

2020

# An nual Report.



Annual Report &  
Sustainability Report 2020



Let us  
tell you  
a story.



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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.

# 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 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 reap 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 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 2020 it had a market capitalization of approximately 16 BSEK.

## Streaming

Storytel is one of the world's largest subscribed audiobook and e-book streaming services and offers listening and reading of more than 500 000 titles in 25+ 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, Kitab Sawti and Icast, and the company operates

in 23 markets around the globe: Sweden, Norway, Denmark, Finland, the Netherlands, Belgium, Poland, Russia, South Korea, Germany, Spain, Iceland, Israel, UAE, Italy, Turkey, Brazil, Mexico, Colombia, Bulgaria, India, Singapore and Thailand. Storytel is headquartered in Stockholm, Sweden.

In July 2020, Storytel acquired Kitab Sawti, a leading audiobook streaming service in the Middle East. The combined line-up of Storytel Arabia and Kitab Sawti forms a unique offering of audio content production and distribution in the MENA region that will give consumers access to the largest cohesive Arabic audiobook library in the world. The same month, Storytel acquired an 80 percent majority interest in Earselect AB, a Nordic production company offering a dynamic, flexible and scalable cloud based platform specialised in remote audiobook production. In August the same year, Storytel purchased the Israeli audiobook streaming pioneer iCast Ltd. The acquisition laid the foundations for Storytel's launch in Israel in the first quarter of 2021.

## Publishing

The Publishing division comprises of the specialized audiobook publisher StorySide and renowned book imprints such as Norstedts, Printz Publishing, Rabén & Sjögren, B. Wahlströms, the Danish publisher People's and the Finnish publisher Gummerus, as well as Norstedts Kartor and book clubs. Through its publishing imprints, the Storytel Group is a well-known publisher and literary agency in Europe, especially in the Nordic countries.



## 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.

## 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.

## 2005

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

## 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.

## 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 through launches in Thailand and Belgium. Storytel acquires the Israeli audiobook service iCast, as well as an 80 percent majority share in the Nordic audiobook production company EarSelect.

## 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. Storytel's management team today consists of 60 percent women and 40 percent men. In the organization as a whole, the gender distribution is 52 percent women and 48 percent men.

# Vision

&

# 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 experiences with an inherent good and give back every day. We want to create value and make a difference in people's everyday lives through our commitment to provide our customers access to the best stories.

## Vision

Make the world a more empathetic and creative place with great stories to be shared and enjoyed anywhere, anytime, and by anyone.

## Mission

Inspire people of all ages to discover the world of stories by building an accessible and personalized storytelling experience using technology, insights and data.

Empower people to unlock their creativity and share stories by connecting storytellers with a global audience.

Provide meaningful and inspiring context to people's lives by establishing Storytel as a sustainable brand synonymous with storytelling.

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

# Comments from the CEO

## Highlights from 2020

Strengthened by major achievements and the surpassing of several milestones in 2019, Storytel set ambitious goals for 2020. We set our sights on reaching 1,500,000 paying subscribers by the end of 2020, increasing streaming revenues to BSEK 1.9–2.0, and making at least one more country profitable. When Storytel passed the milestone of 1,500,000 paying subscribers on 18 January, we were able to look back on a year where the company, despite being burdened by a strong Swedish krona, successfully achieved its revenue goal of BSEK 1.9 and positioned several of its markets for achieving profitability in 2021 and the following years, of which Netherlands became profitable in 2020.

Before 2020 ended, Storytel had also rolled out efficient and popular launches in Belgium and Thailand. Today, the Storytel app has been launched in more than 20 markets, and we are really excited about our announced wave of expansion to an additional 20+ markets in 2021–2023. Storytel's strong local ties and customer focus, as well as our geographic spread, gives us clear momentum to continue to take market shares on a growing global audiobook arena that is being driven by users' new ways of demanding and consuming stories.

Storytel is working strategically and with a focus on being profitable within five years in every new market we launch. Profitability is when the local gross profit after deductions for payment fees and content costs exceeds our marketing costs and costs for operating the local business. Of the countries where we established our service before 2015, all of them (Sweden, Denmark, Norway, and the Netherlands) were profitable in 2020, as well as Iceland, which launched in 2017. In 2021, we expect the Storytel countries launched in 2016, Finland and Poland, will be profitable. We are also pleased to announce that Russia, which launched in 2017, appears to be on track for reaching profitability already in 2021.

A positive cash flow from our profitable markets enables us to develop Storytel's customer offer and user experience, which should always be at the forefront. Together with our non-current loan at Swedbank of in total MSEK 500 and the new issue in February 2020 that raised approximately MSEK 948, Storytel is strengthening its financial position and creating very good conditions for both strategic acquisitions and continued aggressive expansion to new markets. On 11 March 2021, Storytel expanded its robust financial base for investments in expansion, content and digitalisation of the book market when the company conducted another successful private placement, corresponding to around MSEK 1,171.

## Growth and market development

Storytel's expressed vision is to make the world more empathetic and creative by providing people with the possibility of enjoying fantastic storytelling anytime and anywhere during their day. This vision has perhaps never been more relevant than during 2020 and the coronavirus pandemic, when people turned more to books for companionship, solace, a brief escape from reality, and entertainment. For already many years before the pandemic, though, the flexibility and digital availability of smartphones have made it possible to start to establish and create new global consumer behaviour. Today, access to unlimited subscriptions is considered a natural and modern form of "ownership" for a large and rapidly growing group. The accessibility and attraction of Storytel's global catalogue with more than 500,000 titles in 30 different languages continues to be a clear indication of this.

The Nordic market is the most developed audiobook market in the world in the ongoing digital transformation on the book industry. It is becoming increasingly obvious in this region that the audiobook is not just growing rapidly among users but also as a pop cultural phenomenon, in its newsworthy value, and most importantly as the primary driver behind the growth of the overall book market. According to recent statistics from the Swedish Publishers' Association, audiobooks represented 57 per cent of the total volume of sold books in Sweden in 2020. And this on a market where total sales increased by 8.7 per cent, thanks to digital and subscription audiobook services, which grew 32.3 per cent compared to 2019. Within the fiction segment, a majority of the sales in value are now digital books, of which the audiobook represents more than 90%.

The same development can be seen in Finland, for example, where the total sales of audiobooks doubled in 2020 and now corresponds to around one-fifth of the total sales on the Finnish book market.

The total global audiobook market is currently valued at BSEK 40. Storytel estimates that this figure will grow by 15% annually until 2030. Our ambition is to take a large piece of this cake, and it is our goal to grow Storytel's streaming revenues from today's BSEK 2 to BSEK 30 by 2030. Our journey towards this goal continues to be influenced by strong expansion and long-term investments and acquisitions in all parts of the audiobook's value chain. In July 2020, Storytel acquired competitor Kitab Sawti, a leading streaming service for audiobooks in the Middle East and the Arabic-speaking world. Storytel and Kitab Sawti thereby form a unique, regional and consolidated offer that offers users access to the world's largest and richest Arabic audiobook library. In August 2020, barely one month later, Storytel bought the leading Israeli audiobook service iCast Ltd, which forms the foundation for Storytel's launch in

Israel in Q1 2021. In the summer of 2020, Storytel also acquired an 80 per cent majority in the Nordic audiobook production company Earselect AB, which in 2021 will be established on most of Storytel's markets.

It is my strong conviction, and Storytel's, that our journey towards 2030 must also be a journey towards a better and more sustainable world. Therefore, we are committed to:

- reducing our carbon footprint
- adding value to our customers with the content in our service
- protecting our customers' data
- doing business with high integrity
- treating our employees with respect and trust
- equality and diversity in the workplace

The 2020 Sustainability Report is just the start of a challenge that encompasses both our physical impact on the environment and climate and our ability to push attitudes in society in a more positive direction that reflects empathy and humanism.

Storytel currently has more than 700 employees, and they are all a fantastic and powerful celebration of diversity. More than 40 nationalities are represented in our organisation, which spans more than 20 countries. Around 52 per cent of our employees are women, and 48 per cent are men. The importance of an equal work environment is both business critical and deeply rooted in the company, and I am pleased that it is also reflected so clearly in Storytel's management group, where the gender distribution today is 60 per cent women and 40 per cent men.

## Publishing

Our business area for printed books had a strong year despite the COVID-19 pandemic. Thanks to a rise in the sale of physical books through online channels and growing streaming sales, revenue was high and rising compared to 2019. Thanks to greatly improved cost-efficiency and a slightly changed cost structure from the transition to digital and streaming sales, EBITDA increased from MSEK 9 in 2019 to MSEK 42.

Storytel Original, our internal audio-first concept to produce attractive and high-quality audio books tailored to the audience, has drawn a lot of attention and is popular. Several weeks before Christmas 2020, one-third of our markets had a Storytel Original at the top of the lists of its most listened-to titles.

## Outlook for 2021

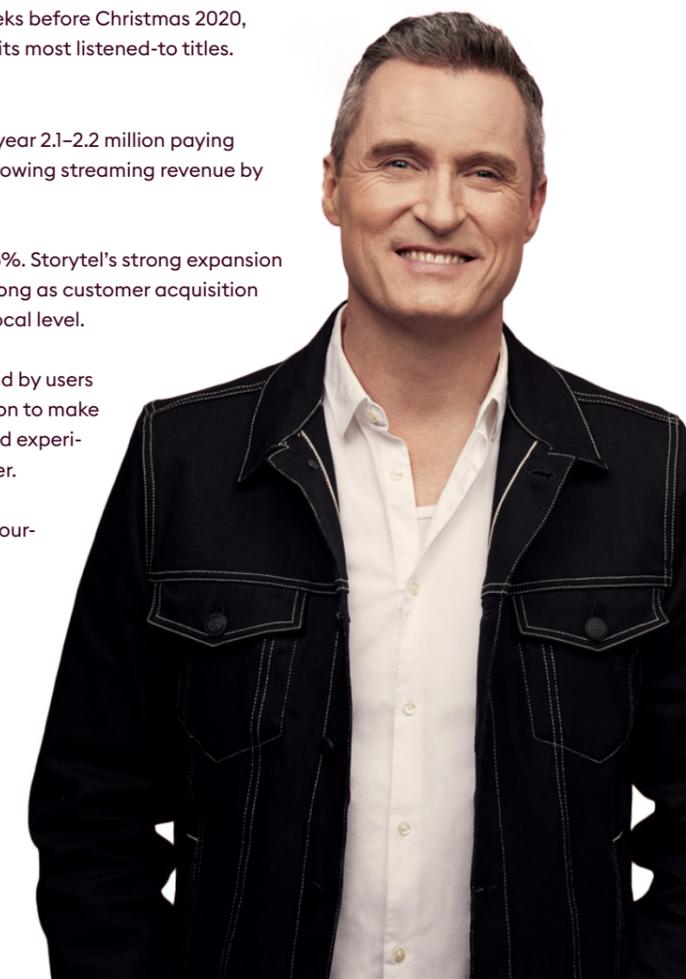
Storytel is entering 2021 with the goal of reaching before the end of the year 2.1–2.2 million paying subscribers, corresponding to a growth rate of 43–50 per cent, and to growing streaming revenue by 28–33% to BSEK 2.4–2.5.

In terms of EBITDA, we expect that it will be negative in the range of 0–5%. Storytel's strong expansion focus, which prioritises growth over profitability, will remain in place as long as customer acquisition creates value and contributes to making more markets profitable at a local level.

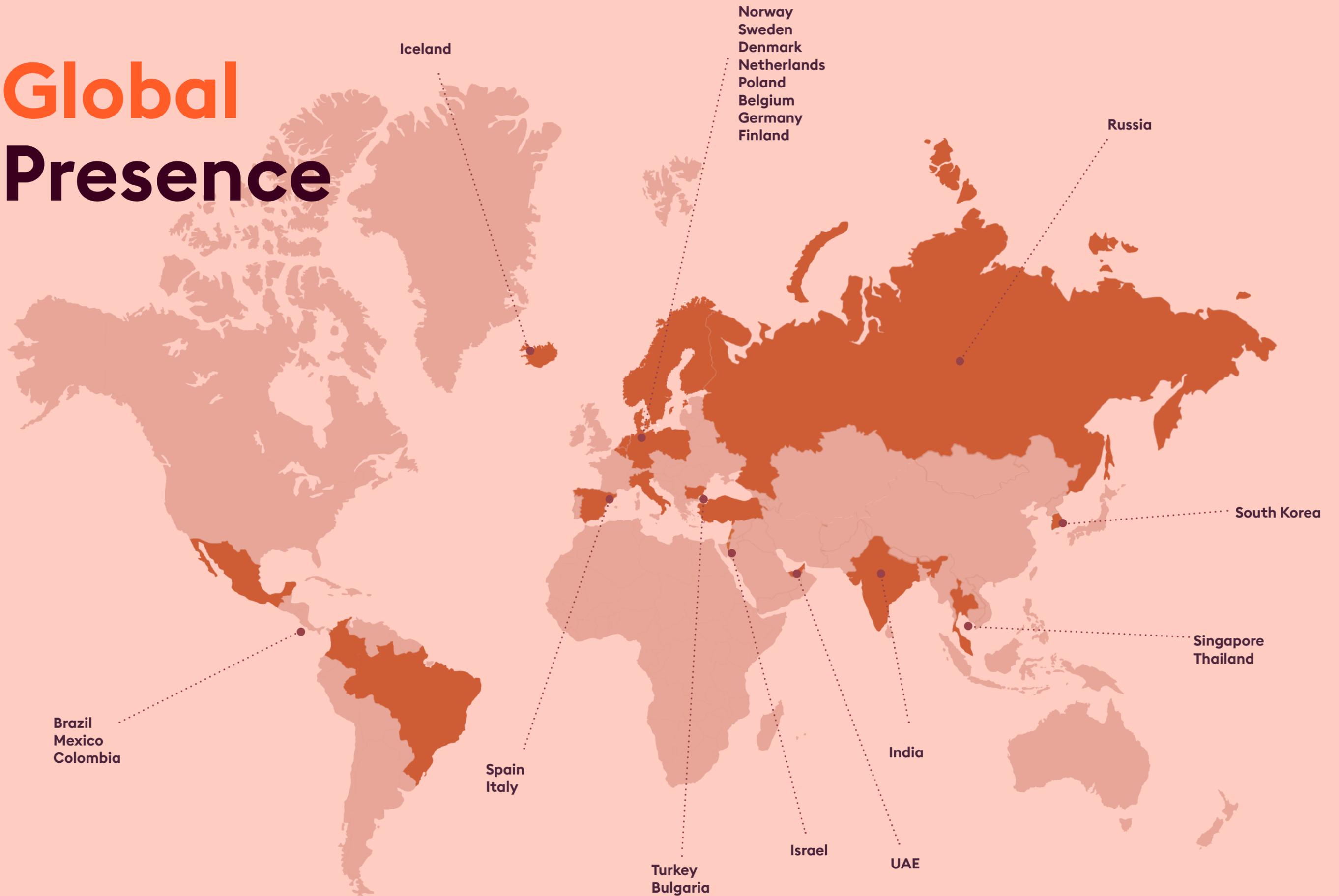
Streaming of audiobooks is in focus today – both in the book industry and by users and in popular culture – in a way we have never seen before. It is our vision to make the world a better place through fantastic stories that can be shared and experienced anytime, anywhere and by anyone. This vision is stronger than ever.

I am very excited for a new, eventful year in Storytel's strong expansion journey. Thanks to all of you for also wanting to join us.

