Information on deferred tax assets and liabilities
The following tables specify the tax effect of the temporary differences:

Deferred tax asset	**Intangible assets**	**Financial assets**	**Total**
Opening carrying amount 01/01/2021	-	2,879	2,879
Reported:			
In profit/loss	-	871	871
In other comprehensive income	-	-	-
Closing carrying amount 31/12/2021	**-**	**3,750**	**3,750**

Deferred tax asset	**Intangible assets**	**Financial assets**	**Total**
Opening carrying amount 01/01/2020	-	-	-
Reported:			
In profit/loss	-	2,879	2,879
In other comprehensive income	-	-	-
Closing carrying amount 31/12/2020	**-**	**2,879**	**2,879**

Deferred tax liability	**Intangible assets**	**Financial assets**	**Total**
Opening carrying amount 01/01/2021	10,070	-	10,070
Reported:			
In profit/loss	-3,425	-	-3,425
From acquisitions	24,090	-	24,090
In other comprehensive income	1,148	-	1,148
Closing carrying amount 31/12/2021	**31,883**	**-**	**31,883**

Deferred tax liability	**Intangible assetss**	**Financial assets**	**Total**
Opening carrying amount 01/01/2020	11,444	-	11,444
Reported:			
In profit/loss	-6,200	-	-6,200
From acquisitions	5,127	-	5,127
In other comprehensive income	-302	-	-302
Closing carrying amount 31/12/2020	**10,070**	**-**	**10 070**

There are tax loss carryforwards for which deferred tax assets have not been reported in the balance sheet amounting to 1,451 MSEK. 1 274 MSEK refers to loss carryforwards in Sweden which have no time limit and 20 MSEK refers to non-deductible net negative 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

Earnings per share, basic	01/01/2021 - 31/12/2021	01/01/2020 - 31/12/2020
Profit for the year attributable to Parent Company shareholders		
Average number of ordinary shares outstanding (thousands)	-381,587	-188,755
Earnings per share, basic	67,167	61,426
Resultat per aktie före utspädning	**-5.68**	**-3.07**

Weighted average number of ordinary shares, basic (thousands)	2021	2020
Number of shares at the beginning of the year	62,545	56,109
Issue 2020-02-24	-	5,963
Issue 2020-06-09	-	64
Issue 2020-07-10	-	261
Issue 2020-08-19	-	128
Issue 2020-10-01	-	19
Issue 2021-03-10	5,370	-
Issue 2021-04-01	343	-
Issue 2021-08-22	23	-
Number of shares at year-end	68,282	62,545
Weighted average number of shares	**67,167**	**61,426**

Note 15 Intangible assets

Cost	Goodwill	Capitalised development expenses	Rights, licenses, brands	Other intangible non-current assets	Work in progress capitalised expenses	Total intangible assets excl. goodwill
As at 1 January 2020	**160,400**	**143,404**	**160,661**	**3,284**	**2,062**	**309,411**
This year's acquisitions	-	229,830	5,459	917	23,036	259,242
Business combinations	160,871	37,373	22,467	256	-	60,096
Reclassifications	-	-1,171	-	80	-2,721	-3,812
Sales/disposals*	-8,018	-	-	-	-	-
Translation effect	-8,028	-4,518	-5,264	-99	0	-9,881
As at 31 December 2020	**305,225**	**404,918**	**183,323**	**4,438**	**22,377**	**615,056**
This year's acquisition	-	296,805	2,601	-	22,467	321,873
Business combinations	115,384	-	101,963	-	-	101,963
Reclassifications	-8,496	-1,813	-	-540	-	-2,353
Sales/disposals	-	-	-	-	-	-
Translation effect	6,270	2,482	-12	-15	12	2,467
As at 31 December 2021	**418,383**	**702,392**	**287,875**	**3,883**	**44,856**	**1,039,006**

Amortisation						
As at 1 January 2020	**-**	**-113,240**	**-85,146**	**-1,362**	**-**	**-199,748**
Amortisation for the year	-	-37,719	-26,089	-2,050	-	-65,858
Sales/disposals	-	17	-	-	-	17
Reclassifications	-	-	-	-130	-	-130
Translation effect	-	2,603	5,040	75	-	7,718
As at 31 December 2020	**-**	**-148,339**	**-106,195**	**-3,467**	**-**	**-258,001**
Depreciation/amortisation for the year	-	-74,462	-36,228	-226	-	-110,916
Sales/disposals	-	992	-	-	-	992
Reclassifications	-	125	-	-	-1,422	-1,297
Translation effect	-	-	302	16	-	318
As at 31 December 2021	**-**	**-221,684**	**-142,121**	**-3,677**	**-1,422**	**-368,904**

Impairment						
As at 1 January 2020	**-**	**-**	**-**	**-**	**-**	**-**
Impairment for the year	-	-	-	-	-	-
Sales/disposals	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-
Translation effect	-	-	-	-	-	-
As at 31 December 2020	**-**	**-**	**-**	**-**	**-**	**-**
Impairment for the year	-	-25,342	-	-	-	-25,342
Sales/disposals	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-
Translation effect	-	-	-	-	-	-
As at 31 December 2021	**-**	**-25,342**	**-**	**-**	**-**	**-25,342**
Closing carrying amount as at 31 December 2020	**308,848**	**256,579**	**77,128**	**971**	**22,377**	**357,055**
Closing carrying amount as at 31 December 2021	**418,383**	**455,366**	**145,754**	**206**	**43,434**	**644,760**

*Refers to the sale of the subsidiary Kontentan.

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 418,383 (TSEK 308,848) 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 constitute Streaming Nordics, Streaming Non-Nordics and Books. The carrying amount of goodwill is divided into cash-generating units as follows:

12/31/2021	Streaming Nordics	Streaming Non-Nordics	Books	Total
Goodwill	98,160	118,025	202,198	418,383

12/31/2020	Streaming Nordics	Streaming Non-Nordics	Books	Total
Goodwill	95,340	118,980	94,527	308,848

01/01/2020	Streaming Nordics	Streaming Non-Nordics	Books	Total
Goodwill	57,753	5,424	97,224	160,400

The impairment test for the Group's goodwill consists of assessing whether the unit's recoverable amount is higher than 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 and Books 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.

12/31/2021	Streaming Nordics	Streaming Non-Nordics	Books
Discount factor before tax (%)	11.40%	13,3%	11.90%
Forecast of cash flows below	7 years	10 years	7 years
Subsequent extrapolation of cash flows with a growth of (%)	2%	3%	2%

12/31/2020	Streaming Nordics	Streaming Non-Nordics	Books
Discount factor before tax (%)	11.00%	12,8%	12.00%
Forecast of cash flows below	7 years	10 years	7 years
Subsequent extrapolation of cash flows with a growth of (%)	2%	3%	2%

01/01/2020	Streaming Nordics	Streaming Non-Nordics	Books
Discount factor before tax (%)	11.70%	12,7%	12.20%
Forecast of cash flows below	7 years	10 years	7 years
Subsequent extrapolation of cash flows with a growth of (%)	2%	3%	2%

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	Work in progress and advances relating to property, plant and equipment	Total property, plant and equipment
Cost as at 1 January 2021	**49,739**	**131**	**49,870**
This year's acquisitions	9,935	-	9,935
Acquired via business combination	222	-	222
Sales/disposals	-480	-131	-611
Reclassifications	-	-	-
Translation effects	635	-	635
Cost as at 31 December 2021	**60,051**	**-**	**60,051**
Accumulated depreciation as at 1 January 2021	**-25,230**	**-**	**-25,230**
Depreciation for the year	-6,886	-	-6,886
Sales/disposals	165	-	165
Reclassifications	-	-	-
Translation effects	-426	-	-426
Accumulated depreciation as at 31 December 2021	**-32,377**	**-**	**-32,377**
Closing carrying amount per 31 December 2021	**27,675**	**-**	**27,675**

	Inventories, tools and installations	Work in progress and advances relating to property, plant and equipment	Total property, plant and equip-ment
Cost as at 1 January 2020	**34,751**	**5,576**	**40,327**
This year's acquisitions	13,076	-	13,076
Acquired via business combination	1,392	-	1,392
Sales/disposals	-3,775	-5,445	-9,220
Reclassifications	5,445	-	5,445
Translation effects	-1,150	-	-1,150
Cost as at 31 December 2020	**49,739**	**131**	**49,870**
Accumulated depreciation as at 1 January 2020	**-25,020**	**-**	**-25,020**
Depreciation for the year	-4,199	-	-4,199
Sales/disposals	3,771	-	3,771
Reclassifications	-	-	-
Translation effects	218	-	218
Accumulated depreciation as at 31 December 2020	**-25,230**	**-**	**-25,230**
Closing carrying amount per 31 December 2020	**24,509**	**131**	**24,640**

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:

	Right-of-use assets			
	Premises	Other	Total	Lease liability
Opening balance 1 January 2020	**141,703**	**1,825**	**143,528**	**139,586**
Additional contracts	29,354	1,679	31,033	31,033
Depreciation	-29,722	-1,354	-31,076	-
Concluded contracts	-	-	-	-
Revaluations of contracts	-2,122	-76	-2,198	-2,243
Amortisation	-	-	-	-29,604
Closing balance 31 December 2020	**139,213**	**2,074**	**141,287**	**138,773**
Additional contracts	16,207	2,204	18,411	18,411
Depreciation	-36,613	-1,308	-37,921	-
Changed contracts	8,510		8,510	3,841
Revaluations of contracts	1,104	30	1,134	1,130
Amortisation	-	-	-	-30,496
Closing balance 31 December 2021	**128,421**	**3,000**	**131,421**	**131,659**

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

	01/01/2021 - 31/12/2021	01/01/2020 - 31/12/2020
Depreciation of right-of-use assets	-37,921	-31,076
Interest expenses on lease liabilities	-3,845	-4,076
Cost regarding short-term leases	-295	-2,500
Cost of contracts where the underlying asset is of low value	-58	-105
Translation difference	1	-1
Total	**-42,118**	**-37,758**

Storytel reports a cash outflow attributable to leases amounting to TSEK 30,497 for the financial year 2021 (TSEK 29,604 for 2020). 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 31/12/2021

Financial assets	Financial assets/ liabilities measured at amortised cost	Financial assets/ liabilities measured at fair value through profit/loss	Financial assets/ liabilities measured at fair value via other comprehen-sive income	Total carrying amount
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
Total	**1,312,200**	**-**	**-**	**1,312,200**

Financial liabilities				
Liabilities to credit institutions	-	-	-	-
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 short- and long term purchase price considerations and acquisition option	23,760	12,512	-	36,272
Total	**566,560**	**13,064**	**10,031**	**589,656**

Lease liabilities are measured at amortised cost. The value per 2021-12-31 is disclosed in Note 17.

Measurement of financial assets and liabilities as at 31/12/2020

Financial assets	Financial assets/ liabilities measured at amortised cost	Financial assets/ liabilities measured at fair value through profit/loss	Financial assets/ liabilities measured at fair value via other comprehen-sive income	Total carrying amount
Other non-current receivables	22,667	-	-	22,667
Trade receivables	224,634	-	-	224,634
Other receivables	22,427	-	-	22,427
Cash and cash equivalents	361,646	-	-	361,646
Receivables in associates	12,248	-	-	12,248
Total	**643,622**	**-**	**-**	**643,622**

Financial liabilities				
Liabilities to credit institutions	2,116	-	-	2,116
Trade payables	147,957	-	-	147,957
Contingent consideration	-	-	-	-
Other current liabilities	1,785	-	-	1,785
Accrued expenses	291,389	-	-	291,389
Other provisions	15,834	-	-	15,834
Other short- and long term purchase price considerations and acquisition option	13,498	12,512	-	26,010
Total	**472,580**	**12,512**	**-**	**485,092**

Lease liabilities are measured at amortised cost. The value per 2020-12-31 is disclosed in Note 17.

Measurement of financial assets and liabilities as at 01/01/2020

Financial assets	Financial assets/ liabilities measured at amortised 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
Other non-current receivables	21,202	-	-	21,202
Trade receivables	177,182	-	-	177,182
Other receivables	580	-	-	580
Cash and cash equivalents	321,519	-	-	321,519
Receivables in associates	8,967	-	-	8,967
Total	**529,460**	**-**	**-**	**529,460**
Financial liabilities				
Liabilities to credit institutions	399,932	-	-	399,932
Trade payables	116,804	-	-	116,804
Contingent consideration	-	13,912	-	13,912
Other current liabilities	735	-	-	735
Accrued expenses	209,307	-	-	209,307
Other provisions	21,076	-	-	21,076
Other short- and long term purchase price considerations and acquisition option	5,668	-	-	5,668
Total	**753,521**	**13,912**	**-**	**767,433**

Lease liabilities are measured at amortised cost. The value per 2020-01-01 is disclosed in Note 17.

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 31 December 2021, 31 December 2020 or 1 January 2020. For financial liabilities, see below.

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

Financial liabilities measured at fair value as at 31 December 2020	**Level 1**	**Level 2**	**Level 3**	**Total**
Acquisition option	-	-	12,512	12,512

Financial liabilities measured at fair value as at 1 January 2020	**Level 1**	**Level 2**	**Level 3**	**Total**
Contingent consideration	-	-	13,912	13,912

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 is short-term and attributable to hedging of a MUSD 130 payment related to the acquisition of Audiobooks.com in January 2022.

Acquisition option
Storytel's acquisition option refers to the future acquisition of the remaining 20% 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 utilised during the period 2023-2025.

Contingent purchase 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 552. 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% 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 31-12-2024. 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.

There were no contingent considerations as at 2020-12-31. The contingent considerations per 2020-01-01 refer to the acquisitions of Storytel Turkey and Storytel Iceland in 2017.

Opening balance as at 1 January 2020	**13,912**
Business combinations	-
Paid	-12,700
Change in value recognised in profit/loss	-1,212
Closing balance as at 31 December 2020	**-**
Business combinations	529
Paid	-
Change in value recognised in profit/loss	23
Closing balance as at 31 December 2021	**552**

Note 19 Inventories

	12/31/2021	12/31/2020	01/01/2020
Finished goods and goods for resale	57,210	38,345	58,043
Products under construction	8,452	14,862	13,830
Carrying amount	**65,662**	**53,207**	**71,873**

Note 20 Prepaid expenses and accrued income

	12/31/2021	12/31/2020	01/01/2020
Prepaid royalties	235,652	184,778	124,505
Production costs	-	-	-
Other items prepaid expenses	43,315	59,900	40,060
Carrying amount	**278,967**	**244,678**	**164,565**

Note 21 Cash and cash equivalents

	12/31/2021	12/31/2020	01/01/2020
Bank balance	905,882	361,646	321,519
Carrying amount	**905,882**	**361,646**	**321,519**

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:

				Share of capital/voting rights		
Business	**Main activity**	**CIN**	**Domicile**	**12/31/2021**	**12/31/2020**	**01/01/2020**
Storytel AB (publ)	Management	556575-2960	Sweden	Parent Company	Parent Company	Parent Company
Storytel AG , in liquidation	Management	CHE-112413562	Switzerland	100%	100%	100%
Storytel Sweden AB , in liquidation	Streaming	556696-2865	Sweden	100%	100%	100%
Storytel Publishing AB, in liquidation	Streaming	556045-0297	Sweden	100%	100%	100%
Storytel Danmark AS	Streaming	35207600	Denmark	-*	100%	100%
Storytel NL BV	Streaming	58216111	Netherlands	100%	100%	100%
Storytel Publishing NL B.V	Digital publishing	62057707	Netherlands	100%	100%	100%
Storyside AB	Digital publishing	556630-2906	Sweden	100%	100%	100%
Mofibo Books ApS	Streaming	35228691	Denmark	100%	100%	100%
Storytel Production AB	Streaming	556977-0166	Sweden	100%	100%	100%
Storytel GmbH	Streaming	439493p	Austria	100%	100%	100%
Storytel SP z.o.o.	Streaming	0000608730	Poland	100%	100%	100%
Storytel Oy	Streaming	2792250-7	Finland	100%	100%	100%
Storytel LLC	Streaming	114784713702	Russia	100%	100%	100%
Norstedts Förlagsgrupp AB	Publishing	556045-7748	Sweden	100%	100%	100%
Norstedts Kartor AB	Publishing	556532-7540	Sweden	0%	100%	100%
Barnens Bokklubb AB	Publishing	556103-0445	Sweden	100%	100%	100%
Brombergs Förlag AB	Publishing	556716-8488	Sweden	100%	100%	100%
Gummerus Kustannus OY	Publishing	0482813-9	Finland	100%	100%	100%
Peoples Press A/S	Publishing	26608694	Denmark	100%	100%	100%
Storytel Bulgaria EOOD	Streaming	202130119	Bulgaria	100%	100%	100%
Storytel Iceland EHF	Streaming	570504-3040	Iceland	100%	100%	100%
Storytel Turkey Yayincilik Hizmetleri A.S.	Streaming	35728/5	Turkey	100%	100%	100%
Storytel Arabia FZ LLC	Streaming	31206	United Arab Emirates	100%	100%	100%
Storyside India LLP	Digital publishing	AAH-6929	India	100%	100%	100%
Storytel Italy S.rl	Streaming	10127220969	Italy	100%	100%	100%
Kontentan Förlags AB	Streaming	556502-7447	Sweden	0%	0%	100%
Storytel S.L	Streaming	B66996729	Spain	100%	100%	100%