Jonas Tellander, CEO and founder of Storytel

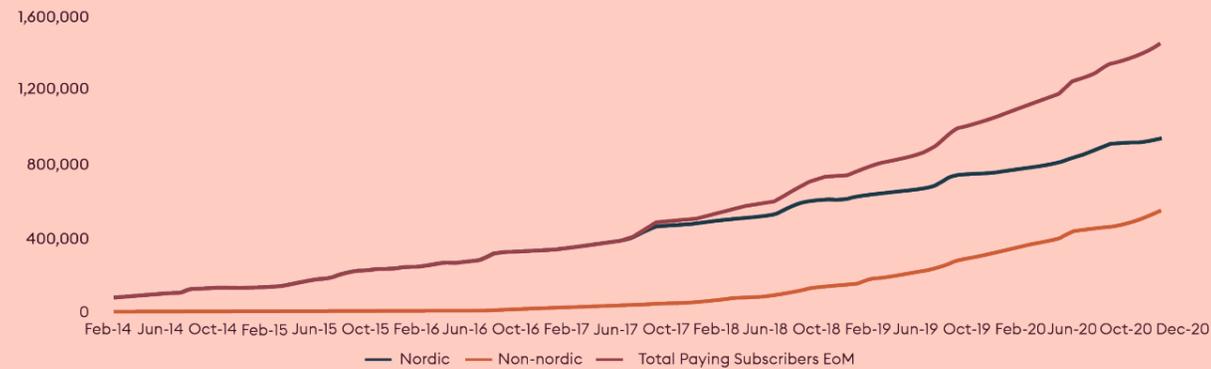


# Global Presence

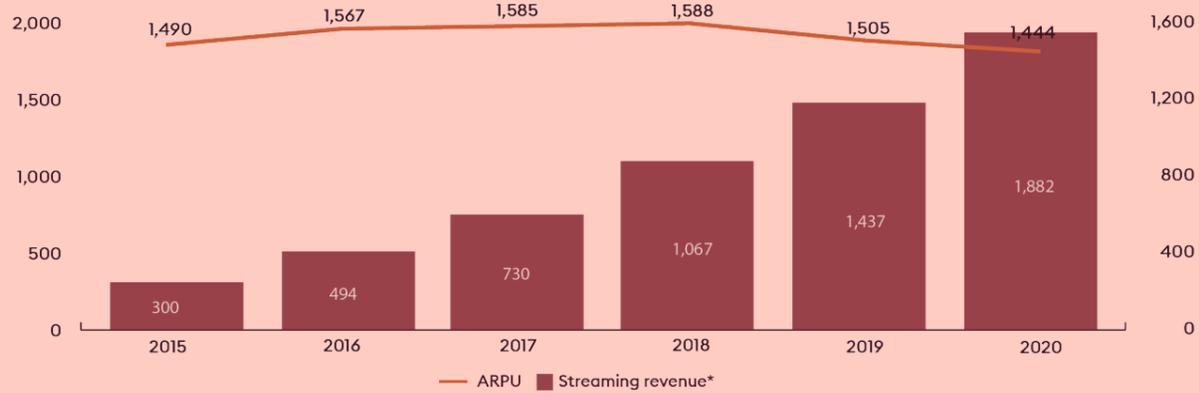


# Storytel in figures

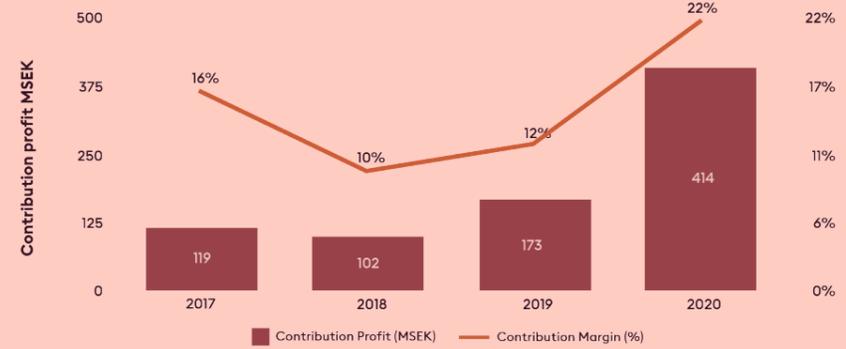
Subscriber base development



Streaming revenue (inc. 100% Norway)



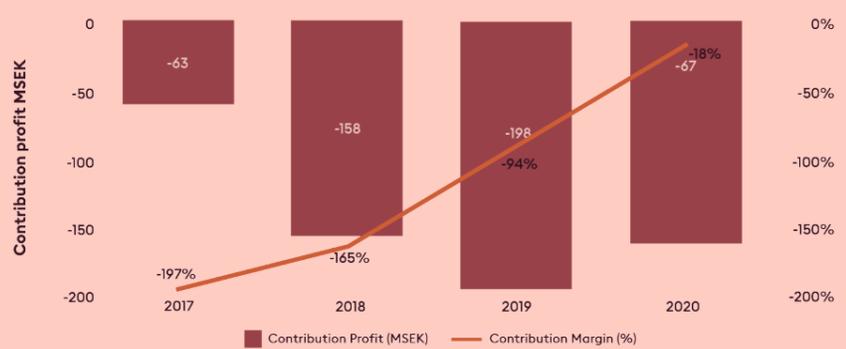
Contribution profit, Streaming



Contribution profit, Streaming Nordics

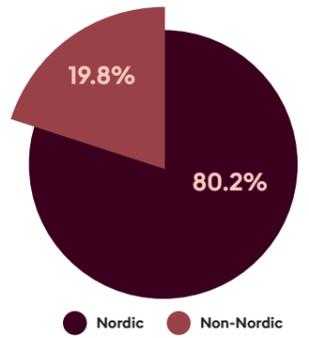


Contribution profit, Streaming Non-Nordics

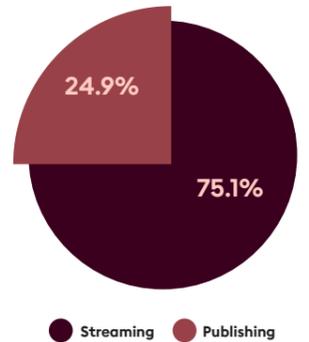


## 2020

Revenue split between Nordic and Non-Nordic 2020

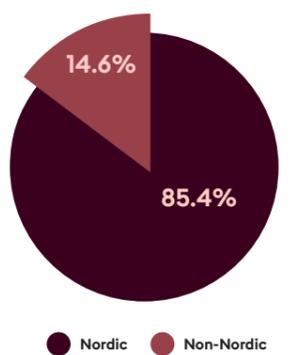


Revenue split between Streaming (Norway split 50%) and Publishing 2020

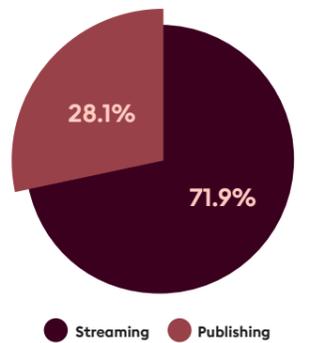


## 2019

Revenue split between Nordic and Non-Nordic 2019



Revenue split between Streaming (Norway split 50%) and Publishing 2019



# Ownership structure

## Largest shareholders as of 31 December 2020

Shareholder	Number of A shares	Share%	Votes%
Roxette Photo NV		14,0%	14,0%
Handelsbanken Fonder		9,2%	9,2%
Jonas Tellander		7,8%	7,8%
Swedbank Robur Fonder		7,8%	7,8%
Annamaria Tellander		4,8%	4,8%
Other		56,4%	56,4%
		100%	100%



# Governance Structure

Storytel AB (publ) is a public limited liability Swedish company with 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.

The company's corporate governance is based on external governance instruments, such as the Swedish Companies Act, the Swedish Annual Accounts Act, and Nasdaq Stockholm's rules for issuers, and internal governance instruments, such as the Articles of Association, instructions, policies and guidelines. During the year, Storytel has applied Nasdaq Stockholm's rules for issuers and generally accepted practices on the stock market.

## Share and shareholders

The Class B shares of Storytel AB (publ) were admitted on 25 August 2015 to trading on Spotlight Stock Market via a reverse acquisition of Massolit Media AB and have been traded since 5 December 2018 on Nasdaq First North Growth Market. On 31 December 2020, there were 62,545,035 shares, of which 62,544,400 Class B shares and 635 Class A shares. Each Class B share corresponds to one vote, while each Class A share corresponds to ten votes, but all shares carry an equal right to the company's assets and profits. Roxette Photo NV was Storytel's largest shareholder on 31 December 2020, holding 14.0 per cent of the votes and share capital in the company. The company's five largest shareholders are shown in the Owner Structure table on page 18.

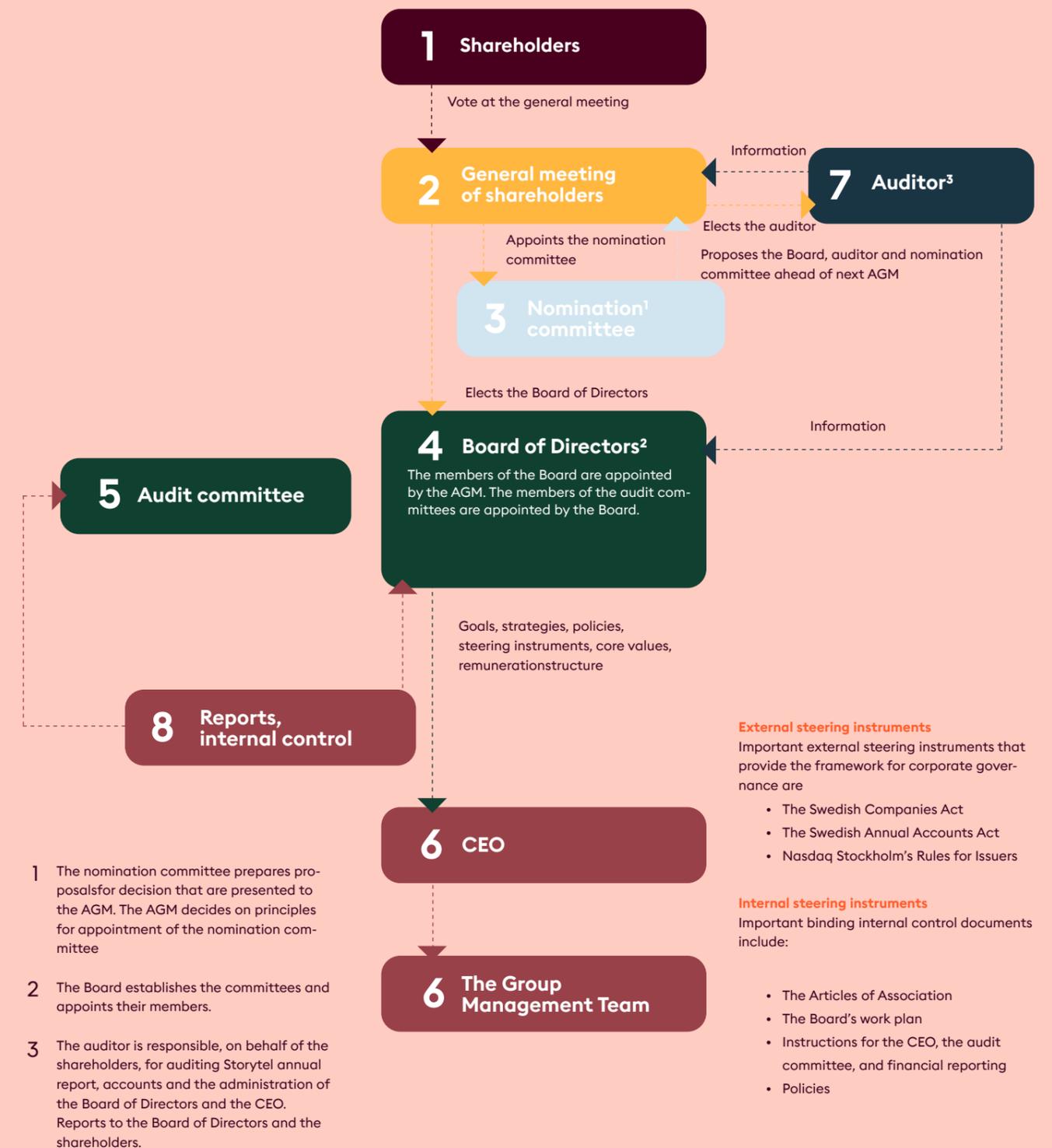
## General Meeting of Shareholders

The general meeting of shareholders is Storytel's highest decision-making body. All shareholders have the oppor-

tunity at the general meeting and to influence the company by exercising their voting rights relative to their shareholdings. The Swedish Companies Act and the Articles of Association include the rules that govern the Annual General Meeting (AGM). Storytel's financial year runs from 1 January to 31 December. The AGM must be held within six months of the end of the financial year. The date and location of the AGM is communicated no later than in conjunction with the Q3 interim report on the company's website. Notice of the AGM must be given no more than six weeks and no fewer than four weeks prior to the meeting through an announcement in Post- och Inrikes Tidningar (Swedish Official Gazette) and on the company's website. Issuance of the notice shall be announced in Dagens Nyheter. 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. The matter will be addressed by the AGM if it has been received by the Board no later than 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 matters addressed during the AGM and about the financial situation of the company and the Group.

## Annual General Meeting 2020

The most recent AGM was held on 6 May 2020 in Stockholm. Owners corresponding to 52.2 per cent of the shares and votes in the company were present at the Meeting. The company's auditor, the chair of the Nomination Committee and the company's CFO were also present at the Meeting. Due to the COVID-19 pandemic, the CEO did not participate in the AGM. The AGM was held physically, but with very few participants. It was recorded and is available in its entirety on the company's website. The AGM resolved in accordance with each of the Board's proposals regarding



- Adoption of the balance sheet and income statement.
- No dividend to shareholders.
- Release from liability for the Board members and the CEO.
- That the Board of Directors shall consist of seven members without deputies. The AGM also resolved that the company shall have a registered public accounting firm as its auditor.
- In accordance with the Nomination Committee's proposal, to re-elect Rustan Panday, Jonas Tellander, Jonas Sjögren, Helen Fasth Gillstedt and Nils Janse to the Board of Directors. To elect Stefan Blom and Malin Holmberg to the Board. Eva Swartz Grimaldi and Morten Strunge declined re-election. To re-elect Rustan Panday as the chair of the Board.
- To re-elect Ernst & Young Aktiebolag as the company's auditor. Ernst & Young Aktiebolag has announced that authorised public accountant Beata Lihammar will be the auditor-in-charge.
- In accordance with the proposal of the Nomination Committee, that the fees to the Board members shall amount to SEK 1,860,000, including fees for work on committees (SEK 1,860,000 the previous year), and the following amounts shall be paid to the members of the Board and established committees:
  - SEK 200,000 (SEK 200,000) to each Board member not employed by the company (Jonas Sjögren, Nils Janse, Helen Fasth Gillstedt, Stefan Blom and Malin Holmberg) and SEK 600,000 (SEK 600,000) to the Chair of the Board, and
  - SEK 30,000 (SEK 0) to each of the members of the Audit Committee not employed by the company and SEK 200,000 (SEK 200,000) to the chair of the committee who is not employed by the company
- To adopt principles for the composition of the Nomination Committee in accordance with the proposal of the Nomination Committee (unchanged from last year)
- To authorise the Board of Directors, up through the next Annual General Meeting, 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.

- To establish an employee warrant programme, a warrant programme for senior management and key staff, and a warrant programme for some Board members.

### Annual General Meeting 2021

AGM 2021 will be held on Wednesday, 4 May 2021, in Stockholm, Sweden. The date of the AGM was made available in conjunction with the presentation of the Q3 interim report. However, the date was changed, and this change was communicated on the company's website and in the year-end report. The notice is planned to be sent on 1 April. For more information, please visit [www.investors.storytel.com](http://www.investors.storytel.com)

### NOMINATION COMMITTEE<sup>1</sup>

#### Work of the Nomination Committee

Ahead of the AGM, the Nomination Committee is tasked with putting forth proposals for the election of Board members and the Chair of the Board, fees to the Board, any remuneration for committee work, the election of the Chair of the AGM and the auditor, auditor's fees and the rules for the Nomination Committee. The Chair of the Board of Directors presents to the Nomination Committee an annual evaluation of the work of the Board during the year, and this evaluation, together with the company-specific requirements at Storytel, serves as a basis for the Nomination Committee's work. The Nomination Committee's proposals for Board members, fees to the Board and auditors are presented in the notice of meeting and at <https://investors.storytel.com>.

#### Composition of the Nomination Committee

The Nomination Committee shall be composed of four members, of which three are appointed by the company's three largest shareholders in terms of voting rights and the fourth is the Chair of the Board. Unless otherwise agreed between the members, the member that is appointed by the largest shareholder will be the Chair of the Nomination Committee. A Board member shall never be the Chair of the Nomination Committee.

#### Meetings of the Nomination Committee

The Nomination Committee held three minuted meetings prior to AGM 2021. No fees were paid for the work of the Nomination Committee.

### Nomination Committee ahead of AGM 2021

Members	Appointed by	Independent in relation to the company's largest owners	Share of votes 201231
Lars Bergqvist, Chair	Roxette Photo NV	No	14,0%
Jonas Tellander	Jonas Tellander	Yes	12,6%
Oscar Karlsson	Handelsbanken Fonder	Yes	9,2%
Rustan Panday		Yes	3,3%

\* The voting share of Jonas Tellander includes Annamaria Tellander's votes of 4.8% as at 2020-12-31

### BOARD OF DIRECTORS<sup>2</sup>

#### Work of the Board

The Board's primary assignment is to protect the interests of the company and the shareholders, appoint the CEO and be responsible for ensuring that the company complies 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 shall 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.

#### Composition of the Board of Directors

Storytel's Board, in accordance with the Articles of Association, shall be composed of at least three and no more than eight members elected by the AGM. The members are elected annually at the AGM for the period extending up to the next AGM. The AGM held on 06 May 2020 resolved that the Board shall consist of seven elected members. Rustan Panday (Chair), Jonas Tellander, Helen Fasth Gillstedt, Jonas Sjögren, Nils Janse, Stefan Blom and Malin Holmberg were elected to the Board for the period from the AGM on 6 May 2020 until the end of the next AGM on 4 May 2021. The elected members' average age at the end of the year was 49.9, and two of the seven are women. For information about the Board members' assignments outside the Group and the holdings of shares in Storytel, see pages 28-31 and [investors.storytel.com](http://investors.storytel.com).

#### Diversity policy

Storytel, through its Nomination Committee, strives to achieve diversity through its proposals for the election of Board members. This rule entails that the composition of

the Board must be appropriate given the company's business, stage of development, and other circumstances and be characterised by diversity and breadth with regard to the elected members' competence, experience and background.

The objective should be an even gender distribution. The objective of the diversity policy is to acknowledge the importance of sufficient diversity in the Board in terms of gender, age, and nationality as well as experiences, professional background and business areas.

#### Independence of the Board

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

#### The Board's procedures and policies

The Board reviews and adopts rules of procedure on an annual basis for its own work and for the work of the Board's Audit Committee. The Board also establishes the procedures 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 committee, internal and external reporting, procedures for the notice of meeting, meetings and the minutes. Furthermore, the Board has issued and adopted a Code of Conduct and policies for the work environment, sustainability, information security, insider information, 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. This evaluation is an important basis for the Nomination Committee ahead of the AGM. In 2020, Shahab Sayardoust, Omino, prepared an external Board evaluation. All Board members were interviewed and assessed the Board and its work. Select 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 2020, the Board held 32 meetings, of which seven were per capsulam and one was statutory. 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 by the AGM, and the AGM on 06 May 2020 elected Rustan Panday to the position. The Chair of the Board shall 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-organized, effective and in line with the development of the business. The Chair of the Board monitors that the Board's decisions are executed effectively and is responsible for evaluating the work of the Board on an annual basis and informing the Nomination Committee about the results of the evaluation.

## BOARD COMMITTEES

### Audit Committee

The members of the Audit Committee are appointed by the Board, and these members then appoint the Chair. At least one of the members shall have auditing or accounting experience. The company's CEO, CFO, other employees or auditor may be invited to participate in the Committee's meetings. The Board's Audit Committee in 2020 was composed of members Helen Fasth Gillstedt (Chair), Jonas Sjögren, and Rustan Panday. 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, shall 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 per financial year. The Audit Committee's meetings

shall be minuted. The Audit Committee shall inform the Board about the matters it has handled. The Committee, which was established in conjunction with the AGM, held four meetings in 2020.

### Remuneration Committee

The members of the Remuneration Committee are appointed by the Board, and these members then appoint the Chair. The company's CEO, CFO, HR manager, other employees or auditor may be invited to participate in the Committee's meetings. At the time of the publication of Annual Report 2020, the Remuneration Committee had not yet been formalised. This will occur after the AMG on 4 May 2021. However, the work of the Committee has begun informally, and the Remuneration Committee will consist of Malin Holmberg (Chair), Helen Fasth Gillstedt, and Rustan Panday.

The tasks of the Committee include preparing the Board's decisions on proposals for guidelines on remuneration to senior management. The Remuneration Committee shall also prepare guidelines for remuneration structures and metrics for all or parts of the company, such as performance-based remuneration and incentive programmes, and ensure 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 shall 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 shall meet at least four times each financial year. Minutes shall be recorded at the meetings of the Remuneration Committee. The Remuneration Committee shall inform the Board about the matters it has handled during the year.

## CEO AND GROUP MANAGEMENT

The CEO is appointed by the Board and leads the operations in accordance with the procedures 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 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 President and CEO of Storytel since it was founded. As at 31 December 2020, Group management consisted of the CEO, four department managers, the Chief Commercial Officer, the Chief Financial Officer, the Chief Publishing Officer, and the Chief Development Officer. For information about the CEO and other members of Group management, see pages 32-35. Group management holds regular management meetings, and in 2020 the meetings were held weekly. These meetings focus on the Group's strategic and operational development and follow up on the Group's performance.

## REVISOR<sup>3</sup>

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 report to the owners at the AGM through the auditor's report. The AGM held on 06 May 2020 re-elected the registered public accounting firm Ernst & Young Aktiebolag as the company's auditor. Ernst & Young Aktiebolag has announced that authorised public accountant Beata Lihammar will be the auditor-in-charge.

## FINANCIAL REPORTING

The Board of Directors is responsible for ensuring that the company's organisation is designed such that its financial situation can be controlled in a satisfactory manner and that financial statements such as interim reports and year-end reports for the market are designed in accordance with laws, applicable accounting standards and other requirements for MTF-listed companies. The Board of Directors shall 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 shall 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. An income statement, a balance sheet and an investment budget are prepared for each financial year and are adopted at a regular Board meeting no later than in December. External financial information is provided regularly 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 the same day as the year-end report and interim reports are published and on Capital Markets Day
- Meetings with financial analysts and investors

## Internal control of financial reporting

The overall aim of internal control of financial reporting is to reasonably ensure with reasonable assurance that the internal and external reporting is reliable. The internal control shall 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 network 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 maintaining control in these respects.

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 follow-up.

## Control environment

The control environment for financial reporting is assured through various governance documents, such as policies, manuals and instructions. The Board has also established an audit committee to assist the Board with relevant pol-

icies, manuals, and significant accounting principles applied by the Group.

Responsibility and authorisation are defined in instructions for attest rights, manuals, policies, procedures and codes. Examples include Storytel's code of conduct for the workplace, information security policy, and finance manual. These internal guidelines together with laws and other external regulations constitute the so-called control environment, and every employee must follow them.

**Risk assessment**

The risk assessment includes identifying risks that could arise if the fundamental requirements on financial reporting (completeness, accuracy, measurement, and reporting) are not met in the Group.

Risks in conjunction with financial reporting are primarily related to errors in the accounts related to measuring assets and liabilities, revenue recognition, and costs.

The overarching risk assessments at Group level are an integrated part of the ongoing reporting to Group management and the Board and serve as a basis for the assessment of risks of errors in the financial reporting.

**Control activities**

Control activities aim to prevent and identify at an early stage significant errors in the financial reporting in order for them to be managed and rectified. Control activities are present at both overarching and more detailed levels within the Group and are both manual and automated. Procedures and activities have been designed to manage and rectify significant risks related to the financial reporting and that have been identified in the risk analysis. Depending on the nature and location of the control activity, corrective mea-

asures, implementation, documentation, and quality assurance occurs at the Group, subsidiary or process level.

In the past year, 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 method of working to identify financial risks, risks in the financial reporting, and documentation of controls for how such risks are prevented and identified. The controls will be further adapted in 2021 to each legal entity's working processes and system structure with the aim of enabling self-assessment.

**Information and communication**

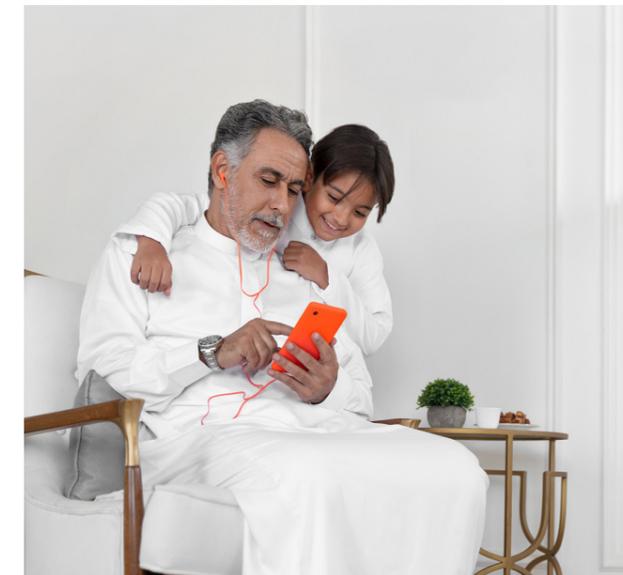
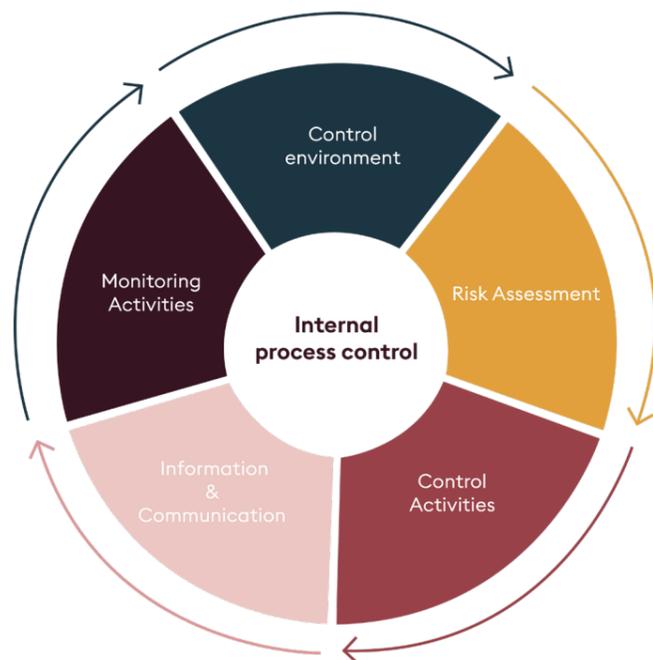
Storytel has well-established information and communication procedures to ensure that its financial reporting is complete and accurate. Storytel regularly communicates updates to its finance manual and related instructions to affected parties.

Another important communication channel is the company's whistleblower function, where accounting and internal control infringements can be reported.

**Follow-up**

The Board's follow-up of the internal control for financial reporting occurs primarily through the Audit Committee. Storytel's process for internal control also includes systematic follow-up of risk analyses and control activities.

The follow-up of internal control also occurs as part of the statutory external audit. The Audit Committee follows up on the financial accounting and receives reports from both the person at Storytel responsible for the internal control and the external auditors.



# Board of Directors, and Management Team

## Board of Directors

Name	Position	Board member since	Independent in relation to: The Company and executive management	Independent in relation to: Major shareholders
Rustan Panday	Chair of the board	2015	No	Yes
Jonas Tellander	Board member and CEO	2015	No	Yes
Nils Janse	Board member	2015	Yes	Yes
Jonas Sjögren	Board member	2015	Yes	No
Malin Holmberg	Board member	2020	Yes	Yes
Stefan Blom	Board member	2020	Yes	Yes
Helen Fasth Gillstedt	Board member	2019	Yes	Yes

## Rustan Panday

Chair of the Board since 2015; elected as a Board member of Storytel Sweden AB in 2011.

Year of birth:  
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.

Independent in relation to the company and management:  
No

Independent in relation to major shareholders:  
Yes

Other significant board assignments:  
Chair of the board Never Eat Alone Invest II. Board member Never Eat Alone Invest I. Board member Brf Harpan 38. Advisory Board UNHCR Sverige. Board member in Norstedts Förlagsgrupp AB.

Holdings in the company:  
Rustan holds 2,027,908 class B shares in the Company

Warrants:  
-



## Jonas Tellander

Founder of Storytel, board member and CEO since 2015 and has been a board member since 2006 and CEO since 2005 in Storytel Sweden AB

Year of birth:  
1970

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

Independent in relation to the company and management:  
No

Independent in relation to major shareholders:  
Yes

Holdings in the company:  
Jonas holds 4,900,000 class B shares in the Company.

Employee stock options:  
12,809

Warrants:  
25,000





## Helen Fasth Gillstedt

Board member since 2019. Chair of the Audit Committee.

**Year of birth:**  
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.

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

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

**Other significant board assignments:**  
Member of the board and chair of the audit committee in Munters AB, Powercell AB and Samhall AB. Member of the board and member of the remuneration committee in Handelsbanken Fonder AB and their representative in several nomination committees.

**Holdings in the company:**  
Helen holds 3,000 class B shares in the Company.

**Warrants:**  
10,000



## Jonas Sjögren

Board member since 2015 and was elected board member in Storytel Sweden AB in 2008

**Year of birth:**  
1966

**Education/background:**  
MSc in Electrical Engineering from Chalmers University of Technology and an MBA from INSEAD. He has worked in various positions, such as manager for a product management department, within Ericsson AB from 1991 to 2003 and as Head of Investments in Exceca since 2004.

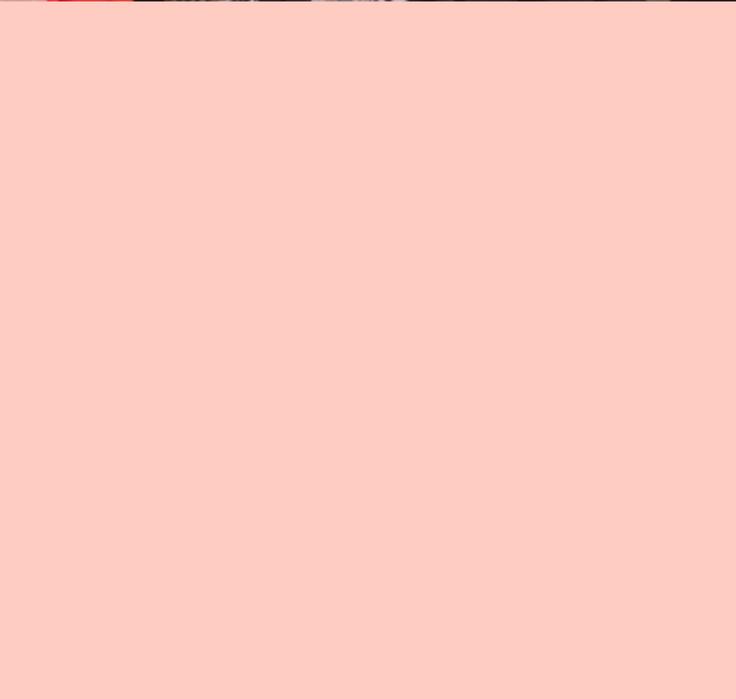
**Independent in relation to the company and management:**  
Yes

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

**Other significant board assignments:**  
Chair of the board in Exceca Allocation AB, and Alsteron. Board member in Alligator Bioscience AB and Oblique Therapeutics AB.

**Holdings in the company:**  
Jonas owns 16,6% of Roxette Photo NV that in turn holds 8,773,384 class B shares in Storytel, and 128,143 class B shares that are owned privately, partly through a capital insurance and partly through a pension plan.

**Warrants:**  
-



## Stefan Blom

Board member since 2020

**Born:**  
1972

**Education/Background:**  
Stefan has an education from the Royal Institute of Technology. He has 20 years worth of global experience, notably as it relates to scaling and transformational changes to strategy and business models, from the various executive positions in the entertainment and tech industries. Stefan comes with background as Spotify's Chief Strategy Officer and Chief Content Officer and prior to that he held multiple international positions at EMI Group and Hutchison Telecom/3. In addition to the above, Stefan is an active investor, advisor and board member in the cross lands of technology, media and internet.

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

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

**Holdings in the company:**  
Stefan holds 1,258 class B shares in the Company.

**Warrants:**  
35,000



## Nils Janse

Board member since 2015; elected Board member of Storytel Sweden AB in 2013.

**Year of birth:**  
1981

**Education/background:**  
MSc in Industrial Engineering and Management from KTH Royal Institute of Technology in Stockholm. Nils has experience from working as an Engagement Manager at the consulting firm McKinsey & Company. He is the CEO and founder of Delibr.

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

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

**Other significant board assignments:**  
Board member in Delibr AB.

**Holdings in the company:**  
Nils holds 41,374 class B shares in the Company

**Warrants:**  
-



## Malin Holmberg

Board member since 2020

**Born:**  
1971

**Education/Background:**  
MBA from INSEAD and MSc in Economics and International Business from Stockholm School of Economics. Malin brings over 20 years' experience from international leadership roles focused on strategic transformation and global scaling, as well as investments within subscription based businesses and B2B SaaS. Main positions are Partner at the European venture capital firm Target Global in London, Executive Team member at Tele2 with roles such as CEO Tele2 Netherlands and MD Central Europe. Her earlier career experience spans corporate strategy/M&A with Vodafone and management consulting with Marakon, both in London. Malin is also an investor and advisor in scale ups, particularly within Technology and B2B SaaS. She was previously a board member of amongst others Ramirent plc.

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

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

**Holdings in the company:**  
Malin holds 1,200 class B shares in the Company.

**Warrants:**  
25,000

# Manage

# ment





## Jonas Tellander

Founder of Storytel, board member and CEO since 2015 and has been a board member since 2006 and CEO since 2005 in Storytel Sweden AB.

**Born:**  
1970

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

**Holdings in the company:**  
Jonas holds 4,900,000 class B shares in the Company.

**Employee stock options:**  
12,809

**Warrants:**  
25,000



## Ingrid Bojner

Chief Commercial Officer (CCO) since 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 25,500 class B shares in the Company.

**Employee stock options:**  
9,871

**Warrants:**  
25,000

## Jörgen Gullbrandson

Chief Development Officer since January 2021.

**Born:**  
1972

**Education/background:**  
Jörgen has a Master of Science in Business Administration from the School of Business, Economics and Law at the University of Gothenburg. He has been working in leading positions for the past 20 years, typically as CFO but also as CEO, COO and MD in companies such as Ready, Universum, Glocalnet BBDO, Boxman and Beiersdorf. Other assignments: CEO and chair of Schicksal AB.

**Holdings in the Company:**  
Jörgen Gulbrandson holds 4,000 B shares in the Company.

**Employee stock options:**  
-

**Warrants:**  
-



## Sofie Zettergren

Chief Financial Officer 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 18,020 class B shares in the Company.

**Employee stock options:**  
7,685

**Warrants:**  
15,000



## Helena Gustafsson

Chief Content Strategy Officer 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 B shares in the Company.

**Employee stock options:**  
4,939

**Warrants:**  
-



# Sustainability Report

The Sustainability Report 2020 is prepared in accordance with the Global Reporting Initiative's ("GRI") Standards: Core Option. The GRI Index is available on page 68-77.

## CEO Comment

It is my strong conviction, and Storytel's, that our journey towards 2030 must also be a journey towards a better and more sustainable world. Therefore, we are committed to:

- reducing our carbon footprint
- adding value to our customers with the content in our service
- protecting our customers' data
- doing business with high integrity
- treating our employees with respect and trust
- equality and diversity in the workplace

The 2020 Sustainability Report is just the start of a challenge that encompasses both our physical impact on the environment and climate and our ability to push attitudes in society in a more positive direction that reflects empathy and humanism.



## Our Mission and Purpose

Storytel's vision is to make the world a more empathetic and creative place with great stories to be shared and enjoyed anytime, anywhere, by anyone. We create stories and spread them across the world in an easily accessible way for our customers. By leveraging technology and the power of storytelling, and constantly developing the personalised user experience for content creators and content consumers, we democratise stories.



# Vision

## Vision

Storytel's vision is to make the world a more **empathetic** and **creative** place with **great stories** to be shared and **enjoyed** anytime, anywhere, and by anyone.

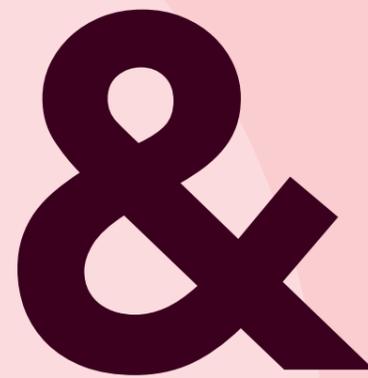
## Missions

Provide meaningful context to people's lives by establishing Storytel as a sustainable **brand synonymous with storytelling**.

Inspire people of all ages to discover the world of stories by building an accessible and **personalized storytelling experience** using technology, insights and data.

Empower people to unlock their creativity and share stories by **connecting storytellers with a global audience**.

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



Storytel was founded with the ambition to add value to people's everyday lives through great stories. Time spent with Storytel should be time well spent, something that we refer to as 'meaningful recreation'. In this space we believe that we can address social issues such as well-being and mental health, literacy and learning, as well as self-development. We care deeply about the impact that our product and stories have on people's lives. We know that our product helps people read more and more often. We also know that Storytel helps users explore new genres, something that we attribute to both our business model and our book recommendations. In some markets, such as Russia, Mexico and Turkey, a majority of our users say that Storytel has helped them broaden their general knowledge, which means that we also help users learn. At Storytel we are passionate about helping people read more and making the activity of reading and the book, now in a digital format, a competitive source of entertainment and media.