Business	Main activity	CIN	Domicile	12/31/2021	12/31/2020	1/1/2020
Storytel Servicios S. de R.L. de C.V	Streaming	N-2018042772	Mexico	100%	100%	100%
Storytel Latin America S. de R.L. de C.V	Streaming	N-2018043761	Mexico	100%	100%	100%
Storytel Pte Ltd	Streaming	2018-42070G	Singapore	100%	100%	100%
Storytel Services UK Limited	Streaming	11708468	England	100%	100%	100%
Storytel Brasil Distribuição de Audiolivros Ltda	Streaming		Brazil	100%	100%	100%
Ztorylabs AB	Streaming	556928-7641	Sweden	100%	100%	100%
Ztorylabs S.L.	Streaming	B66996729	Spain	0%	100%	100%
Storytel South Korea LLC	Streaming	110114-0238631	South Korea	100%	100%	100%
Storytel Thailand Ltd	Streaming	1015562091258	Thailand	100%	100%	100%
Storytel Germany Audio GmbH	Streaming	HRB 221514	Germany	100%	100%	100%
iCast Ltd	Streaming	51-374646-3	Israel	100%	100%	-
Kitab Sawti AB	Streaming	559052-8534	Sweden	100%	100%	-
Kitab Sawti Mena FZ LCC	Streaming	94673	UAE	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%	-	-
Storytel France SAS	Streaming	552 006 769	France	100%	-	-
Bokförlaget Lind & Co AB	Publishing	556608-8737	Sweden	70%	-	-
Kustannusosakeyhtiö Aula & Co	Publishing	2741820-4	Finland	100%	-	-

*Merged into Mofibo Books ApS

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

Note 23 Associated companies and joint ventures

	12/31/2021	12/31/2020	01/01/2020
Opening acquisition value	11,131	11,001	-
Acquisition of associated companies	3,000	-	-
Share of profit for the year	4,208	6,582	-
Dividend	-7,466	-6,452	-
Closing cost	**10,872**	**11,131**	**11,001**

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

Company, registered office	Corp. ID No.	Closing equity 31/12/2021	Share of profits 2021	Share of capital and voting rights	Number of shares	Carrying amount 31/12/2021	Carrying amount 31/12/2020	Carrying amount 01/01/2020
Storytel AS, Oslo (joint venture)	913211421	4,730	4,205	50%	100,000	4,979	8,423	8,728
Bokinfo Norden HB	556600-2126	2,720	23	25%	-	2,746	2,698	2,373
Helsinki Literary Agency	2803858-8	35	136	25%	1.00	147	10	-
Nuanxed AB	559315-2456	605	-157	20%	16,666	3,000	-	-
			4,208			**10,872**	**11,131**	**11,001**

Note 24 Equity

Share capital		
As at 31 December 2021, the registered share capital comprises two different types of shares:		
	A shares	**B shares**
Type of share	Ordinary share	Ordinary share
Votes per share	10	1
Quota value 31 December 2020	0.5	0.5
Quota value 31 December 2021	0.5	0.5

Opening number of shares 1 January 2020	**56,109**
Increase via new share issue	6,436
Closing number of shares 31 December 2020	**62,545**
Increase via new share issue	5,737
Closing number of shares 31 December 2021	**68,282**

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 reports from foreign operations that have prepared their financial reports 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 recognised in profit/loss upon divestment of the foreign operation.

Hedge reserve
The hedge reserve consists of the hedge accounting for the group.

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 owners Roxette Photo NV., EQT Public Value Investments S.à r.l. Jehangir AB, Annamaria Tellander and Jonas Tellander have during 2021 issued call options to members of the Board. The options have been issued at market value.

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.

Age analysis accounts receivable	31/12/2021	31/12/2020
	Net	Net
Non-overdue accounts receivable	299,668	197,540
Overdue accounts receivable:		
0–30 days	9,436	19,538
31–60 days	588	368
61–90 days	218	98
91–120 days	125	6,436
> 120 days	1,866	654
Total	**311,901**	**224,634**

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.

Expected trade losses for accounts receivable (according to simplified method)	2021	2020
Opening carrying amount	**-1,454**	**-1,842**
Provision for feared losses	-24	-
Change ECL	-758	-371
Reversed, previously written off amounts	6	759
Closing carrying amount	**-2,230**	**-1,454**

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 long-term receivables, other receivables and cash and cash equivalents where other receivables largely relate to blocked funds in bank accounts regarding additional purchase payments. 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 regarding additional consideration 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 unutilised 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 -5,950 and an effect on equity after tax of TSEK -4,724.

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

				Carrying amount		
	Currency	**Maturity**	**Interest**	**31/12/2021**	**31/12/2020**	**01/01/2020**
Liabilities to credit institutions	SEK	-	Fixed	-	2,116	399,931
Total				**-**	**2,116**	**399,931**

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 large part of purchases and sales take place in other markets than Sweden, thus also in other currencies than the Swedish krona (SEK). As the financial result for the Group is consolidated in SEK, this means that the financial result is subject to currency risk. 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.

	01/01/2021 - 31/12/2021		01/01/2020 - 31/12/2020	
Currency exposure (%)	**Operating income**	**Operating expenses**	**Operating income**	**Operating expenses**
DKK	14.50%	13.60%	17.40%	16.60%
EUR	15.70%	11.60%	16.20%	14.00%
Other currencies	11.90%	6.90%	11.30%	8.80%

	01/01/2021 - 31/12/2021		01/01/2020 - 31/12/2020	
Sensitivity analysis – Exchange rate fluctuations against the Swedish krona	**Effect on profit before tax**	**Effect on equity**	**Effect on profit before tax**	**Effect on equity**
DKK				
+/- 10%	+/- 2,101	+/- 10,692	+/- 2,533	+/- 8,764
EUR				
+/- 10%	+/- 3,490	+/- 5,562	+/- 1,652	+/- 2,207

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. The Group has been granted a credit amount for its overdraft facility amounting to TSEK 850,000 (TSEK 500,000), which was expanded during the autumn to ensure continued expansion according to a communicated strategy following acquisitions in the US market. In conjunktion with the acquisition of Audiobooks.com, a bridge loan of TSEK 500,000 was also negotiated. The bridge loan will be refinanced by Q1 2023. The total liquidity reserve consists of cash and unutilised overdraft facilities. As at the balance sheet date, the overdraft facility was not utilised. 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 unutilised.

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.

			12/31/2021			
Maturity analysis	**<6 months**	**6–12 months**	**1–3 years**	**3–5 years**	**>5 years**	**Total**
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
Total	**199,315**	**108,685**	**50,289**	**35,801**	**9,187**	**393,246**

			12/31/2020			
Maturity analysis	**<6 months**	**6–12 months**	**1–3 years**	**3–5 years**	**>5 years**	**Total**
Liabilities to credit institutions	-	2,116	-	-	-	2,116
Lease liabilities	16,677	16,677	55,642	39,612	10,165	138,773
Trade payables	147,957	-	-	-	-	147,957
Other current liabilities	-	55,951	-	-	-	55,951
Total	**164,634**	**74,744**	**55,642**	**39,612**	**10,165**	**344,797**

			01/01/2020			
Maturity analysis	**<6 months**	**6–12 months**	**1–3 years**	**3–5 years**	**>5 years**	**Total**
Liabilities to credit institutions	-	203,798	196,134	-	-	399,932
Lease liabilities	14,586	14,586	58,279	41,489	10,646	139,586
Trade payables	116,804	-	-	-	-	116,804
Other current liabilities	-	46,604	-	-	-	46,604
Total	**131,390**	**264,988**	**254,413**	**41,489**	**10,646**	**702,926**

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

	Amount	**Utilised**	**Amount**	**Utilised**	**Amount**	**Utilised**
	12/31/2021	**12/31/2021**	**12/31/2020**	**12/31/2020**	**01/01/2020**	**01/01/2020**
Overdraft facility	850,000	-	500,000	-	-	-
Credit facility B	500,000	-	-	-	-	-
Total	**1,350,000**	**-**	**500,000**	**-**	**-**	**-**

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
As at 1 January 2020	**21,092**	**20,978**	**42,070**
Additional provisions	19,116	10,506	29,622
Utilised during the year	-16,615	-3,135	-19,750
Returned unutilised amounts	-7,506	-	-7,506
Other	-	-106	-
As at 31 December 2020	**16,087**	**28,243**	**44,330**
Additional provisions	13,494	5,406	18,900
Utilised during the year	-10,131	-5,838	-15,969
Returned unutilised amounts	-4,566	-8,768	-13,334
Other	44	-	44
Per 31 December 2021	**14,884**	**19,043**	**33,927**

*Other provisions mainly relate to acquisition related items.

Note 27 Accrued expenses and deferred income

	12/31/2021	12/31/2020	01/01/2020
Deferred income	84,528	60,621	56,260
Accrued holiday pay	41,968	43,699	21,597
Accrued social security contributions	24,297	20,823	9,602
Accrued royalties	265,268	248,185	201,635
Other accrued expenses	91,223	45,407	18,158
Carrying amount	**507,284**	**418,735**	**307,252**

Note 28 Cash flow statement

Adjustments for non-cash items	01/01/2021 -12/31/2021	01/01/2020 -12/31/2020
Adjustments in operating profit		
Depreciation	182,490	100,354
Provisions	9,768	20,346
Profit from participations in associates	-4,208	-6,582
Capital gains	2,851	3,084
Stock options:	8,996	25,407
Exchange rate effects and other non-cash items	-5,284	2,607
Total	**194,613**	**145,215**

Change in liabilities attributable to financing activities

			Non-cash flow changes				
	01/01/2020	**Cash flows from financing**	**Business combinations**	**Leases**	**Translation difference**	**Derivative instruments**	**12/31/2021**
Liabilities to credit institutions	2,116	-2,116	-	-	-		-
Lease liabilities	138,773	-30,496	-	-22,252	1,130		131,659
Derivative instruments	-	-	-	-	-	10,031	10,031
Total liabilities attributable to financing activities	**140,889**	**-32,612**	**-**	**-22,252**	**1,130**	**10,031**	**141,690**

			Non-cash flow changes				
	01/01/2020	**Cash flows from financing**	**Business combinations**	**Leases**	**Translation difference**	**Derivative instruments**	**12/31/2020**
Liabilities to credit institutions	401,998	-399,882	-	-	-	-	2,116
Lease liabilities	139,586	-29,604	-	31,033	-2,242	-	138,773
Derivative instruments	-	-	-	-	-	-	-
Total liabilities attributable to financing activities	**541,584**	**-429,486**	**-**	**31,033**	**-2,242**	**-**	**140,889**

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 the 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 refer to blocked funds for additional consideration related to company acquisitions.