# Mission

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%

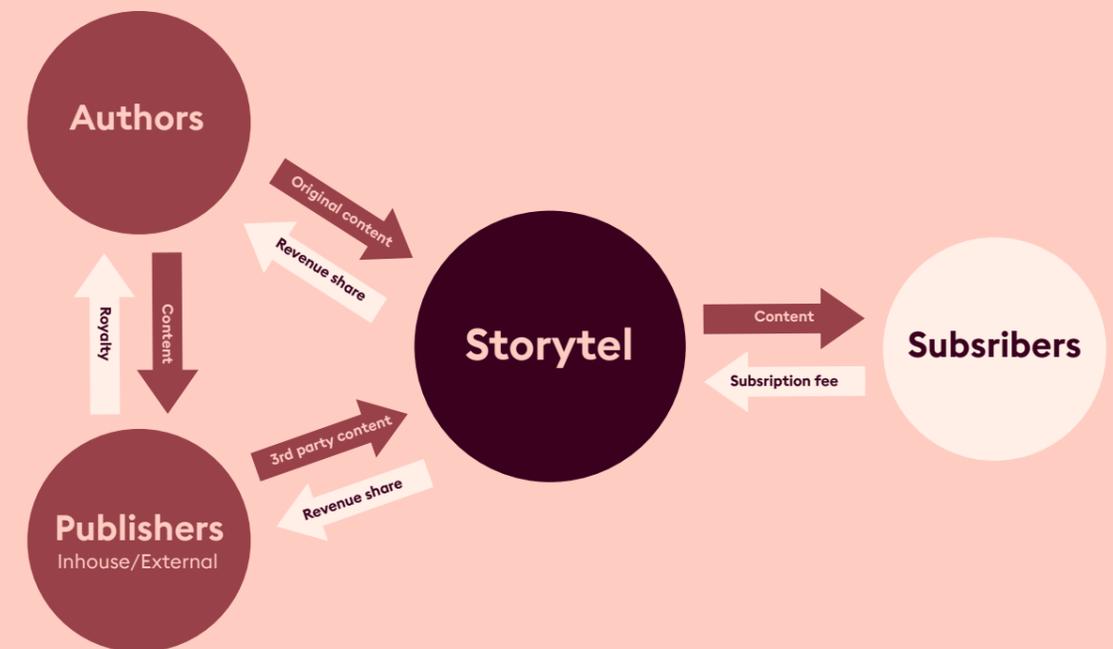
of users say that they read/listen to more books from different genres since subscribing to Storytel.\*



## Organizational 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 500 000 titles on a global scale. Our vision is to make the world a more empathetic and creative place with great stories to be shared and enjoyed by anyone, anywhere and anytime. Storytel's streaming business is conducted under the brands Storytel, Mofibo, Kitab Sawti and iCast. Storytel's publishing business area is carried out through the audiobook publisher StorySide and acclaimed Nordic publishing houses such as Norstedts Förlagsgrupp, People's and Gummerus. Storytel operates in over 20 markets around the globe and is headquartered in Stockholm, Sweden.

Our 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. Publishers then pay royalties to their authors based on the revenues received from Storytel.

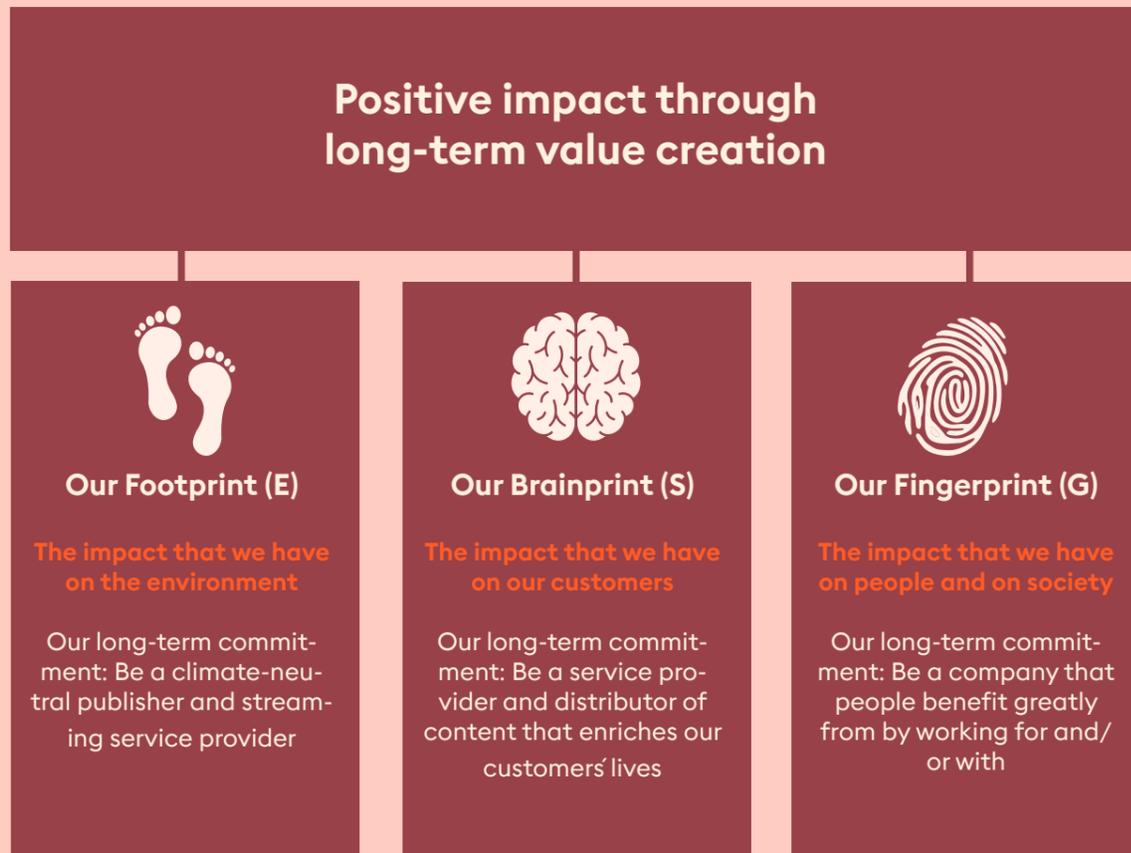


\* Storytel survey sent out to a total of 20,251 users across Storytel's geographic markets

# Storytel's Approach to Sustainability

There's no denying it: companies leave traces on our planet and Storytel is no exception. However, we are motivated to work towards eliminating negative footprints and leaving positive ones. ESG stands for Environmental, Social and Governance and together make up a well-established framework for corporate sustainability. At Storytel we have drawn from this framework and have divided our sustain-

ability strategy into Footprint, Brainprint and Fingerprint to better understand and show the impact that Storytel has on our society at large. We want to offer a service and products that are sustainable by design and that contribute to improvements to society. Using Storytel should not result in negative externalities on the planet or on its people.



# Sustainability operations & responsibilities

We aim for sustainability to be a natural part of everything that we do and that our sustainability goals are integrated into our business plans. The management team reviews the progress towards Storytel's sustainability goals twice a year. Once a year the goals, policies and processes connected to sustainability are reviewed by the Board of Directors. We report our progress towards our goals in our annual sustainability report. As part of our continuous sustainability work, we assess the impact that Storytel has on its major stakeholders, which we define as: employees, publishers, authors, customers, authorities, shareholders, society and the environment. The selection of stakeholders was based on Storytel's value chain as a starting point, and was thereafter complemented with stakeholders that are both directly and indirectly impacted by Storytel's operations.

Storytel's success in its sustainability initiatives is also dependent on employee dedication and their commitment to Storytel's sustainability goals. Therefore, a continuous focus area is to educate and raise awareness about sustainability and what sustainability means to Storytel on a company-wide level. Storytel has a cross-functional Sustainability Task Force with local representatives from the different Storytel markets, and the purpose of this group is to collaborate on joint sustainability initiatives. In 2020, an extended group of stakeholders within the company were engaged throughout the year to discuss sustainability issues and measure our progress towards our sustainability goals. We have continued to raise awareness internally about Storytel's sustainability agenda, and the whole organisation was engaged in a sustainability workshop during our company-wide annual conference which covered the UN Sustainable Development Goals and Human Rights.

In 2020, a survey about Storytel's sustainability work was sent to the full organization in the beginning and end of the year. The results show us that the awareness of Storytel's sustainability goals is high, however, too many employees still find it unclear how they can contribute toward making Storytel a more sustainable company. In 2021, we will focus on educating managers about sustainability so that they can facilitate conversations about it within their teams. The following are the results from December 2020, compared to the results from the January 2020 survey in brackets:

**78%**

(77%) of all employees are aware of Storytel's sustainability goals

**70%**

(72%) of all employees believe that Storytel is doing enough to be a sustainable company

**59%**

(67%) of all employees feel that it is clear how they can contribute to making Storytel a more sustainable company

**97%**

(97%) of all employees say that they are willing to change their own behavior in order to contribute to making Storytel a more sustainable company

**55%**

(55%) of employees say that sustainability is a topic that is discussed within their team

**71%**

(71%) of employees say that they want to learn more about sustainability

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

We are committed to reducing our carbon footprint

We are committed to adding value to our customers with the content in our service

We are committed to protecting our customers' data

We are committed to doing business with high integrity

We are committed to treating our employees with respect and trust

We are committed to equality and diversity in the workplace

### Materiality assessment

Our 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 our main sustainability challenges. The grouping of the material issues was modified slightly in 2019, and in 2020 we have iterated on the wording without making any substantial changes to the material topics themselves or their level of materiality.

### Material sustainability topics:

- Footprint** Environmental impact from Storytel's business operations
- Footprint** Environmental impact of Storytel's services and products
- Brainprint** Customer value
- Brainprint** Information security, data protection and customer integrity
- Brainprint** Content responsibility
- Fingerprint** Diversity and Inclusion
- Fingerprint** Employee working conditions
- Fingerprint** Ethical business practices

Besides the materiality assessment, Storytel carries out an Enterprise Risk Assessment on an annual basis to evaluate its strategic, operational, financial, legal & compliance and cyber resilience risks. This assessment is reviewed and discussed by both Group Management and the Board of Directors. High risk areas have been incorporated into this report to describe how we work to mitigate those risks.

The material boundaries of this report have been set to primarily include the Streaming division and audiobook production StorySide of the Storytel Group as that accounts for for 75% of revenues. For environmental data, the publishing houses Norstedts Förlagsgrupp, People's and Gumnerus have been included.



# Footprint

## Our impact on the environment

Storytel's long-term commitment: Be a climate-neutral publisher and streaming service provider

The Storytel Group's operations are not climate-neutral today. However, our ambition is for them to be so in the future. We are committed to eliminating the environmental impact from Storytel's business operations and from Storytel's services and products to protect our planet.

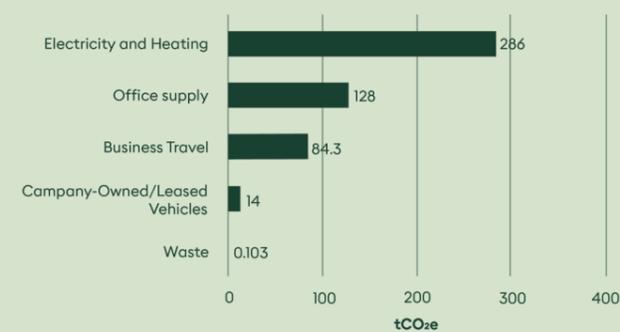
## Environmental impact from Storytel's business operations

Every year Storytel works to provide a more accurate calculation of its total environmental impact (scope 1-3) by increased accuracy of scope 2 emissions and by adding more parameters as part of our scope 3 emissions. For Storytel's global business operations, we currently include emissions from electricity and district heating, business travel and the purchase of IT equipment. In addition to this we also measure waste and office supplies at our headquarter in Stockholm. For the first time, we report these numbers on a group level so that they include both Streaming and Publishing. In the coming year we will put even more effort into measuring our purchases in a comprehensive way.

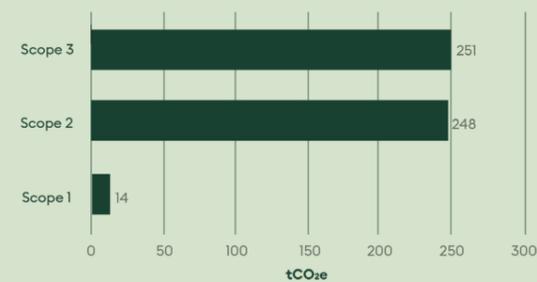
### Total emissions from our business operations, Storytel Group

In 2020, the total emissions from our business operations on a group level (including Streaming and Publishing) were 513 tCO<sub>2</sub>e, which translates to 0.793 tCO<sub>2</sub>e per FTE. Below follows a segmentation of emissions by category, scope and greenhouse gas on a group level. Numbers are location-based reports and based on the GHG Protocol Standard.

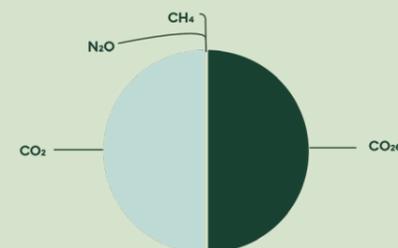
### Total emissions from our business operations, Storytel Group



### Summary by Scope



### Summary by Greenhouse Gas

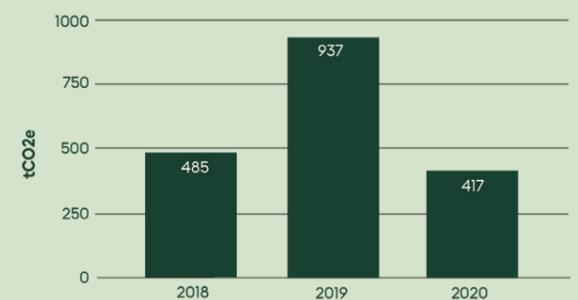


Storytel has climate compensated for 200% of its calculated energy use and emissions (513 tCO<sub>2</sub>e) in 2020. Since we base some scope 2 calculations on approximations, and since scope 3 does not yet include parameters such as purchases on a group level, we decided to go for 200% until we have a more accurate measurement. The chosen carbon offsetting program is the Plan Vivo-certified program Scole'te in rural Mexico. Scole'te ("the tree that grows" in the Mayan Tzeltal language) is a carbon sequestration and emissions reduction program that implements the following activities: afforestation, reforestation, implementation of agroforestry systems, conservation, as well as the protection and restoration of forests and rainforests to provide social, environmental and economic benefits for local communities. From a social perspective, Scole'te is a program that strengthens rural communities in their actions towards the sustainable use of their natural resources, based on the needs of each community, through environmental education and training programmes to build management capacity, raise awareness and promote environmental responsibility.

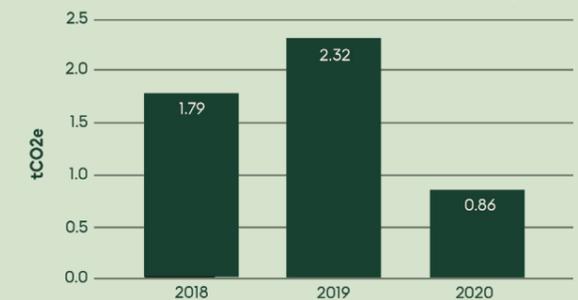
### Total emissions from Storytel's business operations, Streaming

In 2020, the total emissions from Storytel's business operations were 417 tCO<sub>2</sub>e, representing 81% of the Storytel Group's emissions (513 tCO<sub>2</sub>e). In the previous year, total emissions from Storytel's business operations were 937 tCO<sub>2</sub>e, which represents a 55.5% decrease between 2019 and 2020. More details about each emission category can be read further down in this report.

### Total emissions from business operations, Storytel Streaming



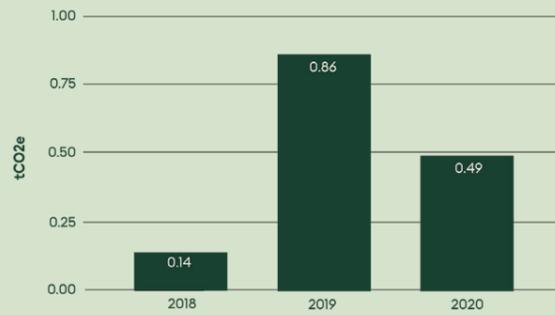
### Total emissions from business operations per FTE Streaming



**Total emissions from electricity consumption and district heating, Streaming**

In 2020, total emissions from electricity consumption and district heating were 238 tCO<sub>2</sub>e. In the previous year, total emissions were 346 tCO<sub>2</sub>e, which represents a 31% decrease between 2019 and 2020.

**Total emissions from electricity consumption and district heating per FTE, Streaming**



In 2018, only electricity and heating in the Swedish and Danish offices were calculated. In 2019, all Storytel offices were included in the calculation, which makes the increase from 2018 to 2019 look drastic. However, in 2019, the majority of the office emissions were calculated based on assumptions linked to the size of the offices. For 2020, the majority of the office emissions have been calculated based on the actual energy consumption, making it more accurate than previous years. So the decline in energy consumption is partly due to a more accurate calculation, however, it is also the result of many of our offices being closed or not in use for a large part of the year due to Covid-19.

At the end of 2020 we made a commitment to switch to renewable energy in all offices where possible. This process has begun in some markets already, and we will continue to work on this during 2021. For those locations where renewable energy is not available right now, we climate compensate for the emissions until renewable energy is available.

**Total emissions from business travel Streaming**

In 2020, total emissions from business travel were 71 tCO<sub>2</sub>e. In the previous year, total emissions were 488 tCO<sub>2</sub>e, which represents a 85% decrease between 2019 and 2020.

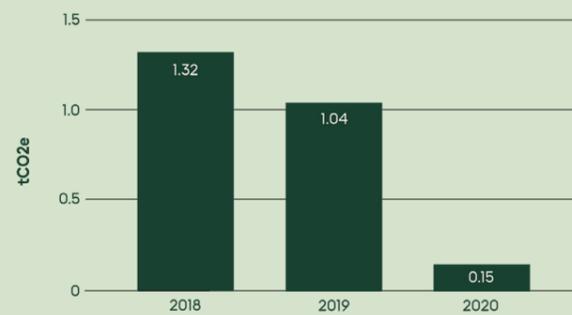
We saw a great reduction in business travel throughout 2020 due to the Covid-19 pandemic, as employees started working from home as of March 2020. The experience proved that Storytel can carry out its business operations with limited business travel, which will be continued in the future. Normally, all Storytel employees fly in from all over the world for our annual conference. This week adds enor-

mous value to Storytel and its employees, but it also has a big climate impact. Adapting to the circumstances, the 2020 conference was a completely virtual experience with zero travel involved. The event can be described as a success, and pushed our boundaries in terms of how we can organize an engaging and valuable conference without meeting in person. This has also confirmed our belief that we can operate without much business travel in the future.

Storytel's internal travel policy outlines that we should only travel when absolutely necessary. Video conferencing is our preferred way of meeting with colleagues located in other offices. Storytel continuously invests in video conferencing technology and meeting room environments so that video meetings live up to the same standard as physical meetings.

During 2019, our employees had more than 25,000 digital meetings and in 2020 the number of meetings was more than 63,500. This large increase in digital meetings is of course an effect of Covid-19, resulting in a majority of employees working from home and therefore meetings that usually took place face-to-face in the office were replaced by digital meetings.

**Total emissions from business travel per FTE, Streaming**



In 2019 we reported that emissions from business travel were 420 tCO<sub>2</sub>e, however the correct number was 488 tCO<sub>2</sub>e and has been corrected in this report.

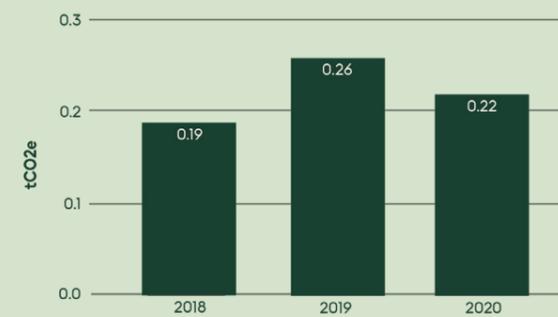
**Total emissions from IT equipment purchases, Streaming**

In 2020, total emissions from the purchase of IT equipment was 108 tCO<sub>2</sub>e. In the previous year, total emissions were 106 tCO<sub>2</sub>e, which represents a 1.8 % increase between 2019 and 2020.

The majority of the IT equipment acquired during 2020, and in previous years, were computers and mobile phones for newly hired employees. The number of new employees

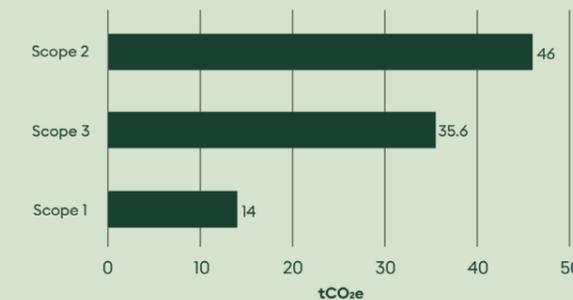
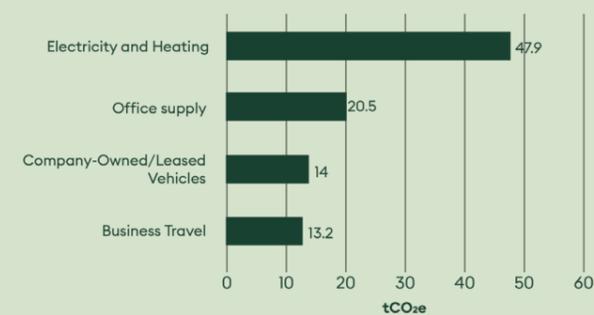
was 8% higher in 2020 compared to 2019, but since most of our employees have worked from home during a large part of 2020, we saw a decrease in IT Equipment purchases for offices, such as monitors and meeting room equipment. During 2020, we started looking into how we can recycle the IT equipment that is no longer in use. Going forward we will take a more structured and sustainable approach by properly repurposing and recycling the equipment, starting with our largest offices.

**Total emissions from IT equipment per FTE, Storytel Streaming**



**Total emissions from Storytel's business operations, Publishing**

The graphs below show the emissions from the business operations of the Storytel-owned publishing house Norstedts Förlagsgrupp, People's and Gummerus. Total emissions were 95.6 tCO<sub>2</sub>e in 2020.



**Goals for 2021**

Continue working toward making all of Storytel's offices sustainable in relation to their energy consumption, district heating, recycling and waste management

Improve scope 3 accuracy by measuring the climate impact of our purchases to a larger extent

**The environmental impact of Storytel's services and products**

Storytel Streaming primarily offers two types of services and products: a streaming service and an e-Reader "The Reader".

**Streaming service**

The use of streaming services is growing exponentially around the world and these services are associated with energy use and carbon emissions from devices, network infrastructure and data centres. However, this sector is seeing rapid improvements in the energy efficiency of data centres, networks and devices. For a tech company with a carbon footprint that mostly depends on electricity use, shifting to renewable energy has a big impact. So for our streaming service our main focus is on using data centers powered by renewable energy. In 2018 we set the target to power our service by renewable energy only by migrating our technical infrastructure to the Google Cloud Platform. Google matches 100% of the energy consumed by their global operations with renewable energy and maintains a commitment to carbon neutrality by 2030. We are very close to completing this migration and it will be finalized in 2021. Today, it is unfortunately difficult to get a complete measurement of the energy use and carbon emissions related to our streaming service as some factors are beyond our direct control, for example what type of device our users have and what energy source they use to power it. Our ambition, however, remains to be able to measure the energy use and emissions across the entire value chain, and to also help our customers consume Storytel in the most environmentally-friendly way.

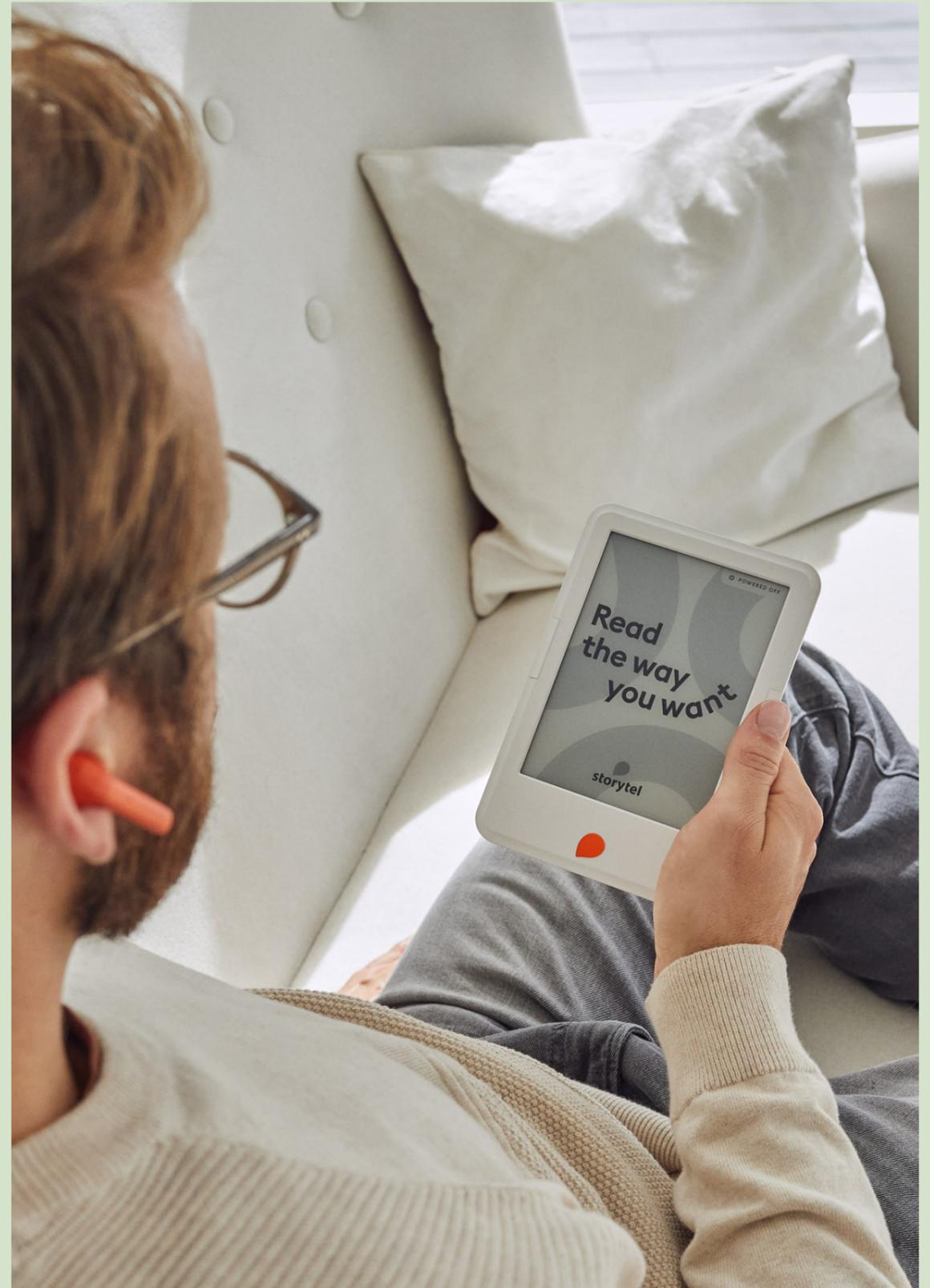
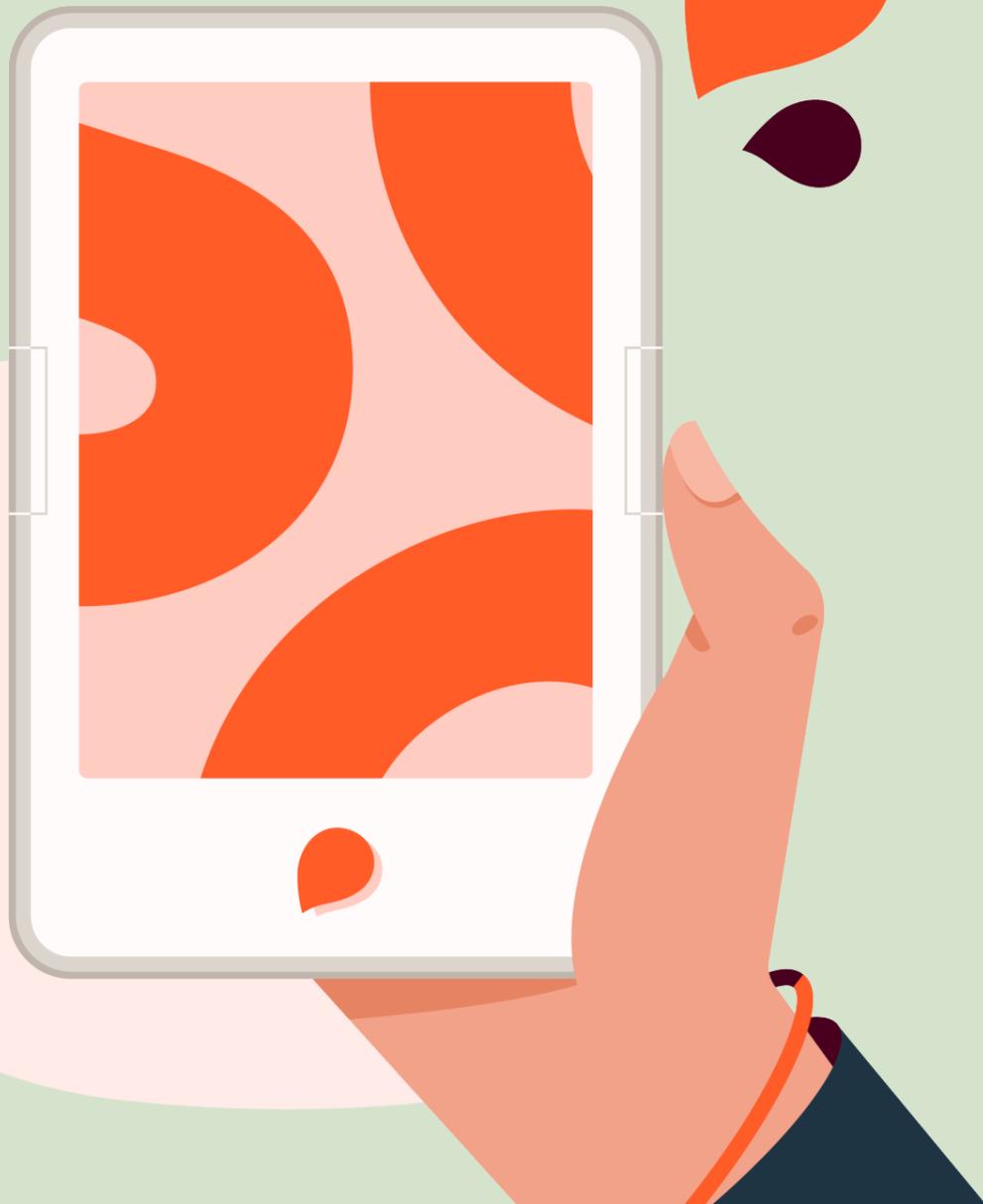
### The Storytel Reader

The Storytel Reader is an e-reading device that was first launched in 2018 in Sweden. Ever since, it has steadily grown more popular and has been launched in additional markets. This product is continuously improved through both software and hardware development to further improve the reading experience for the user. In 2020, the most notable breakthrough was a battery improvement of 200% in idle mode and 150% in stand-by mode compared with the previous generation. In 2020, an internal workgroup was assembled to look into how the Reader can be made more environmentally friendly with regards to production, distribution and recycling. This project will continue in 2021 as we explore how our product can be produced with circular capabilities so that it is designed to be repurposed, repaired, reused, resold and recycled.

### Goals for 2021

Continue to work toward a more accurate measurement of the energy consumption, and resulting emissions, of our streaming service that includes the entire value chain

Continue to work toward making the Storytel Reader more environmentally friendly





# Brainprint

## ***Our impact on users***

Storytel's long-term commitment: Be a service provider and distributor of content that enriches our users' lives

Organisations that create and distribute content hold a powerful position in society through the impact and influence of that content. Since we want the Storytel service to be an integrated part of our users' everyday life, we work hard to make sure that we add value to the customer, protect their integrity and that we take responsibility for the content that we offer.

## **Customer value**

### **Value proposition**

Storytel is on a mission to make books more accessible, as well as make reading more convenient and compatible with everyday life. By making stories available on a digital platform, Storytel's subscribers can reap the benefits of reading in a way that fits into their modern lifestyles and makes reading feel simple and enjoyable. The Storytel experience offers its users self-care, self-development and a sense of community, which is what we refer to as 'meaningful recreation'. Moreover, users find that the stories on the Storytel app can be an antidote to everyday problems, such as insomnia, loneliness and boredom.

Customer value can be measured by the impact that we have on people's lives. On a global level, the average Storytel user spends 30 hours on our platform every month, which means that Storytel is a truly integrated part of the user's everyday life. As a subscription service, Storytel must prove its value to its users at all times, so various metrics of customer satisfaction are closely monitored to make sure that customers continue to enjoy and subscribe to the service.

To monitor whether the Storytel app truly adds value to people's lives, we survey on a regular basis whether users:

1. are reading/listening to more books;
2. are reading/listening to books more often;
3. have been exploring new genres since subscribing to Storytel.

Around 80% of our users say that they read/listen to more books thanks to Storytel and about the same number of users say that they also read/listen more often compared to before. In other words, Storytel helps its users create a habit of reading more regularly. Around 60% of users say that Storytel helps them explore new genres of books. Furthermore, in some markets, such as Russia, Mexico and Turkey, a majority of our users say that Storytel has helped them broaden their general knowledge, which means that we also help users learn.\*

Storytel also tracks its net promoter score and customer experience scores on a regular basis to measure customer value. Our customer support team engages with users all over the world on a daily basis to help them and collect their feedback. Every year a number of customer surveys are sent to users so that we learn how we can develop the service further. Our product teams and researchers conduct interviews and tests to learn more about our users' needs.

In 2020, Storytel launched two new subscription models to cater to the needs of a wider audience. Since Storytel is a premium service and charges accordingly for a subscription, the price-sensitive customer may not perceive the Storytel core offer as appealing. Therefore, we launched two limited subscription models in Finland and in India. In India, content in the Marathi language is offered at a cheaper price point to reach out to a wider group. In Finland, users that do not read as much per month can choose a time-limited subscription at a cheaper price point. As stated in our vision, we aspire for Storytel to be shared and enjoyed by anyone; so we will continue exploring different subscription models that make reading accessible to a larger audience.

### **Health and Safety**

We want our users to feel that using the Storytel app is well-invested time and that they feel good as a result of using the service. Listening to a story can be a great source of both relaxation and entertainment without it entailing much screen time. We anticipate that the trend toward screen-free entertainment will intensify since it has been shown that too much time in front of screens and at too young an age has negative effects on the development of cognitive skills. Studies have also shown that audiobooks can improve children's reading skills and enjoyment of reading while supporting children's emotional intelligence and mental well-being.\*\* In the Storytel app, we also curate lists with books about mindfulness, health and sleep to help our users feel better and learn more about those topics.

The Storytel app is designed to inspire users to read more and we are taking steps toward allowing users to be even more engaged on the platform if they want to. By building a community around stories for our users, we hope to inspire users to read even more. One important feature of our platform is offering users the ability to write public reviews on books that they have read. Storytel had this function before, but made a decision in 2019 to remove it when we experienced abuse in the form of inappropriate reviews. In 2020, the function was relaunched in a safe manner using AI to scan for reviews that breach our guidelines and by adding a reporting feature for users. As we roll out more features that allow for user-to-user engagement, we will need to work more actively with, and improve internal procedures for, community guidelines and content moderation, while also working to design the app in such a way that it protects the user and creates a safe community.