Pledged assets for own liabilities and commitments to credit institutions	**12/31/2021**	**12/31/2020**	**01/01/2020**
Floating charges	83,400	87,900	126,827
Shares in Group companies	165,984	170,039	180,098
Total	**249,384**	**250,902**	**306,925**

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

Pledged assets for other non-current and current liabilities:	**12/31/2021**	**12/31/2020**	**01/01/2020**
Restricted cash*	43,773	30,000	20,000
Bank guarantee	100	100	100
Total	**43,873**	**30,100**	**20,100**

Contingent liabilities	**12/31/2021**	**12/31/2020**	**01/01/2020**
PRI Pension guarantee	3,084	3,032	2,998
Associate in partnership	4,500	4,619	3,607
Total	**7,584**	**7,651**	**6,605**

* Restricted cash is classified as long-term receivables and other short-term receivables.

Note 30 Transactions with related parties

Related parties to the Storytel Group include associated companies and Storytel's Board and Group Management.

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 A/S in Norway and the purchase of recruitment services from Michael Berglund AB. In addition, Storytel has purchased licenses from Delibr for TSEK 166 in 2021 and TSEK 28 in 2020 and purchased digital services to facilitate and simplify the sale of books from the Group's associated company Bokinfo of TSEK 607 in 2021 and TSEK 777 in 2020 and sold services for TSEK 39 to the associated company Helsinki Literary Agency. MIchael Berglund AB is a related party based on its relation to Rustan Panday and Eva Swartz Grimaldi (2020 only). Delibr is a related party based on its relation to 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.

Storytel A/S	**2021**	**2020**
Purchase of goods/services	32,484	25,784
Dividend to the Parent Company	8,214	5,257
Other, re-invoicing of costs	30,492	24,722
Receivable on the balance sheet date	25,582	12,248

Michael Berglund AB	**2021**	**2020**
Purchase of goods/services	507	3,708
Liability on the balance sheet date	-	313

Other	**2021**	**2020**
Sales of goods/services	39	-
Purchase of goods/services	1,147	1,179

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 2021
On 2021-04-01, Storytel AB acquired 70% 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 an 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 and balance sheet of Lind & Co as of the acquisition date, and has a minority item for the 30% of Lind & Co that Storytel does not own. Based on the total consideration for 70%, the total value for 100% of Lind & Co thus amounts to TSEK 219,393.

On 2021-08-01, Storytel acquired 70% 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 additional consideration, which amounts to total transferred compensation of TSEK 11,147.

Acquired net assets at the time of acquisition (preliminary)	**Aula & Co**	**Lind & Co**
Intangible assets	7,402	94,563
Property, plant and equipment	-	222
Right-of-use assets	163	1,825
Financial non-current assets	-	409
Deferred tax asset	-	-
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
Identified net assets	**8,204**	**112,570**
Goodwill	2,943	106,823
Total consideration	**11,147**	**219,393**
The consideration consists of:		
Cash	5,377	50,615
Equity instruments	5,241	79,200
Contingent additional consideration	529	-
Additional consideration	-	23,760
Acquisition option	-	-
Total consideration	**11,147**	**153,575**

For information on the contingent purchase 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 not significant.

The acquisition's impact on consolidated cash flow in 2021	**Aula**	**Lind & Co**	**Sum**
Cash part of consideration	5,377	50,615	**55,992**
Less:			
Cash (acquired)	-1,240	-23,001	**-24,241**
Net cash outflow	**4,137**	**27,614**	**31,751**

During the nine months leading up to 31 December 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 31 December 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.

Acquisitions 2020

On 2020-07-10, Storytel acquired 100% of the shares and votes in Kitab Sawti AB. The company is active in Streaming audiobooks in Arabic and is mainly active in the MENA region. The company was acquired to increase Storytel's presence in the MENA region and gain access to the large catalogue of audio books in Arabic that Kitab Sawti AB has produced. With this acquisition, Storytel gains a strong position in both Streaming in MENA and content in Arabic.

The transferred compensation (consideration) consists of an issue of own shares, the fair value of which on the date of acquisition amounted to TSEK 50,002, TSEK 39,998 in cash, and an additional consideration of 10,000, paid during 2021, which amounts to total transferred compensation of TSEK 100,000.

On 2020-08-19, Storytel acquired 80% of the shares and votes in Earselect AB, with an option to acquire the remaining 20%. The company is active in audiobook production. The company was acquired primarily so that Storytel can take advantage of the audiobook platform that Earbooks has developed internally. The platform is judged to be able to contribute primarily to internal streamlining of Storytel's audiobook production.

The transferred compensation (the consideration) consists of the issue of own shares, the fair value of which on the date of acquisition amounted to TSEK 25,000 and TSEK 26,457 in cash, which amounts to a total transferred consideration of TSEK 51,457. The remaining 20% of the company is subject to an acquisition option through which Storytel will acquire the remaining shares, which will mean additional transferred compensation of TSEK 12,512. In the accounts, Storytel has thus reported the acquisition as if Storytel had acquired 100% of Earselect, without taking into account non-controlling interests. The total consideration for 100% of Earselect thus amounts to TSEK 63,969.

On 2020-10-01, Storytel acquired 100% of the shares and votes in iCast Ltd. The company is active in Streaming audiobooks in Israel. The company was acquired as part of Storytel's expansion strategy, and Storytel gains access to the catalogue of audiobooks in Hebrew that iCast has produced.

The transferred compensation (consideration) consists of TSEK 45,854 in cash.

Acquired net assets at the time of acquisition	**Kitab Sawti AB Fair value**	**Earselect AB Fair value**	**iCast Ltd Fair value**
Intangible assets	22,609	18,220	13,677
Property, plant and equipment	-	1,015	492
Right-of-use assets	-	1,553	1,749
Financial non-current assets	109	-	-
Deferred tax asset	-	-	-
Inventories	-	-	-
Accounts receivable and other receivables	6,406	4,564	2,269
Cash and cash equivalents	9,230	1,383	1,321
Interest-bearing liabilities	-2,387	-636	-
Lease liabilities	-	-1,553	1,749
Deferred tax liability	-1,466	-2,864	-4,588
Accounts payable and other operating liabilities	-3,986	-3,662	-2,853
Identified net assets	**30,515**	**18,021**	**10,318**
Goodwill	69,485	45,949	35,536
Total Consideration	**100,000**	**63,969**	**45,854**
The consideration consists of:			
Cash	39,998	25,000	41,334
Equity instruments	50,002	26,457	4,520
Contingent additional consideration	-	-	-
Additional consideration	10,000	-	-
Acquisition option	-	12,512	-
Total consideration	**100,000**	**63,969**	**45,854**

In connection with the acquisition of Kitab Sawti AB, goodwill of TSEK 69,485 arose in the form of a difference between the transferred compensation and the fair value of the acquired net assets. Goodwill mainly refers to future cash flows that will be generated in the Streaming business when Storytel and Kitab Sawti together gain a strong position in Arab audiobook rights. Goodwill is not expected to be tax deductible.

In connection with the acquisition of Earselect AB, goodwill of TSEK 45,949 arose in the form of a difference between the transferred consideration and the fair value of the acquired net assets. Goodwill mainly refers to future savings that will be generated when the efficiency of audiobook production increases. Goodwill is not expected to be tax deductible.

In conjunction with the acquisition of iCast, goodwill of TSEK 35,536 arose in the form of a difference between the transferred compensation and the fair value of the acquired net assets. Goodwill mainly refers to future cash flows that will be generated in the Streaming business when Storytel gains a strong position in Hebrew audiobook rights. Goodwill is not expected to be tax deductible.

Transaction costs related to the acquisition of Kitab Sawti AB amounted to TSEK 738. The transaction costs were reported as an expense in the income statement under administrative expenses.

Transaction costs related to the acquisition of Earselect AB amounted to TSEK 261. The transaction costs were reported as an expense in the income statement under administrative expenses.

Transaction costs related to the acquisition of iCast Ltd amounted to TSEK 616. The transaction costs were reported as an expense in the income statement under administrative expenses.