\*Storytel survey sent out to a total of 20,251 users across Storytel's geographic markets globally

\*\* Audiobooks and literacy, The National Literacy Trust, 2020\*

## Accessibility features

We want the Storytel app to offer a great experience for everyone by designing the app in an inclusive and accessible way, and add the tools necessary to cater to the widest audience possible. To improve the accessibility of the app, Storytel has collaborated with SRF (Synskadades Riksförbund) and MTM (Myndigheten för Tillgängliga Medier) over the years. Usability tests for users with dyslexia, visual impairment, motoric activity and cognition (autism, adhd) have been carried out, which has given us more insight into how the app can be developed to be more accessible. In 2021, we will work to increase internal knowledge and understanding of accessibility, and create processes and requirements to ensure that our services meet accessibility guidelines.

### Goals for 2021

Roll out new subscription models that appeal to a wider group of people

Assess and refine processes and policies for content moderation on the Storytel platform

Increase internal knowledge and understanding of accessibility, and create processes and requirements to ensure that our services meet accessibility guidelines

## Information Security, Data Protection and Customer Integrity

Information security is an inherent part of Storytel's information management process and means ensuring the right level of confidentiality, integrity and availability of information. Data protection is becoming increasingly important to users of digital products and services and is an important part of Information Security and compliance. Our stakeholders entrust us with processing their data and we take our responsibility to protect their data as regulated by law and to meet our stakeholders expectations. Everyone who works at Storytel encounters personal data in different situations: this may be personal data of employees, customers or business partners. Our main risks and challenges within the ever-changing regulatory landscape relates to customer data exposure, misconduct in handling personal data and failure to protect internal information.

Storytel's approach for managing data protection risks is to have processes and procedures in place and make sure that they are a prioritized and natural part of our business operations. More specifically, our ambition with our processes is to take a proactive approach to promote privacy and data protection throughout the entire data, IT and process life-cycle and to embed privacy by design in our services.

At Storytel, we have an information security policy and two main privacy policies: one concerning customer data and one concerning employees and their data. No affiliate in the group may adopt practices that go against these policies, unless required by national law. Besides the above policies, there are operational information security and data protection processes to reduce risks related to the processing of personal data within specific functions.

Our policies and processes are reviewed and updated continuously to provide accessible and practical information and tools for all employees. Storytel also has a process for taking data protection into account when we launch new markets. To improve the implementation of data protection and information security organically into the organization, Storytel launched a Data Privacy Coordinator network in 2020. Each business function, and many markets, has appointed a dedicated person to facilitate the many initiatives and actions within data protection and Information Security. This network also serves as a hub for knowledge sharing and internal collaboration within Storytel, and altogether works to assure a higher degree of compliance and reduction of overall risks within data privacy and information security. In 2021, a focus area will be to better support sustainable expansion by taking into account local Compliance, Data Protection and Information Security requirements.

Risks related to information security and data protection are continuously assessed, and so are implemented processes, controls and tools, to assure suitable response to known and emerging risks. Activities for information security during 2020 include cyber risk workshops, functional security awareness training, information security requirements, and revisions of processes and procedures.

Annually, all employees receive information security and data protection awareness training to guarantee a basic understanding of risks and the ways of working to mitigate these risks. For information security, a mandatory quiz follows up the awareness training to ensure that the policies and processes are understood. Since 2019, policy documents related to data protection and information security are part of the onboarding package for all new employees.

During 2020, Storytel strengthened its work with information security further by establishing an information security group function. Furthermore, a dedicated team will be established in early 2021 with focus on the security of our customer-facing IT products and platforms.

### Goals for 2021

Support sustainable expansion by taking into account local Compliance, Data Protection and Information Security requirements

Strengthen our internal processes and global collaboration within Data Protection and Information Security through a global Data Privacy Coordinator network

## Content Responsibility

Storytel has a broad catalogue of content, which is a mix of content produced by Storytel across all of our local markets, and of licensed content from third parties globally. In other words, Storytel is both a publisher and distributor of content. Storytel embraces its responsibility pertaining to human rights, such as education and freedom of expression. Through diversity and pluralism in its content, Storytel aims to facilitate understanding and cultivate empathy in its readers. Storytel aspires to work proactively with content-related issues by having the right policies and procedures in place while upholding the universal human rights. How content is perceived varies for different users, and therefore we strive to ensure that the users have the possibility to decide what content they would like to be exposed to.

### Content Committee

The Content Committee within Storytel is the decision-making body on content-related issues and works to mitigate

risks related to handling and monitoring content from an integrity and safety perspective. They are responsible for updating content guidelines toward publishers and authors when necessary, and they work to resolve content-related issues when they arise. Users can report content on the service, allowing the Content Committee to reactively review complaints. The Content Committee is a collaboration between various departments in the organisation, including local teams, to give a collected Storytel view on content reported as explicit or in other ways unsuitable for the service. Topics discussed in this forum include: geopolitics, hate speech, violence, racism and sexism, pornography, solicitations to commit crimes, disinformation and misinformation, and incitement to imminent lawless action. This forum is led by Storytel's Chief Content Strategy Officer and other represented departments are legal, communication, customer support, CRM and the country manager or local representative whenever an issue is local. 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. Apart from what the Content Committee does to ensure responsibility with regard to content, the Global Content Team works to make sure that each title has proper credit, a registered publisher and correct metadata. In 2021, we want to refine the processes of the Content Committee further and update the content guidelines toward publishers and authors to allow Storytel to work with content-related issues in a more proactive manner.

### Raising awareness through content

On the Storytel platform, users can broaden their perspectives and deepen their knowledge through stories. We want the stories on our platform to be relevant to a broad and diverse audience; so we work to expand our content catalogue accordingly. On a regular basis, Storytel curates book lists that recommend titles about important societal topics, and in 2020 these ranged from Black Lives Matter to mental health and climate change.

As a publisher, Storytel invests in stories that we believe will have a positive social impact. In 2020, we have, through partnerships, invested in projects that raise awareness about different social issues and that can inspire positive social change. Below are some highlighted initiatives:



### Reach for change podcast

Storytel partnered with Kinnevik's foundation Reach for Change to create a podcast series with the aim to raise awareness about what it will take to build a more green and socially sustainable world in the coming 10 years. Entrepreneurs, investors, activists and philanthropists were invited to the podcast to share their knowledge within different areas of sustainability and their advice on how we can build a better world for future generations to come.

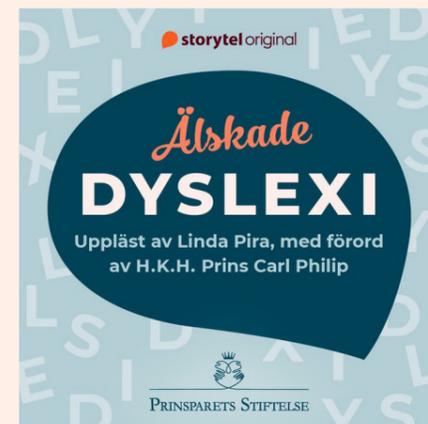
### Beloved Dyslexia

Storytel and The Prince Carl Philip & Princess Sofia Foundation released the Storytel Original "Älskade dyslexi" (eng. Beloved dyslexia) – an audiobook narrated by H.R.H Prince Carl Philip of Sweden and the Swedish hip-hop star Linda Pira, both of whom have been diagnosed with dyslexia. This handbook both educates and debunks misconceptions about dyslexia.

### Stories from the quarantine

Covid-19 turned the world upside down in 2020, and while Storytel had to adapt its publishing activities significantly, stories could still be produced. In Italy the podcast series "Stories from the quarantine" was launched to cover the theme of how people deal with isolation by turning to hope, creativity, art and solidarity. The production could be carried out in a safe manner by recording everything at home.

We work to diversify Storytel's content catalogue further by continuing to invest in content with social impact, and by auditing the catalogue from a representation perspective so that potential gaps can be closed. This also includes ensuring diversity in the choice of narrators across our markets.



### Goals for 2021

Assess and refine the policies and processes related to the Content Committee to allow Storytel to work with content-related issues in a more proactive manner

Diversify Storytel's content catalogue further by continuing to invest in content with social impact and by auditing the catalogue from a diversity perspective so that potential gaps can be closed





# Fingerprint

## Our impact on people and on society

Storytel's long-term commitment: Be a company that people benefit greatly from by working for and/or with

Our fingerprint is our DNA and who we are as an organisation. We want our interactions with stakeholders – employees, business partners, investors, customers and authorities alike – to be constructive and value-adding. We work hard to nurture and engage a diverse workforce, provide excellent employee working conditions and conduct business in an ethical way.

## Employee Working Conditions

It is difficult to look back on 2020 without mentioning the strong impact that Covid-19 has had on employee working conditions. For the majority of 2020, Storytel employees have worked remotely from their homes. Moving from the physical workspace of the office to the virtual environment of hangout meetings was in practice an easy move for Storytel. As an organization with colleagues all over the world, we were relatively well-prepared for working remotely. However, Covid-19 has of course been challenging in many ways.

## Culture and Values

The importance of the Storytel culture is emphasised during the whole employee journey and it already starts when recruiting new colleagues. When surveyed, Storytel's employees say that the Storytel culture is characterized by openness, friendliness, creativity, warmth, diversity and trust. We work to build and nourish a culture that drives growth, both for Storytel and for every individual employee.

Our culture and values are vital parts of the onboarding process and in our performance management process throughout the year. We encourage and welcome new input to continue to hone and improve the Storytel culture, while safeguarding an open, warm and safe environment for all. During 2020 we have held workshops with the entire organisation to talk about our culture and values. We have conducted interviews with employees from a variety of Storytel teams, both local and global, to understand how our culture is perceived and how we can develop it.

In the past year we have onboarded more than 150 new colleagues all over the world and our strong culture has been instrumental in achieving this in the unique circumstances of remote working due to Covid-19.

We believe that employee engagement is one of our most important metrics and we regularly assess how our employees experience Storytel as an employer to understand what we can do to improve our employees motivation, development and wellbeing. One of the metrics that we use is employee net promoter score (eNPS). During 2020 our average eNPS score was 52.

## Health and well-being in the workplace

Most of our work is done in an office environment and the risk of physical injuries is low. The challenge that we see is instead linked to heavy workload and stress. Stress-related illnesses are growing in society, and we want, and need, to work hard to make Storytel an exception. As a constantly growing company, with employees characterized by dedication, passion and going that extra mile, there is a risk of high workload turning into destructive stress. By using regular and anonymous employee pulse surveys, we measure and track the general level of stress within the company and our different teams. This triggers a continuous dialogue between employees, HR and managers. We do our best to create a work environment that allows employees to have a good balance between work and their private life.

Throughout society we have seen some people thriving in the new normal, being able to have a better work-life balance, but we have also started to see reports indicating that many also have struggled with mental and stress-related illness in the past year. Storytel strives to reduce mental illness and be a company where everyone feels safe to talk about their mental health. We understand that everyone might not feel comfortable to discuss mental health in an open setting or with their manager, so to support our employees during the challenges of Covid-19, Storytel collaborated with an external company to offer employees anonymous talks with therapists.

## Leadership

One key aspect of thriving employees is good leadership. Storytel has grown quickly from being a small start-up to having over 500 employees spread out all over the world, which increases the need for good leadership. As of 2019, Storytel tracks the leadership NPS (LNPS) within the organisation. In 2020, the result was 48, compared to 41 in 2019.

In 2020, Storytel launched its first Leadership Program for managers within the organisation. The program focuses on self-leadership and takes a values-based approach to being a leader. During 2020, we have enrolled 80 managers, with participants from all of our countries, in the program. In the year to come we will continue developing our lead-



## Storytel's leadership principles are:

- You have a deep passion for Storytel
- You bring out excellence in others
- You set high expectations
- You lead with empathy and respect
- You bring Storytel into the future

ership program and training sessions to give our managers the support they need to continue to grow and develop their leadership skills so that they can support their teams.

In combination with launching the Leadership Program, Storytel also launched its "Leadership Principles" to the organisation to outline what is expected of leaders at Storytel.

### Learning & Development

All employees at Storytel have a yearly appraisal talk with their manager to evaluate performance and development, and to set individual goals. This is a vital part of Learning and Development within the organisation. Each employee and manager is expected to reflect on both short and long term development within Storytel. Emphasis during the appraisal is on dialogue; employees are encouraged to give feedback and share their wants and needs.

84%

of employees agree that they are given the opportunity to grow and develop

83%

of employees state that they have received new responsibilities in the last 12 months

One of the most important parts of employee development is the presence of continuous feedback. We aim to be an organisation where everyone feels comfortable with giving feedback to colleagues and managers alike with the intention of helping the other person grow and improve cooperation. Giving and receiving feedback is a skill that needs constant practice; so to work more actively with employee development across the organization, Storytel is launching a feedback tool in 2021 to encourage more frequent discussions about development and personal growth. Appraisals will be followed up every quarter rather than on an annual basis going forward to further encourage guidance and growth.

At Storytel all employees are expected to continuously seek out opportunities to grow and develop and we do our best to support this by offering opportunities to learn new skills and knowledge. During the year we have conducted lectures and workshops in Growth mindset, Self Leadership and Feedback throughout the entire organization.

There is an individual budget set for each employee to use for learning and development. The manager together with the team decides 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.

### Workplace safety

Our overall goal is for Storytel to have an open and welcoming work environment that inspires good cooperation, high efficiency and that enables development for all employees by promoting health factors and preventing risks at work. Storytel is committed to creating and maintaining a safe and healthy work environment and preventing illness and risks at work. This covers both the physical (e.g. lighting, noise, ventilation) and the psychosocial (e.g. bullying) and organisational (e.g. workload) work environment.

To uphold a good working environment, we work closely with our Safety Committee, in which both employees and management are represented. Together we take a structured approach to improve Storytel as a workplace and to follow the rules and guidelines set up by the Swedish work environment authority and other local authorities.

Storytel's Global Work Environment Policy outlines the work environment that Storytel provides and what is expected of each employee in terms of behaviour and responsibility. Follow up and evaluation of the work environment goals is conducted annually by the management team, and Storytel's work environment policy is also reviewed and revised if needed on an annual basis.

In 2020, there was an added dimension to our workplace safety considerations since we have also been required to take responsibility for all of our employees' home office environments. We have shipped home office equipment in some countries and in others we have introduced a home office budget to provide a good home office environment for all employees. A challenge that lays ahead of us is to adapt to the new normal and create the best possible work environment for our employees that supports their wellbeing, productivity and engagement, both in an office and home environment.

Storytel has a zero tolerance for harassment, sexual harassment, bullying and retaliation. All employees at Storytel should feel safe at the workplace and at work-related events. 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. To make it easy for anyone to anonymously report incidents we have a Whistleblowing tool in place. To ensure that everyone has knowledge of this tool, it is already introduced during the onboarding of new employees and highlighted during the year to all employees via different internal communication channels.

## Goals for 2021

Continue working with creating a high level of engagement throughout the entire organisation and keeping our employee NPS score above 50

Advance learning and development for employees by working more actively with feedback across the organisation and following up on performance continuously during the year

Increase wellbeing for employees by offering tools and support to adapt to "the new normal"

## Diversity and Inclusion

Storytel seeks to be an employer that represents sound values and offers a safe environment for everyone to be who they are. Storytel is a place where differences are cherished and everyone is entitled to equal opportunities and treatment. We have employees all over the world and welcome people of all genders, identities, disabilities, sexual orientations, ethnicities, ages, religions or other beliefs. We strongly believe that individuals who feel safe and who can be themselves are happier and more productive at work. Storytel's goal is to be a diverse workplace where we can evolve and learn from everyone's differences.

In 2019, a Diversity Plan was presented to the organisation. The plan covers topics such as working conditions, practices on salaries, recruitment and promotion, education and competence, development, and the possibility to combine work life and parenthood. Every year our HR-team and Safety Committee conduct a salary mapping to detect and prevent the gender pay gap. The salary mapping was previously done based on our staff employed in Sweden, since this is where we have the largest group of employees. During 2020 we extended this process to also include Denmark, which is our second biggest country in terms of employees. As our number of employees grow around the world we aim to extend this process to include all countries and employees.

In 2019, a Diversity Plan was presented to the organisation. The plan covers topics such as working conditions, practices on salaries, recruitment and promotion, education and competence, development, and the possibility to combine work life and parenthood. Every year our HR-team and Safety Committee conduct a salary mapping to detect salary inequalities due to gender.

One of the most important parts of inclusion and diversity is to create equal opportunities for everyone at Storytel to grow and develop. As mentioned earlier in the report, Storytel will introduce a new tool for employee engagement and performance with the aim of supporting growth for our employees and create a more inclusive and unbiased approach to performance management and evaluation. We had a goal for 2020 to provide transparency and equal opportunities for employees by improving processes for internal recruitments. Comment on how that went and what we will do in 2021.

During 2021, we will move to a more flexible way of working where we will create opportunities for our employees to work across the world from our Storytel offices. We expect this to have a positive impact on the understanding of cultural differences within the organisation. We also believe

that a more flexible way of working will attract a more diverse set of applicants to Storytel as well.

#### Equal opportunities

One of the most important parts of inclusion and diversity is to create equal opportunities for everyone at Storytel to grow and develop. As mentioned earlier in the report, Storytel will introduce a new tool for employee engagement and performance with the aim of supporting growth for our employees and create a more inclusive and unbiased approach to performance management and evaluation. During the past year we introduced clearer guidelines for how we evaluate performance at Storytel. These guidelines work as a basis for managers and employees to follow up on development during the year. They are also used to make decisions on promotions and compensation. Our development areas, and how we evaluate development and performance in an unbiased way that offers equal opportunities, is something that we will continue to work with this year and the years to come.

We had a goal for 2020 to provide transparency and equal opportunities for employees by improving processes for internal recruitments. In the past year we have improved our internal communication when we initiate a hiring process for a new role. We have also created opportunities to work remotely from another location when taking on a new role.

During 2021, we will move to a more flexible way of working where we will create opportunities for our employees to work across the world from our Storytel offices. We expect this to have a positive impact on the understanding of cultural differences within the organisation. We also believe that a more flexible way of working will attract a more diverse set of applicants to Storytel as well.

#### Flexible Public Holidays

As a step toward Storytel's employee mission statement to attract exceptional people by nourishing a diverse workplace, we have introduced flexible public holidays in all countries where it is compliant with local law. This means that employees are now able to work on a day that is a public holiday and swap it for another day off to celebrate

something that is close to their hearts or beliefs. To continue to keep and attract talent, we want our employees to be able to celebrate what they truly believe in and not what is stated as public holidays in our calendars.

#### Women in tech

We set a goal to recruit more women to our tech department in 2020. Besides initiatives such as trying to reach out to a wider set of applicants and reviewing how job advertisements are written, Storytel has also partnered with the organization Women in Tech. Women in Tech's mission is to inspire women to consider a future in the field of technology, which is what Storytel is working towards as well. By being part of their annual conference, we have raised awareness externally and internally on how important Storytel as an organization believes it is to create a more gender balanced workforce within our Tech team and the industry at large.

There is a lack of female developers in the market and Storytel as an organization needs to work long term to create opportunities for more women to have a career in this industry, both by creating opportunities for education but also by creating a work environment where everyone feels included and safe to be who they are.

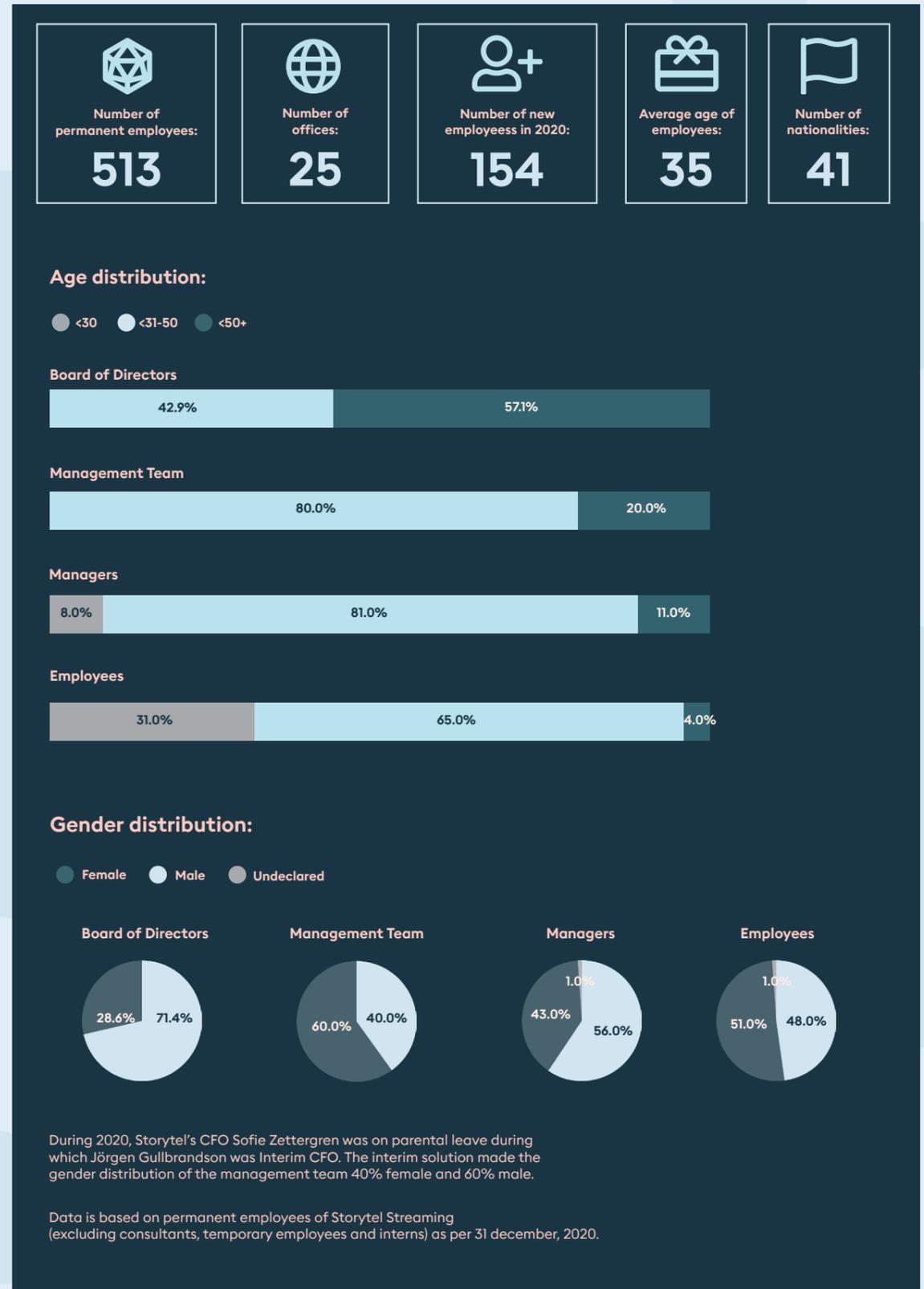
Our aim is that our Tech team should at least mirror the availability on the market for female developers. During 2020 27% of our new employees in the tech team identified as female. 2019 this number was 28%.

We also believe that an interest in technology starts at an early age. To support this, Storytel partnered with Hello World a few years ago to sponsor young kids in learning digital skills.

**Goals for 2021**

Continue raising awareness about diversity & inclusion by communicating clear targets and actions to the organisation

Increase diversity in Storytel teams by improving our hiring process to reduce unconscious biases and offer equal opportunities to everyone



## Ethical Business Practises

A key steering document to keep our business practices ethical is the Code of Conduct and the HR team is there to help employees act in line with it. We introduce our Code of Conduct in the recruitment process and during the year we follow up on how well it is understood throughout the organisation through a survey. Our onboarding program introduces new employees to the Storytel culture, our values and how we operate as a business. The onboarding program is an important part of making sure that all new colleagues know what is expected of them and what they can expect from Storytel.

Storytel also has a whistleblower system in place, which helps to ensure that unethical behaviour can be reported without employees fearing retaliation. During the year, we actively inform colleagues about the system, introduce it as part of our landing site on our intranet, as well as introduce it during the onboarding days (new employees) and in global meetings (all employees). A task force has followed up on all reporting made.

### Policies and compliance within Storytel

Storytel policies are vital documents in assuring compliance within the organisation and to steer Storytel employees to act ethically and in line with the Code of Conduct. We also have several global instructions and guidelines that complement the policies and that give more information and examples that may be of assistance when applying the policies to everyday work and into our everyday decisions.

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; compliance training is part of the onboarding for all new employees.

Storytel currently has global policies for the following topics: Work environment, Sustainability, Risk Management and Compliance, Finance, Information Security and an Insider and Communication policy. Each policy is assessed and revised on an annual basis or more often if needed.

### Anti-corruption and anti-competitive behaviour

Storytel believes in fair play and honest competition, and wants to be an ethical player on the market. We support efforts that help create more stories and introduce more people to the world of books. We believe that initiatives that foster a positive attitude to any type of reading will benefit not only Storytel but also the world at large. At Storytel

we want all our suppliers to become trusted partners who, just like us, aim to conduct themselves fairly in the market.

It is Storytel's policy to fully comply with the applicable anti-trust and competition laws and regulations in the countries in which we operate, and we will not tolerate any activity involving Storytel that violates these laws and regulations.

Storytel does not tolerate corrupt behaviour, regardless of whether local legislation may permit such acts or not. Storytel's Code of Conduct outlines a zero tolerance for bribes and corruption. As the company grows, so does also its presence in countries where both legislation and business operational environment may differ and be more challenging than what we are used to. This changing landscape has amplified the level of risk for the group of companies: both in terms of an increased risk of incidents in these countries and the risk that different cultures have different perceptions of what corruption is and what is regarded as normal business practice. Through onboarding information sessions and our compliance program, Storytel works to mitigate these risks. To clarify Storytel's Code of Conduct further, in 2020 guidelines on anti-Bribery and corruption were presented to the organisation. The guidelines reiterate the zero-tolerance policy on bribes or other behaviour that is seen as a form of undue influence and provide practical examples on what behaviour may be allowed or not as a Storytel representative.

### Protecting Intellectual Property (IP)

At Storytel, IP serves as the foundation on which the business can thrive. Storytel's aim is to make a practical contribution to the streaming society through the creation and utilisation of IP assets based on the services and products we create and manage. Storytel takes a strict and consistent approach against activities that infringe upon our own or our licensed third party's rights. Storytel collaborates with industry organisations and is part of several business-related associations to monitor any changes and developments in the industry at large. As the respect for, and protection of, intellectual property is core business for Storytel this is a prioritised issue globally.

The processes in place and the cross-functional collaboration in itself ensures that Storytel maintains a high and adequate level of respect and protection of IP rights and has secure processes to handle both internal and external rights. Benefiting from all employees' different qualifications and experiences in intellectual property related areas, Storytel is able to maintain a high level of knowledge and respect for IP throughout the company group. To ensure this quality

level is persistent, Storytel conducts awareness training related specifically to trademarks and copyrights, and consistently works to ensure the use of high-level license template agreements, especially in the area of copyright and neighbouring rights license 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 honor its contractual obligations and prevent misuse of the streaming service, copying and illegal file sharing.

### Expansion and M&A activities

Storytel is in a rapid expansion phase and every year the company enters 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 has, during 2020, improved and further developed its internal process for making assessments prior to new market entries and for M&A transactions so that different teams can systematically identify and assess factors such as legal and regulatory requirements, political risks, communication risks, financial commitments, strategic fit, taxes and the content and publishing opportunity, prior to making expansion and M&A decisions. Moreover, sustainability risks, including labour and social issues as well as environmental issues, transparency and human rights, are considered. Storytel regularly engages external consultants to provide specific expertise and guidance in this area as well. Final decisions on geographic expansion and M&A are made by the Storytel Board of Directors with this risk assessment in mind.

### Responsibility across our value chain

The Storytel Code of Conduct outlines how employees should reason when selecting partners to work with, however in 2020 we formalised this by drafting Storytel's first Supplier Code of Conduct. In this document we outline the requirements applicable to suppliers conducting business with, or on behalf of Storytel, including the suppliers' employees, consultants, subcontractors and other representatives. For example, suppliers need to commit to working to protect the environment and customer data, and work against discrimination and corruption. The Supplier Code of Conduct is yet to be rolled out on scale; so in 2021 the goal is to refine and roll out our Supplier Code of Conduct, starting with our largest partners in our largest markets.

## Industry value

Storytel adds value to the publishing industry and the cultural community in a number of ways. The company drives the digitisation of books, which helps publishers and authors profit from sustainable backlist revenues. Storytel has a catalogue of more than 500,000 titles in 27 languages and in 2020, 82% of all audiobooks were fully listened to at least once during the year, thereby creating an entirely new source of revenue for some storytellers. As a global company, Storytel also provides an international platform for authors that can help them achieve international recognition. Storytel employs narrators, often actors, in its productions, which creates new job opportunities. When Storytel enters a new market, we invest in the local language and in local authorships. We see that 85% of consumption in each market is in the local language and that the top 50 list in each market contains the same portion of local authors. We are continuously investing in the long term, in our own studios, in producing audiobooks in countries where they do not yet exist, and in new, unique Storytel Original content in order to build an industry around the spoken word. At Storytel we seek to be transparent with data and information with our content partners; in 2020 we released an updated data dashboard for our publishers that has been developed to suit their needs.

In 2020 we also completed the project of rolling out our new time-based financial model to ensure a fairer compensation for publishers. We believe that this is a model that ensures financial sustainability for the expanding Storytel service, so that we in turn can continue growing the publishers' revenue. Consumers are moving from want of ownership to want of access and Storytel believes that revenues should also reflect this new behaviour. In other words, time spent reading is vital for any author and publisher to sustain their business in the digital era.

## Goals for 2021

Continue incorporating sustainability criteria into processes and decision-making across the organisation

Raise awareness about Human Rights across the organisation and what they mean for Storytel's operations

Refine and roll out our Supplier Code of Conduct, starting with our largest partners in our largest markets

# Looking forward

Storytel's vision is to make the world a more empathetic and creative place with great stories to be shared and enjoyed by anyone, anytime, anywhere. For Storytel to continue delivering on that promise, our growth needs to be both sustainable and compatible with our financial targets. Sustainable growth for us has three dimensions - environmental, economic and social. The implication is that our business model should preserve the environment, be financially sustainable for authors, publishers, customers and Storytel simultaneously, and be responsible towards employees, business partners, investors and other stakeholders. As Storytel grows, both by number of employees and customers, a solid governance structure becomes of increasing importance. As described in this report, Storytel took several important steps in 2020 within this area to further support sustainable growth through strengthened compliance. The Storytel culture as well as the Code of Conduct are perhaps the most important safety mechanisms to protect Storytel from misconduct and steer the company toward sustainable growth. Since 97% of all Storytel employees say that they are willing to change their own behaviour in order to contribute to making Storytel a more sustainable company, we are confident that we will continue making progress and deliver on our sustainability targets going forward.



## GRI Content Index

Storytel's Sustainability Report refers to the calendar year 2020 and this report has been prepared in accordance with the GRI Standards: Core option.

The Sustainability Report 2020 has been subject to a limited assurance review, see statement on page 78. Storytel intends to continue our sustainability reporting in accordance with the GRI Standards on an annual basis.

In this report we have described Storytel's business model, outlined our main sustainability risks, explained what policies and processes we have in place to mitigate those risks, and what KPIs we track to follow-up on our goals.

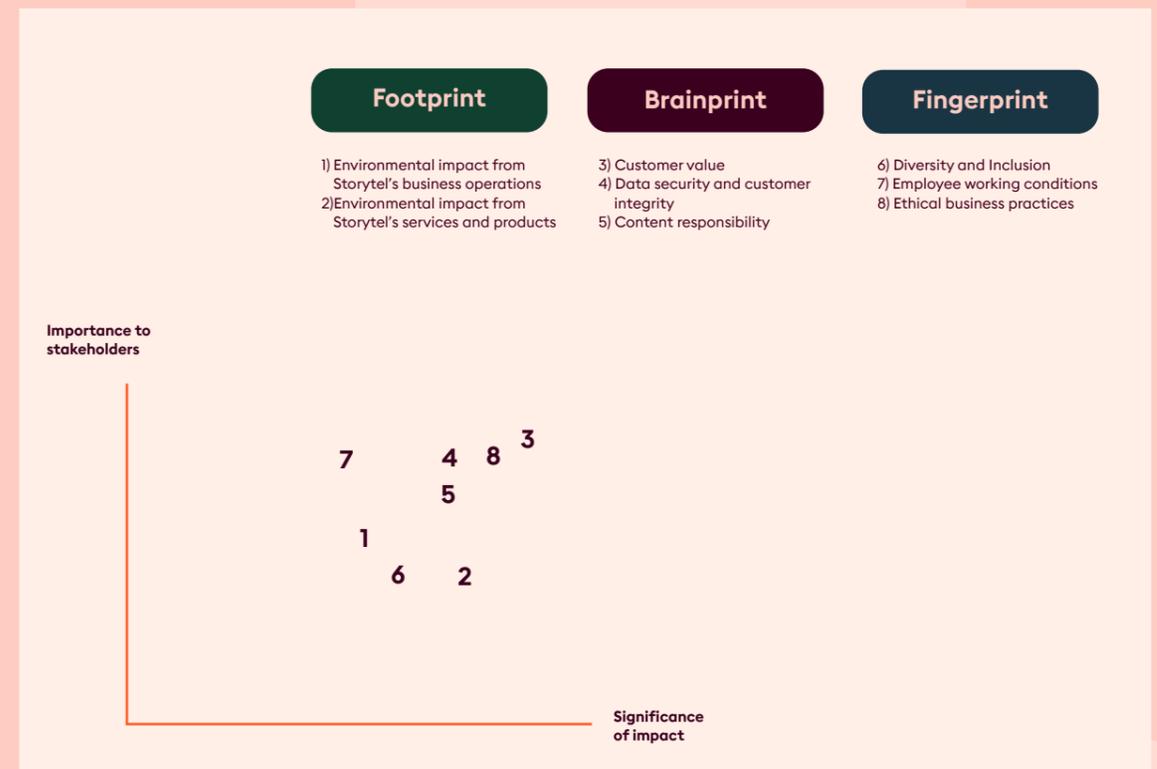
## Management approach disclosures

Storytel continuously evaluates our efforts within each material aspect to identify potential improvements and take appropriate actions.

## Materiality analysis

Our 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 our main sustainability challenges. The grouping of the material issues was modified slightly in 2019, and in 2020 we have iterated on the wording without making any substantial changes to the material topics themselves or their level of materiality.

The illustration below shows the material topics that have been selected together with our stakeholders, and that form the basis of this report and Storytel's sustainability work in general.