The acquisition's impact on consolidated cash flow in 2020	**Kitab Sawti AB**	**Earselect AB**	**iCast Ltd**	**Sum**
Cash part of consideration	39,998	25,000	45,854	**110,852**
Less:				
Cash (acquired)	-9,230	-1,383	-1,321	**-11,934**
Net cash outflow	**30,768**	**23,617**	**40,013**	**98,918**

During the six months leading up to 31 December 2020, Kitab Sawti AB contributed TSEK 2,990 to consolidated revenues and TSEK -16,115 to consolidated profit after tax. If the acquisition had taken place at the beginning of the financial year, Storytel estimates that Kitab Sawti AB would have contributed TSEK 4,893 to consolidated revenues and TSEK -28,164 to consolidated profit after tax.

During the five months leading up to 31 December 2020, Earselect AB contributed TSEK 7,245 to consolidated revenues and TSEK 2,376 to consolidated profit after tax. If the acquisition had taken place at the beginning of the financial year, Storytel estimates that Earselect AB would have contributed TSEK 22,048 to consolidated revenues and TSEK 5,882 to consolidated profit after tax.

During the three months leading up to 31 December 2020, iCast contributed TSEK 3,713 to consolidated revenues and TSEK 340 to consolidated profit after tax. If the acquisition had taken place at the beginning of the financial year, Storytel estimates that iCast would have contributed TSEK 10,721 to consolidated revenues and TSEK -673 to consolidated profit after tax.

Note 32 Events after the balance sheet date

On 7 January 2022, Storytel completed the business acquisition of the streaming service Audiobooks.com, where the purchase price in USD was largely hedged via a forward contract. The acquisition is financed through existing funds and a newly issued MSEK 500 bridge loan facility. The bridge loan has been taken as part of an amendment to the company's existing credit facility, where also the company's revolving credit facility was extended for another three years and the available amount increased to MSEK 850 (from MSEK 500).

On 2 February 2022, Storytel appointed Ingrid Bojner deputy CEO and Claus Wamsler-Nielsen took a seat on the management team as COO.

On 11 February 2022, an Extraordinary General Meeting was held where it was resolved to elect Hans-Holger Albrecht as a new Board member and chair of the Board after Stefan Blom announced his resignation.

On 17 February 2022, Jonas Tellander announced that he wished to step down as CEO and the parties agreed that the last day for employment was 18 February 2022. Jonas Tellander remains on Storytel's Board of Directors and Deputy CEO Ingrid Bojner took on the role of interim CEO of the company.

The war in Ukraine and the humanitarian crisis has resulted in Storytel deciding to pause its Russian operations until further notice. This involves holding back on further marketing, business development, content production and investments to attract new subscribers. The effects from current and potential future sanctions on Storytel's ability to run its operations in Russia remains difficult to quantify given the uncertainty, but the company is monitoring and evaluating the situation continuously. No material impact is estimated with regards to the impact of Russia on the share of total streaming revenue and results.

In March, Storytel informed about the initiation of a reorganization resulting in approximately 100 employees leaving the Company. This restructuring aims to make the company more effective and dynamic, focusing on significant growth initiatives in prioritized markets. This is in line with the communicated financial targets for 2022 and ensures Storytel's position as a global leader in a growing audiobook market.

Below the acquisition analysis for the acquisition of Audiobooks.com. is shown. The acquisition analysis is preliminary and will be finalized during 2022.

Acquired net assets at the time of acquisition (preliminary)	**Audiobooks.com**
Intangible assets	685,555
Property, plant and equipment	25,586
Right-of-use assets	3,179
Financial non-current assets	
Deferred tax asset	22,122
Inventories	
Accounts receivable and other receivables	4,692
Cash and cash equivalents	38,420
Interest-bearing liabilities	-371,417
Lease liabilities	-3,179
Deferred tax liability	-148,584
Accounts payable and other operating liabilities	-86,409
Identified net assets	**169,966**
Goodwill	695,238
Total Consideration	**865,204**

The consideration consists of:	Audiobooks.com
Cash	865,204
Equity instruments	
Contingent additional consideration	
Additional consideration	
Total consideration	**865,204**

Transaction costs related to the acquisition of Audiobooks.com amounted to TSEK 11,558 as at the balance sheet date. The transaction costs have been reported as an expense in the income statement for 2021 under the function administrative expenses.

Note 33 Transition to IFRS

As of 1 January 2021, Storytel AB prepares its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretative statements from the IFRS Interpretations Committee as adopted by the European Union (EU). In the first financial reports according to IFRS, a comparison period is presented. The date for the Group's transition to IFRS will thus be 1 January 2020. Up to and including the 2020 financial year, the Group has prepared consolidated accounts in accordance with the Annual Accounts Act and BFNAR 2012:1 (K3). The transition to IFRS is reported in accordance with IFRS 1 First-time Adoption of International Financial Reporting Standards.

The effect of a change in accounting principles is reported directly against opening equity. Previously published financial information for the financial year 01/01/2020 – 31/12/2020, prepared in accordance with the Annual Accounts Act and BFNAR 2012:1 (K3), has been restated to IFRS. The main rule is that all applicable IFRS and IAS standards that have entered into force and been approved by the EU must be applied retroactively. Storytel has applied simplified rules for IFRS 16 and IFRS 3. For simplified rules associated with IFRS 16, see the accounting principles and below under Leases. For IFRS 3, only acquisitions from 1 January 2020 onwards have been restated.

The following summary shows the effects of the above applications on the consolidated statement of income for financial year 01/01/2020 – 31/12/2020, the consolidated statement of financial position as at 1 January 2020 and 31 December 2020, and the consolidated statement of cash flows for the financial year 01/01/2020 – 31/12/2020. The transition from previous accounting principles has also meant a different structure and classification of the accounts than before. Reclassifications in the balance sheet have been described below. For the income statement, the Group has also chosen to switch from a nature of expense-based to a function-based income statement. A description of which items are included in which function has been included in Note 6.

Apart from the allocation of costs based on the different functions within Storytel, both the license fee from Storytel A/S and sale of rights have been defined as net sales rather than other operating income.

Furthermore, remunerations to rightsholders related to customers in trial periods have been reclassified from cost of sales to sales and marketing expenses.

Consolidated statement of income for the financial year 01/01/2020 – 31/12/2020

Amounts in TSEK	Note	According to previous principles	IFRS adjustments	According to IFRS
Net sales	E, G, H, **	2,615,881	-379,130	2,236,751
Cost of sales	E, F, G, *	-1,658,858	278,797	-1,380,061
Gross profit/loss		**957,023**	**-100,333**	**856,690**
Sales & marketing expenses	D, E, F, G, *	-679,710	-32,901	-712,611
Technology and development expenses	G, *	-257,668	106,786	-150,882
General and administrative expenses	F, G, *	-211,329	26,555	-184,774
Other operating income	G, H, **	-	19,248	19,248
Profit from participations in associates	G	424	6,158	6,582
Operating profit		**-191,260**	**25,513**	**-165,747**
Financial income	F, G	4,037	2,268	6,305
Financial expenses	C, F	-23,079	-9,180	-32,259
Profit before tax		**-210,302**	**18,602**	**-191,700**
Tax	A-D, F-G, I	26,786	-23,841	2,945
Profit for the year		**-183,516**	**-5,239**	**-188,755**
Profit for the year attributable to:				
Parent Company shareholders	A-D, F-G, I	-183,516	-5,239	-188,755
		-183,516	**-5,239**	**-188,755**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME				
Amounts in TSEK	**Note**	**According to previous principles**	**IFRS adjustments**	**According to IFRS**
Profit for the year		**-183,516**	**-5,239**	**-188,755**
Other comprehensive income				
Items that will be reclassified to profit/loss (after tax)				
Translation difference	H	-	-30,845	-30,845
Items that will not be reclassified to profit/loss (after tax)				
Revaluation of defined-benefit pension plans	F	-	-8,876	-8,756
Other comprehensive income for the year, after tax		**-**	**-39,601**	**-39,601**
Total comprehensive income for the year, after tax		**-183,516**	**-44,840**	**-228,356**
Total comprehensive income for the year attributable to:				
Parent Company shareholders	A-D, F-I	-183,516	-44,840	-228,356
		-183,516	**-44,840**	**-228,356**

* Other adjustments relate to the change from a nature based income statement to a function based income statement. For description of which items are included in which function, see note 6.

** Under previous accounting principles, other operating income is included in net sales in the amount of TSEK 33 285 for 2020.

Consolidated statement of financial position as at 2020-01-01				
Amounts in TSEK	**Note**	**According to previous principles**	**IFRS adjustments**	**According to IFRS**
Assets				
Non-current assets				
Intangible assets, goodwill	A, B	160,400	-	160,400
Other intangible assets	G	109,667	-84	109,583
Property, plant and equipment	G	15,309	-	15,309
Right-of-use assets	C	-	143,528	143,528
Other non-current receivables	H	1,213	19,989	21,202
Participations in associates	G	2,273	8,728	11,001
Deferred tax asset	I	125,821	-125,821	-
Total non-current assets		**414,683**	**46,340**	**461,023**
Current assets				
Inventories		71,873	-	71,873
Trade receivables	D, G, H	170,258	6,925	177,183
Receivables in associates		8,967	-	8,967
Other receivables	G, H	92,031	-4,088	87,943
Prepaid expenses and accrued income	C, G, H	182,189	-17,624	164,565
Cash and cash equivalents	G, H	365,900	-44,381	321,519
Total current assets		**891,218**	**-59,168**	**832,050**
TOTAL ASSETS		**1,305,901**	**-12,828**	**1,293,073**
EQUITY AND LIABILITIES				
Equity				
Share capital		28,055	-	28,055
Other capital contributions		885,235	-	885,235
Reserves		17,240	-	17,240
Retained earnings including profit/loss for the year	A-D, F-G, I	-588,330	-207,371	-795,702
Equity attributable to Parent Company shareholders		**342,200**	**-207,371**	**134,828**
Total equity		**342,200**	**-207,371**	**134,828**
Non-current liabilities				
Liabilities to credit institutions		196,134	-	196,134
Lease liabilities	C	-	110,415	110,415
Pension provision	F	-	89,876	89,876

Deferred tax liability	I	20,166	-8,722	11,444
Long-term provisions	H	42,070	-42,070	-
Total non-current liabilities		**258,370**	**149,499**	**407,869**
Current liabilities				
Liabilities to credit institutions		203,798	-	203,798
Lease liabilities	C	-	29,171	29,171
Trade payables	G	117,450	-646	116,804
Liabilities to associates	H	4,392	-4,392	-
Current tax liabilities		4,676	-	4,676
Other current liabilities	G	46,937	-333	46,604
Accrued expenses and deferred income	G	328,078	-20,826	307,252
Short-term provisions			42,040	42,040
Total current liabilities		**705,331**	**45,014**	**750,375**
TOTAL EQUITY AND LIABILITIES		**1,305,901**	**-12,828**	**1,293,073**

Consolidated statement of financial position as at 2020-12-31				
Amounts in TSEK	**Note**	**According to previous principles**	**IFRS adjustments**	**According to IFRS**
Assets				
Non-current assets				
Intangible assets, goodwill	A, B	275,405	33,443	308,848
Other intangible assets	G	357,056	-	357,055
Property, plant and equipment		24,640	-	24,640
Right-of-use assets	C	-	141,287	141,287
Other non-current receivables	H	2,667	20,000	22,667
Participations in associates	G	2,708	8,423	11,131
Deferred tax asset	I	159,101	-156,222	2,879
Total non-current assets		**821,577**	**46,931**	**868,507**
Current assets				
Inventories		53,207	-	53,207
Trade receivables	D, G, H	186,627	38,007	224,634
Receivables in associates	G	4,770	7,478	12,248
Other receivables	G, H	108,965	16,078	125,043
Prepaid expenses and accrued income	C, G, H	298,065	-53,387	244,678
Cash and cash equivalents	G, H	426,219	-64,573	361,646
Total current assets		**1,077,853**	**-56,397**	**1,021,456**
TOTAL ASSETS		**1,899,430**	**-9,466**	**1,889,963**

EQUITY AND LIABILITIES				
Equity				
Share capital		31,273	-	31,273
Other capital contributions		1,931,137	-	1,931,137
Reserves		-9,168	-5,555	-14,723
Retained earnings including profit/loss for the year	A-D, F-G, I	-777,089	-215,006	-992,095
Equity attributable to Parent Company shareholders		**1,176,153**	**-220,546**	**955,607**
Total equity		**1,176,153**	**-220,546**	**955,607**
Non-current liabilities				
Lease liabilities	C	-	105,419	105,419
Pension provision	F	-	105,575	105,575
Deferred tax liability	I	21,384	-11,314	10,070
Long-term provisions	H	44,330	-31,818	12,512
Total non-current liabilities		**65,714**	**167,862**	**233,576**
Current liabilities				
Liabilities to credit institutions		2,116	-	2,116
Lease liabilities	C	-	33,354	33,354
Trade payables	G	149,327	-1,370	147,957
Current tax liabilities	G	12,544	-1,695	10,849
Other current liabilities	G	81,756	-25,805	55,951
Accrued expenses and deferred income	G	411,820	6,916	418,736
Short-term provisions	H	-	31,818	31,818
Total current liabilities		**657,563**	**43,218**	**700,781**
TOTAL EQUITY AND LIABILITIES		**1,899,430**	**-9,466**	**1,889,964**

Consolidated statement of cash flow for the financial year 01/01/2020 – 31/12/2020				
Amounts in TSEK	**Note**	**According to previous principles**	**IFRS adjustments**	**According to IFRS**
Operating activities				
Profit after financial items	A-D, F-G, I	-210,303	18,603	-191,700
Whereof interest paid	C	-	-4,076	-4,076
Adjustments for non-cash items	G	111,320	33,895	145,215
Tax paid	H	-10,292	-4,297	-14,589
Cash flow from operating activities before changes in working capital		**-109,275**	**48,203**	**-61,072**
Cash flow from changes in working capital				
Change in inventory		18,109	-	18,109
Changes in operating receivables	G, H	-149,712	-15,759	-165,471
Changes in operating liabilities	G, H	158,063	-33,161	124,902
Cash flow from operating activities		**-82,815**	**-717**	**-83,532**
Investing activities				
Acquisition of intangible assets		-256,137	-	-256,137
Acquisition of property plant and equipment		-12,199	-	-12,199
Business combinations		-116,967	9,869	-107,098
Acquisition of financial non-current assets	G	-	-2,047	-2,047
Cash flow from investing activities		**-385,303**	**7,822**	**-377,480**
Financing activities				
New share issue		936,929	-	936,929
Warrants		11,212	-	11,212
Repayment of debt		-399,882	-	-399,882
Amortisation of lease liability	C	-	-29,651	-29,651
Cash flow from financing activities		**548,259**	**-29,651**	**518,608**
Cash flow for the year		**80,141**	**-12,398**	**57,644**
Cash and cash equivalents at beginning of year		365,900	-24,381	321,519
Exchange rate difference in cash and cash equivalents		-19,787	2,270	-17,517
Cash and cash equivalents at year-end		**426,254**	**-34,509**	**361,646**

Notes

A. Intangible assets, goodwill

According to previous accounting principles, goodwill has been amortised over the estimated useful life. According to IFRS, goodwill is not amortised; instead, annual impairment tests are performed. In connection with the transition to IFRS, amortisation of goodwill amounting to TSEK 36,306 was reversed in 2020. At the time of the transition, the value of goodwill for impairment was tested, but there was no need for impairment. No deferred tax has been reported.

B. Acquisition analyses

In connection with the transition to IFRS, previously prepared acquisition analyses related to acquisitions during the period 2020 and 2021 have been reviewed. No additional intangible fixed assets have been identified, but transaction costs related to the acquisitions have been expensed during the period in which they were incurred. See Note 31 for business combinations during 2020 and 2021 and Note 32 for events after the balance sheet date for information on transaction costs related to each acquisition.

C. Leases (IFRS 16)

According to previously applied accounting principles, the Group, in its role as a lessee, has reported all its leases as operational leases. According to IFRS 16, the Group's leases (with the exception of short-term leases and leases where the value of the underlying asset is low) will be recognised in the balance sheet as lease liabilities and right-of-use assets, which also means that costs for previous operating leases will be reclassified from operating expenses to amortisation of right-of-lease assets and interest expenses on lease liabilities. Where applicable, the Group has used estimates made retrospectively to determine the term of the lease for leases that include opportunities to extend or terminate the lease.

Right-of-use assets are recognised at TSEK 143,528 as at 2020-01-01 and TSEK 141,287 as at 2020-12-31. On the liability side, a long-term lease liability of TSEK 110,415 as at 2020-01-01 and TSEK 105,419 as at 2020-12-31 and a short-term lease liability TSEK 29,171 as at 2020-01-01 and TSEK 33,354 as at 2020-12-31.

As a result of the reported right-of-use assets and leasing liabilities, leasing costs for previously reported operating leasing agreements will decrease by TSEK 31,542 in 2020. In the statement of income, depreciation for right-of-use assets will instead be recognised at TSEK 31,076 in 2020. In addition, interest expense attributable to the lease liability will be recognised, which will increase financial expenses by TSEK 4,076 in 2020.

Finally, the reclassification also affects the presentation of the Group's cash flows. According to previous accounting principles, cash flow attributable to the operating leases has been reported as part of operating activities. According to IFRS 16, payments will be divided between some amortization of lease liabilities and some interest payments. During 2020, operating profit will decrease by TSEK 3,610, adjustment for non-cash items will increase by TSEK 31,076, interest paid on lease liabilities will increase by TSEK 4,076 and amortisation of lease liabilities will increase by TSEK 29,604.

D. Financial instruments

In accordance with previously applied accounting principles, Storytel has applied an impairment model for credit losses based on an event that has occurred. In accordance with IFRS 9, companies that apply IFRS must apply a model for expected credit losses. The application of the model for expected credit losses means that Storytel reports increased credit provisions amounting to TSEK 371 attributable to accounts receivable. For expected credit losses on accounts receivable, the simplified model is applied in accordance with IFRS 9, which means that the provision for expected credit losses is based on the loss risk for the entire term of the receivable and is recognised when the receivable is reported for the first time.

The credit risk attributable to other long-term and short-term receivables and cash and cash equivalents is considered to be intangible and no credit provisions have been made for these items. The Group has no contractual assets.

According to IFRS, the Group's financial derivatives regarding hedged currency futures are recognised in the balance sheet with the remeasurement effect recognised in other comprehensive income. As at 2020-12-31, no effects have arisen as a result of this change.

E. Other intangible assets

At the beginning of 2020 Storytel changed its accounting principle under the previous accounting framework (K3), from the cost recognition model to the capitalization model. The change in accounting principle was applied in line with previous regulations only as forward-looking, and no intangible assets were thus capitalised retroactively for the years before 2020. Storytel's capitalised expenses for development work pertains to the technical platform and the digital catalogue of audiobooks and e-books. In conjunction with the switch to IFRS, Storytel has assessed that all conditions for including the development work as assets in the balance sheet are met, except for the criterion regarding calculation of expenses. As in previous years it has not been possible to reliably calculate which expenses have been attributable to the development of the various intangible assets in the Group, no retroactive adjustment has been possible for capitalised development work carried out before 2020. Most of the assets are depreciated over five years.

Under previous regulations, capitalised amounts have been reported in the income statement as work performed by the company for its own use and capitalised. According to IFRS, capitalised amounts are instead recognised as a cost reduction of related costs. The adjustment has affected net sales for 2020 by TSEK -240 392 which has instead reduced cost of sales and technology and development expenses by the same amount.

F. Defined-benefit pensions

According to previous accounting principles, the Group's defined-benefit pensions have been reported in accordance with the simplified rules in BFNAR 2012:1 (K3). Defined-benefit plans for which pension premiums are paid have thus been recognised as defined-contribution plans, which means the contributions have been expensed in the income statement. Where pension obligations have been secured through the transfer of funds to a pension fund, a provision and annual cost have been calculated on the basis of the present value of the accrued future benefit. Where the plan's assets of the fund exceed the obligation, no asset is recorded, which has been the case for Storytel. The net of the interest on pension provisions and expected return on associated plan assets has been recognised in net financial income/expense, while other components are recognised in operating profit.

According to IFRS, other measurement principles are applied regarding both plan assets and pension provisions, and the net is reported in the balance sheet. The impact on earnings from the calculation of personnel costs has been recognised as an increase in personnel costs, except the net interest rate, which has been recorded as a financial cost. Revaluations of the defined-benefit net debt have been recognised in other comprehensive income.

As a result of the change in accounting, personnel costs have increased by TSEK 5,269 and financial costs by TSEK 2,901 for 2020. For additional disclosures on the Group's defined-benefit pensions, see Note 10.

G. Holdings in a joint venture

Holdings in a joint venture are reported in the consolidated financial statements in accordance with the proportionate consolidation method. This means the proportion corresponding to the owned participations of the company's assets, provisions and liabilities has been recorded in the consolidated balance sheet prepared by the company. The proportion of revenue and expenditure which is owned has been reported in the consolidated income statement prepared by the company. According to IFRS, holdings in joint ventures are recorded according to the equity method. This means that Storytel's share in Storytel A/S has been removed from each balance sheet and income statement item and instead is shown as participations in associated companies in the balance sheet and profit/loss from participations in associated companies in the income statement. This also means that the license fee that Storytel A/S pays to the Storytel Group is reported in full in the consolidated income statement and that balances between Storytel A/S and the Group companies are reported as receivables with and liabilities to associated companies in the consolidated balance sheet. The license fee is recognised under net income instead of under other operating income as it was before. Transactions and outstanding transactions with associated companies are reported in Note 30 since they constitute transactions with related parties. Equity, profit and carrying amounts for holdings in joint ventures are reported in Note 23. The main balance sheet impact relates to a reduction in cash and cash equivalents of TSEK 34 472 per 2020-12-31 and TSEK 24 380 per 2020-01-01 as well as a reduction in accrued expenses and deferred income of TSEK 24 752 per 2020-12-31 and TSEK 20 825 per 2020-01-01.

H. Reclassifications

In conjunction with the transition to IFRS, some reclassifications have been made.

– According to IFRS, translation differences attributable to foreign operations must be reported in other comprehensive income and separately from retained earnings.

– Provisions are to be classified as non-current or current liabilities.

– As the only thing remaining between Storytel reporting its revenues and invoicing for them is the passing of time, all receivables that according to previous regulations have been reported as accrued income will be reclassified to accounts receivable under IFRS.

– In conjunction with the transition to IFRS, certain insignificant items will also be merged. Some other reclassifications have also been made. These mainly relate to adjustments between other current liabilities and accrued expenses as well as a reclassification of restricted cash from cash and cash equivalents to other non-current or current assets.

I. Deferred tax

Adjustments of deferred tax consist of the effects on deferred tax that have arisen through the adjustments made during the transition to IFRS. The adjustments relate to the impact of the effects described above and an effect of changed conditions regarding how the Group may value its deferred tax assets regarding losses. In the case of the Storytel Group, given that the existence of losses under IFRS is seen as a strong indication that taxable surpluses may not be generated, and since the Group has reported losses in recent years, management does not have sufficiently strong factors that convincingly suggest taxable surpluses will be available to meet the requirements under IFRS to recognise the Group's deferred tax assets. Information on the Group's unreported losses can be found in Note 13. Main losses refer to losses which can be utilised in Sweden and thus there is no time limit regarding when the losses must be utilised.

In total, the adjustments to deferred tax amount to TSEK -147 527 as at 31 December 2020, and TSEK 1 672 in the 2020 statement of income.

Note 34 Definitions and key figures, including alternative key figures

Storytel reports a number of different items and financial key figures 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/amortisation, write-downs, 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 and amortisation (EBITDA)

Profit before depreciation/amortisation, write-downs, interest and tax
Purpose: Make it easier for investors and other stakeholders to understand profitability

Operating profit before depreciation/amortisation and write-downs (%)

Profit before depreciation/amortisation, write-downs, 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.

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PARENT COMPANY'S INCOME STATEMENT			
Amounts in TSEK	**Note**	**01/01/2021 - 31/12/2021**	**01/01/2020 - 31/12/2020**
Net sales		20,896	4,717
Cost of sales		-	-
Gross profit/loss		**20,896**	**4,717**
Administrative expenses	3,4	-17,002	-25,891
Operating profit		**3,894**	**-21,174**
Other interest income and similar profit/loss items	5	46,794	13,969
Interest expense and similar profit/loss items	6	-15,229	-7,036
Profit after financial items		**35,459**	**-14,241**
Appropriations		3,460	20,926
Profit before tax		**38,919**	**6,685**
Tax on profit for the year	7	-1,283	-
Profit for the year		**37,636**	**6,685**

PARENT COMPANY'S STATEMENT OF COMPREHENSIVE INCOME			
Amounts in TSEK	**Note**	**01/01/2021 - 31/12/2021**	**1/1/2020 - 31/12/2020**
Profit for the year		37,636	6,685
Other comprehensive income		-	-
Total comprehensive income for the year		**37,636**	**6,685**

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PARENT COMPANY'S BALANCE SHEET			
Amounts in TSEK	**Note**	**12/31/2021**	**12/31/2020**
ASSETS			
Financial non-current assets			
Participations in Group companies	8	2,773,320	2,069,817
Deferred tax asset	7	1,437	2,720
Total financial assets		**2,774,757**	**2,072,537**
Total non-current assets		**2,774,757**	**2,072,537**
Current assets			
Receivables in Group companies	9,14	566,229	378,401
Current tax assets		-	-
Other receivables		20,206	596
Prepaid expenses and accrued income		4,523	251
Cash and bank balances		470,232	82,302
Total current assets		**1,061,190**	**461,550**
TOTAL ASSETS		**3,835,947**	**2,534,087**
EQUITY AND LIABILITIES			
Equity	10		
Share capital		34,141	31,273
Statutory reserve		7,555	7,555
Restricted equity		**41,696**	**38,828**
Share premium reserve		3,764,063	2,503,297
Profit/loss brought forward		-23,172	-29,857
Profit for the year		37,636	6,685
Non-restricted equity		**3,778,527**	**2,480,125**
Total equity		**3,820,223**	**2,518,953**
Current liabilities			
Liabilities to credit institutions	9, 11	-	-
Trade payables		1,823	2,000
Current tax liabilities		67	-
Other liabilities		534	10,341
Derivative instruments	9	10 031	-
Accrued expenses and deferred income		3,269	2,794
Total current liabilities		**15,724**	**15,135**
TOTAL EQUITY AND LIABILITIES		**3,835,947**	**2,534,087**

PARENT COMPANY'S STATEMENT OF CHANGES IN EQUITY

Amounts in TSEK

	Restricted equity			Non-restricted equity		
Amounts in TSEK	Share capital	Statutory reserve	Share premium reserve	Retained earnings	Profit/loss for the year	**Total equity**
Closing equity as of 01/01/2020	**28,055**	**7,555**	**1,457,966**	**-11,235**	**-18,622**	**1,463,719**
Appropriation in accordance with the Annual General Meeting resolution	-	-	-	-18,622	18,622	**-**
Profit for the year	-	-	-	-	6,685	**6,685**
Other comprehensive income for the year	-	-	-	-	-	**-**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	6,685	**6,685**
Transactions with the Parent Company's owner						
New share issue	3,218	-	1,034,629	-	-	**1,037,847**
Issue expenses	-	-	-11,153	-	-	**-11,153**
Warrants	-	-	11,212	-	-	**11,212**
Employee stock options	-	-	10,643	-	-	**10,643**
Total	**3,218**	**-**	**1,045,331**	**-**	**-**	**1,048,549**
Closing equity as of 31/12/2020	**31,273**	**7,555**	**2,503,297**	**-29,857**	**6,685**	**2,518,952**
Opening equity as of 01/01/2021	**31,273**	**7,555**	**2,503,297**	**-29,857**	**6,685**	**2,518,952**
Appropriation in accordance with the Annual General Meeting resolution	-	-	-	6,685	-6,685	**-**
Profit for the year	-	-	-	-	**37,636**	**37,636**
Other comprehensive income for the year	-	-	-	-	-	**-**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**37,636**	**37,636**
Transactions with the Parent Company's owner						
New share issue	2,868	-	1,252,208	-	-	**1,255,076**
Issue expenses	-	-	-13,476	-	-	**-13,476**
Warrants	-	-	6,998	-	-	**6,998**
Employee stock options	-	-	15,036	-	-	**15,036**
Total	**2,868**	**-**	**1,260,766**	**-**	**-**	**1,263,634**
Closing equity as of 31/12/2021	**34,141**	**7,555**	**3,764,063**	**-23,172**	**36,636**	**3,820,223**

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PARENT COMPANY'S CASH FLOW STATEMENT			
Amounts in TSEK	**Note**	**01/01/2021 - 31/12/2021**	**01/01/2020 - 31/12/2020**
Operating activities			
Profit after financial items		35,459	-14,241
Adjustments for non-cash items	12	10,031	-
Cash flow from operating activities before changes in working capital		**45,490**	**-14,241**
Cash flow from changes in working capital			
Changes in operating receivables		-904,870	-693,714
Changes in operating liabilities		-9,446	11,538
Cash flow from operating activities		**-868,826**	**-696,417**
Investing activities			
Acquisition of participations in Group companies		-	-50
Cash flow from investing activities		**-**	**-50**
Financing activities			
New share issue		1,241,598	1,026,694
Warrants		15,036	11,212
Amortisation of loans		-	-399,882
Cash flow from financing activities		**1,256,634**	**638,024**
Cash flow for the year		**387,811**	**-58,443**
Cash and cash equivalents at beginning of year		82,302	140,745
Translation differences		119	-
Cash and cash equivalents at year-end		**470,232**	**82,302**

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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 write-downs 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 a negative fair value are measured at fair value. The Parent Company has no items for which hedge accounting is 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 write-downs 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 specific items related to the Parent Company for which significant estimates and judgement are required. Refer to the disclosures for the Group.

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 fees

Ernst & Young AB	**01/01/2021 - 31/12/2021**	**01/01/2020 - 31/12/2020**
Audit assignment	1,266	639
Other auditing activities	-	-
Tax advice	-	-
Other services	490	542
Total	**1,756**	**1,181**

Audit assignmentsrefers 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

	01/01/2021 - 31/12/2021	**01/01/2020 - 31/12/2020**
Assets and liabilities measured at amortised cost:		
Interest income receivables in Group companies	13,808	13,965
Total interest income according to the effective interest method	**13,808**	**13,965**
Other financial income		
Dividend	31,746	-
Exchange rate gains on financial items	1,123	-
Other financial income	117	4
Total other financial income	**32,986**	**4**
Total financial income	**46,794**	**13,969**

Note 6 Interest expense and similar profit/loss items

	01/01/2021 - 31/12/2021	01/01/2020 - 31/12/2020
Assets and liabilities measured at amortised cost:		
Interest expenses liabilities to credit institutions	5,198	7,037
Interest expenses Group companies	-	-
Derivative instruments	10,031	-
Total interest expenses according to the effective interest method	**15,229**	**7,037**
Exchange rate differences – costs, financial items	-	-
Expected credit losses on financial assets	-	-
Other	-	-
Total	**-**	**-**
Total reported in profit/loss after financial items	**15,229**	**7,037**

Note 7 Tax

	01/01/2021 - 31/12/2021	01/01/2020 - 31/12/2020
Current tax	-	-
Change in deferred tax relating to temporary differences	-1 283	-
Reported tax	**-1 283**	**-**

Reconciliation of effective tax	**01/01/2021 - 2021-12-31**	**01/01/2020 - 2020-12-31**
Profit/loss before tax	**38,919**	**6,685**
Tax according to the current tax rate for the Parent Company	-8,017	-1,431
Tax effect from:		
Non-taxable income	8,348	1,484
Non-deductible expenses	-11	-51
Utilisation during the year of previous years' loss carryforwards, the tax value of which is not recognised as an asset	463	-2
Increase in net operating losses with no corresponding increase in deferred tax assets	-2 066	-
Reported tax	-1,283	-
Effective tax rate	**-3%**	**0%**

Note 8 Participations in Group companies

	12/31/2021	12/31/2020
Opening acquisition value	**2,091,360**	**1,524,477**
Acquisition/shareholder contribution	703,503	566,883
Closing acquisition value	**2,794,863**	**2,091,360**

Impairment of shares in Group companies	**12/31/2021**	**12/31/2020**
Opening accumulated impairment	-21,543	-21,543
Impairment for the year	-	-
Closing accumulated impairment	**-21,543**	**-21,543**
Closing carrying amount	**2,773,320**	**2,069,817**

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.

Company	Corp. ID No.	Domicile	Share of capital and voting rights
Storytel AG	2803008746-7	Switzerland	100%
Storytel Publishing AB	556676-0046	Sweden	100%
Storytel Books AB	559286-0240	Sweden	100%
Storytel Sweden AB	556696-2865	Sweden	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 consist of a liability for a currency forward of MSEK 10 (0), which in its entirety is short term and attributable to the payment 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

12/31/2021	Within 1 year	Between 1–5 years	After 5 years	Total
Liabilities to credit institutions	-	-	-	-

12/31/2020	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	**01/01/2021 12/31/2021**	**01/01/2020 12/31/2020**
Adjustments in operating profit		
Depreciation	-	-
Impairment	-	-
Derivative instruments	10,031	-
Total	**10,031**	**-**

Change in liabilities attributable to financing activities				
	01/01/2021	**Cash flow-affecting changes**	**Non-cash flow-affecting changes**	**12/31/2021**
Liabilities to credit institutions	-	-	-	-
Other	-	-	-	-
Total liabilities attributable to financing activities	**-**	**-**	**-**	**-**

	01/01/2020	**Cash flow-affecting changes**	**Non-cash flow-affecting changes**	**12/31/2020**
Liabilities to credit institutions	-	-	-	-
Other	-	-	-	-
Total liabilities attributable to financing activities	**-**	**-**	**-**	**-**

Note 13 Pledged assets and contingent liabilities

Pledged assets for own liabilities to credit institutions	**12/31/2021**	**12/31/2020**
Restricted cash	20,000	30,000
Pledged shares in subsidiaries	226,498	226,498
Total	**246,498**	**259,923**

Note 14 Transactions with related parties

	01/01/2021 - 2021-12-31	01/01/2020 - 2020-12-31
Group companies		
Sales of goods/services	20,896	4,717
Receivable on the balance sheet date	566,229	378,401
Michael Berglund AB		
Purchase of goods/services	507	3,609
Liability on the balance sheet date	-	313

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

The following profits are available to the Annual General Meeting:	**12/31/2021**
Retained earnings, TSEK	-23,172
Share premium reserve	3,764,063
Profit for the year, TSEK	37,636
	3,778,527
The Board proposes that profits be distributed such that:	
To shareholders (SEK 0 per share)	-
To be carried forward	3,778,527
	3,778,527

Note 17 Transition to RFR 2

These financial statements for the Parent Company are the first to have been prepared with the application of RFR 2. Previously prepared annual reports for the Parent Company have been reported in accordance with BFNAR 2012:1 Annual Report and Consolidated Financial Statements (K3).

The accounting principles found in Note 1 have been applied when the annual report has been prepared as at 31 December 2021 and for the comparative information presented as at 31 December 2020.

Effects on earnings and position

The transition from previous accounting principles has not had any effect in the Parent Company's statement of comprehensive income for 2020 or in the Parent Company's statement of financial position as at 31 December 2020. The transition to RFR 2 has not had any effect on the Parent Company's cash flow.

Note 18 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 and taxes.

Storytel AB (publ)
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Stockholm, 03/04/2022

Hans-Holger Albrecht
Chair of the Board

Rustan Panday
Member

Jonas Sjögren
Member

Malin Holmberg
Member

Joakim Rubin
Member

Helen Fasth Gillstedt
Member

Richard Stern
Member

Jonas Tellander
Member

Ingrid Bojner
CEO

Our auditor's report was submitted on 04/04/2022

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 76-168 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 31 December 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 31 December 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 for the group.

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 Managing Director 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 Managing Director

The Board of Directors and the Managing Director 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 Managing Director 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 Managing Director 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 Managing Director 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 Managing Director.

- 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 Managing Director 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 Managing Director

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 Managing Director 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 Managing Director 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
Authorized Public Accountant