# GRI Content Index

Disclosure number	Disclosure title	Page	Notes
<b>General</b>			
GRI 102: General disclosures (2016)			
102-1	Name of the organization	20	Storytel AB (publ)
102-2	Activities, brands, products, and services	6, 41	
102-3	Location of headquarters	41	Stockholm, Sweden
102-4	Location of operations	6, 14-15	
102-5	Ownership and legal form	18, 20	
102-6	Markets served	6, 41	
102-7	Scale of organization	6, 63, 84-86, 102, 104	
102-8	Information on employees and other workers	63, 104	
102-9	Supply chain	41	

# GRI Content Index

Disclosure number	Disclosure title	Page	Notes
102-10	Significant changes to the organization and its supply chain	6, 80	
102-11	Precautionary Principle or approach		Storytel will work toward integrating the Precautionary Principle on a Group level - however our Sustainability Policy and Code of Conduct already outlines it.
102-12	External initiatives		GRI Standards: Core Option
102-13	Membership of associations		N/A
102-14	Statement from senior decision-maker	13, 37	
102-15	Key impacts, risks, and opportunities	45, 68-69, 82-83	
102-16	Values, principles, standards, and norms of behavior	38, 42, 44, 59, 64-65	
102-18	Governance structure	20-26, 43-44	
102-40	List of stakeholder groups	43, 45	
102-41	Collective bargaining agreements		19.6% (Employees of Norstedts Förlagsgrupp and Gummerus)
102-42	Identifying and selecting stakeholders	43, 45	

## GRI Content Index

Disclosure number	Disclosure title	Page	Notes
102-43	Approach to stakeholder engagement	43-45	
102-44	Key topics and concerns raised	45, 67	
102-45	Entities included in the consolidated financial statements	45, 124-125	
102-46	Defining report content and topic boundaries	45	The Sustainability Report primarily covers the Storytel Streaming business area, which makes up 75% of the Group's revenues, in line with the materiality principle
102-47	List of material topics	45	
102-48	Restatements on information		No material restatements
102-49	Changes in reporting	45	
102-50	Reporting period	67	This report covers the sustainability performance of Storytel for the period January 1st to December 31st 2020
102-51	Date of more recent report		The Sustainability Report 2019 covers the sustainability performance of Storytel for the period January 1st to December 31st 2019
102-52	Reporting cycle		Annual
102-53	Contact point for questions regarding the report		investorrelations@storytel.com
102-54	Claims of reporting in accordance with the GRI Standards	67	

## GRI Content Index

Disclosure number	Disclosure title	Page	Notes
102-55	GRI content index	68-77	
102-56	External assurance	78	

### Footprint (Environmental impact from Storytel's business operations and Environmental impact from Storytel's products and services)

103-1 (2016)	Explanation of the material topic and its boundaries	45-46, 49	
103-2 (2016)	The management approach and its components	43-45, 64, 67	
103-3 (2016)	Evaluation of the management approach	43-45	Storytel's Sustainability policy, and its effectiveness, is reviewed and revised if necessary on an annual basis
305-1 (2016)	Direct (Scope 1) GHG emissions	47-49	
305-2 (2016)	Energy indirect (Scope 2) GHG emissions	47-49	
305-3 (2016)	Other indirect (Scope 3) GHG emissions	47-49	
305-4 (2016)	GHG emissions intensity	47-49	Emissions are calculated in accordance with the GHG Protocol using the tool Our Impacts

## GRI Content Index

Disclosure number	Disclosure title	Page	Notes
<b>Brainprint (Customer value, Information security, data protection and customer integrity, and Content responsibility)</b>			
103-1 (2016)	Explanation of the material topic and its boundaries	45-46, 53-55	Material topics, and boundaries, relate to the Streaming business area, which makes up 75% of the Group's revenues, in line with the materiality principle
103-2 (2016)	The management approach and its components	43-46, 52, 64, 67	
103-3 (2016)	Evaluation of the management approach	43-45	Storytel's Sustainability policy, and its effectiveness, is reviewed and revised if necessary on an annual basis
412-2 (2016)	Employee training on human rights policies or procedures	43, 54-55, 64-65	In 2020, all Storytel employees were engaged for a full day in an educational sustainability workshop focused on how Storytel can better address human rights and support the UN Sustainable Development Goals. In 2021, more resources will be dedicated to training on human rights and what they mean for Storytel

## Fingerprint (Employee working conditions, Diversity and inclusion, Ethical business practises)

103-1 (2016)	Explanation of the material topic and its boundaries	45-46, 58-65	Material topics, and boundaries, relate to the Streaming business area, which makes up 75% of the Group's revenues, in line with the materiality principle
103-2 (2016)	The management approach and its components	43-45, 58, 64, 67	
103-3 (2016)	Evaluation of the management approach	43-45	Storytel's Sustainability policy, and its effectiveness, is reviewed and revised if necessary on an annual basis
205-2 (2016)	Communication and training about anti-corruption policies and procedures	64-65	Storytel has not yet communicated its Code of Conduct to suppliers/business partners, this is a focus area in 2021 since a Supplier Code of Conduct will be rolled out
405-1 (2016)	Diversity of governance bodies and employees	63, 104	

## The auditor's report on the statutory sustainability report

To the general meeting of Storytel AB (Publ), corporate, identity number 556575-2960

### Engagement and responsibility

The Board of Directors is responsible for that the statutory sustainability report on pages 36-77 has been prepared in accordance with the Annual Accounts Act.

### The scope of the audit

Our examination of the statutory sustainability report has been conducted in accordance with FARs auditing standard RevR 12 The auditor's report on the statutory sustainability report. This means that our examination of the statutory sustainability report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. I (We) believe that the examination has provided us with sufficient basis for our opinions.

### Opinion

A statutory sustainability report has been prepared.

Stockholm 1st of April 2021  
Ernst & Young AB

Beata Lihammar  
Authorized Public Accountant



# Directors' Report

## Information about the operations

The Board of Directors and the CEO of Storytel AB (publ) hereby submit the annual report and consolidated financial statements for the 2020 financial year.

The annual report has been prepared in Swedish kronor (SEK) with all figures stated in SEK thousand unless otherwise specified.

Storytel was founded in 2005 as a subscriber service for audiobooks. The Storytel Group currently comprises two business segments: Streaming and Publishing. The Streaming business area offers a subscription-based service for audiobooks and e-books under the brands Storytel and Mofibo in more than 20 markets, where the Nordics represent the largest proportion of revenue. The Streaming segment also includes audiobook publishing and Storytel Original, which are primarily run through the audiobook publisher Storyside. The Publishing business area includes the publishers Norstedts, People's in Denmark, Gummerus in Finland, Rabén & Sjögren and B.Wahlströms.

## Significant events during the year

On 13 January, Storytel held its first Capital Markets Day, at which the company presented its various business areas and its targets for 2020 as well as 2021–2023.

On 20 February, the company conducted a private placement, which generated around MSEK 948. The subscription rate in the issue was set at SEK 159 using accelerated book building that was carried out by ABG Sundal Collier and Swedbank AB (publ) in cooperation with Kepler Cheuvreux. The investors consisted of several Swedish and international institutions, such as Handelsbanken Fonder, Swedbank Robur, Livförsäkringsbolaget Skandia, Skandia Fonder, TIN Fonder and Vitruvian Partners.

The Annual General Meeting was held on 6 May 2020. Rustan Panday was re-elected as the Chair of the Board. Jonas Tellander, Nils Janse, Jonas Sjögren, and Helen Fasth Gillstedt were re-elected to the Board. Malin Holmberg and Stefan Blom were newly elected to the Board. Ernst & Young was re-elected as the company's auditor.

On 1 July, Storytel signed a contract to acquire 70% of the leading Icelandic publisher Forlagið. The acquisition was subject to the approval of the Icelandic competition authority. In December, however, a decision was made to instead enter into a multi-year distribution agreement, as a result of which the acquisition application was withdrawn.

On 10 July, Storytel acquired 100% of Kitab Sawti, a competitor of a leading streaming service for audiobooks in the Middle East and the Arabic-speaking world.

On 19 August, Storytel acquired 80% of Earselect, a Nordic production company for audiobooks.

On 1 October, Storytel acquired 100% of the Israeli audiobook service iCast as part of the pending launch in Israel in 2021.

## Significant events after the end of the year

Following the authorisation for a new share issue from the Annual General Meeting on 06 May 2020, the company undertook a targeted share issue on 10 March 2021 using accelerated book building. 5,370,000 shares were issued at a subscription rate of SEK 218 per share. This provided the company with MSEK 1,171 before issue costs. Several of the investors who subscribed to the issue were AMF Pensionsförsäkring, C WorldWide Asset Management, Handelsbanken Fonder, Skandia Fonder, Skandia Liv, Swedbank Robur and Vitruvian Partners.

In March it was communicated that Storytel will acquire a 70 % majority stake in the Swedish publishing house Lind & Co. Kristoffer Lind will stay on as a 30 percent owner and CEO of Lind & Co. The consideration consists of Storytel shares and a cash payment. The closing is expected to take place in April 2021.

## Anticipated future development, significant risks and uncertainties

### Anticipated future development

Storytel's ambition is to be a global market leader in digital storytelling. The company is expected to continue to grow on existing markets and new markets and continually

develop its service to be an attractive choice on the market, primarily for digital audiobooks and e-books.

### Risks associated with Storytel's expansion

The Storytel Group will continue to invest in international expansion. In many cases, Storytel may be entering non-developed 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. There is a risk that the company may not take all of these elevated risks into account when entering new markets.

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

Storytel is growing both organically and through acquisitions. There is a risk that the company will not find suitable acquisitions to grow its operations, that acquisitions may not successfully integrate, or that they may not perform in other ways in line with expectations from Storytel and the market.

### Risks associated with processing personal data

On 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. However, there is uncertainty about how this new regulation will be interpreted in the countries where Storytel operates. GDPR also has strict penalties, and any breaches could result in a fine of up to MEUR 20 or 4% of Storytel's global sales.

### Opportunity for future expansion

Storytel's ability to attract new customers is largely dependent on the company continuing to successfully deliver an

innovative and technically feasible service with 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 at the pace it wants.

## Opportunities for continued operation

Storytel Group recorded a loss in 2020. 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 2020, Storytel operated on 20 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 survival.

## Commitments within the Group

Storytel AB (publ) 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 Norstedts Förlagsgrupp AB. The security and parent company guarantee are related to the Norstedts Förlagsgrupp pension obligation to its employees, which takes the form of a pension fund.

### The share

The closing price on 30 December 2020, the final day of trading, was SEK 270.0. The share was not traded on 31 December 2020. During the financial year, the lowest share price was SEK 111.6 and the highest SEK 298.0. The average price was SEK 202.9 during the financial year. An average of 219,550 shares were traded per day, with a high of 1,575,588 shares on a single day.

	2020	2019
Number of shares at year-end	62,545,035	56,109,410
Of which Class A	635	635
Earnings per share, after tax, before and after dilution, SEK	-2,99	-5,59

Largest shareholders 31/12/2020	Share%	Votes%
Roxette Photo NV	14,0 %	14,0 %
Handelsbanken Fonder	9,2 %	9,2 %
Jonas Tellander	7,8 %	7,8 %
Swedbank Robur Fonder	7,8 %	7,8 %
Annamaria Tellander	4,8 %	4,8 %
Other	56,4 %	56,4 %
Sum	100%	100%

### Sustainability report

Storytel is required to produce a sustainability report pursuant to the Swedish Annual Accounts Act. A statutory sustainability report was prepared in accordance with these requirements. It is presented on pages 36-77 and is independent from the annual report. The aim of this sustainability report is to clarify our sustainability goals and explain what we are doing to achieve them. This report covers the operations of the entire Storytel Group.

### Five-year summary (SEK thousand)

Group	2020	2019	2018	2017	2016
Net sales	2,338,228	1,843,267	1,459,952	1,170,861	743,900
Profit after financial items	-210,303	-380,186	-260,962	-82,963	20,547
Operating margin (%)	-8,20	-19,57	-16,91	-5,72	3,43
Profit margin (%)	-7,85	-16,96	-14,53	-6,16	3,16
Equity	1,176,153	342,200	624,079	343,573	172,472
Equity-to-assets ratio (%)	61,9	26,2	45,63	36,19	23,84
Balance sheet total	1,899,430	1,305,901	1,367,803	949,421	724,293
Number of employees	683	539	383	306	164

Parent Company	2020	2019	2018	2017	2016
Net sales	4,717	3,788	3,186	2,685	1,606
Profit after financial items	-14,241	-27,822	-8,685	2,242	-4,768
Equity-to-assets ratio (%)	99,4	78,39	89,07	90,52	90,38
Equity	2,518,953	1,463,718	1,454,642	973,778	734,383
Balance sheet total	2,534,087	1,867,313	1,633,214	1,075,762	812,512

For definitions of key ratios, see the Accounting and valuation principles.

#### Proposed appropriation of profits

The Board of Directors proposes that the profit available for disposition (SEK):

Accumulated deficit	-29,857,429
share premium reserve	2,503,297,192
profit for the year	6,685,288
	2,480,125,051
to be carried forward	2,480,125,051

The results and position of the Group and parent company in general are presented in the following income statements, balance sheets and cash flow statements with related notes.

<b>Consolidated Income Statement KSEK</b>	<b>Note 1</b>	<b>2020-01-01 -2020-12-31</b>	<b>2019-01-01 -2019-12-31</b>
Net sales	2	2,338,228	1,843,267
Capitalised work for own account		240,392	-
Change in inventory during production		4,597	-2,148
Other operating income	3	33,285	26,185
		<b>2,616,502</b>	<b>1,867,304</b>
<b>Operating costs</b>			
Goods for resale		-1,450,796	-1,142,305
Other external costs	4, 5	-717,912	-615,577
Personnel costs	6	-531,519	-402,622
Depreciation and impairment of tangible and intangible non-current assets		-106,946	-67,345
Other operating costs		-1,013	-100
		<b>-2,808,186</b>	<b>-2,227,949</b>
<b>Operating loss</b>		<b>-191,684</b>	<b>-360,645</b>
<b>Profit from financial items</b>			
Profit from participations in associates		424	79
Interest income and similar profit/loss items	8	4,037	11,674
Interest expense and similar profit/loss items	9	-23,079	-31,294
		<b>-18,618</b>	<b>-19,541</b>
<b>Profit after financial items</b>		<b>-210,303</b>	<b>-380,186</b>
<b>Loss before tax</b>			
		<b>-210,303</b>	<b>-380,186</b>
Tax on profit for the year	11	26,786	67,520
<b>Loss of the year</b>		<b>-183,516</b>	<b>-312,666</b>

<b>Consolidated Balance Sheet KSEK</b>	<b>Note 1</b>	<b>2020-12-31</b>	<b>2019-12-31</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Intangible non-current assets</b>			
Capital expenditures and similar work	12	256,578	30,164
Concessions, rights, licenses, brands	13	77,128	75,515
Rental rights and similar rights	14	971	1,921
Goodwill	15	275,405	160,405
Advances relating to intangible non-current assets	16	22,377	2,062
		<b>632,461</b>	<b>270,067</b>
<b>Tangible non-current assets</b>			
Inventories, tools and installations	17	24,509	9,732
Construction in progress and advances relating to tangible non-current assets	18	131	5,576
		<b>24,640</b>	<b>15,309</b>
<b>Financial non-current assets</b>			
Participations in associates	19	2,707	2,273
Other long-term securities	20	-	10
Deferred tax asset	21	159,101	125,821
Other non-current receivables	22	2,667	1,203
		<b>164,476</b>	<b>129,308</b>
<b>Total non-current assets</b>		<b>821,577</b>	<b>414,684</b>
<b>Current assets</b>			
<b>Inventories, etc.</b>			
Finished goods and goods for resale		38,346	58,042
Work in progress on behalf of others		14,862	13,830
		<b>53,207</b>	<b>71,873</b>
<b>Current receivables</b>			
Trade receivables		186,627	170,258
Receivables in associates		4,770	8,967
Current tax assets		30,359	32,969
Other receivables		78,606	59,062
Prepaid expenses and accrued income	23	298,065	182,189
		<b>598,427</b>	<b>453,444</b>
<b>Cash and bank balances</b>	<b>24</b>	<b>426,219</b>	<b>365,900</b>
<b>Total current assets</b>		<b>1,077,853</b>	<b>891,216</b>
<b>TOTAL ASSETS</b>		<b>1,899,430</b>	<b>1,305,901</b>

Consolidated Balance Sheet KSEK	Note 1	2020-12-31	2019-12-31
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
<b>Equity attributable to shareholders in parent company</b>			
Share capital		31,273	28,055
Other capital contributions		1,931,137	885,235
Reserves		-9,168	17,240
Retained earnings including profit for the year		-777,089	-588,330
Equity attributable to shareholders in parent company		<b>1,176,153</b>	<b>342,200</b>
<b>Total equity</b>		<b>1,176,153</b>	<b>342,200</b>
<b>Provisions</b>			
Provisions for deferred tax	25	21,384	20,166
Other provisions	26	44,330	42,070
		<b>65,714</b>	<b>62,236</b>
Non-current liabilities	27		
Liabilities to credit institutions	28	-	196,134
<b>Current liabilities</b>			
Liabilities to credit institutions	27, 28	2,116	203,798
Advances from customers		7,202	4,625
Trade payables		149,327	117,450
Liabilities to associates		-	4,392
Current tax liabilities		12,544	4,676
Other liabilities		74,556	42,312
Accrued expenses and deferred income	29	<b>411,820</b>	<b>328,077</b>
		<b>657,564</b>	<b>705,331</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,899,430</b>	<b>1,305,901</b>

#### Consolidated Statement of Changes in Equity KSEK

	Share capital	Other capital contributions	Reserves	Other equity including profit for the year	Total
<b>Closing equity as of 31/12/2018</b>	<b>27,933</b>	<b>856,454</b>	<b>15,356</b>	<b>-275,664</b>	<b>624,079</b>
New share issue	122	25,797			<b>25,919</b>
Employee stock option program (note 6)		2,984			<b>2,984</b>
Translation difference for the year			1,884		<b>1,884</b>
Profit for the year				-312,666	<b>-312,666</b>
<b>Closing equity as of 31/12/2019</b>	<b>28,055</b>	<b>885,235</b>	<b>17,240</b>	<b>-588,330</b>	<b>342,200</b>
New share issue	3,218	1,023,476			<b>1,026,694</b>
Employee stock option program (note 6)		11,229			<b>2,984</b>
Warrants		11,212			<b>1,884</b>
Translation differences for the year			-26,424		<b>-26,409</b>
Other				-5,243	<b>-5,243</b>
Profit for the year				-183,516	<b>-183,516</b>
<b>Closing equity as of 31/12/2020</b>	<b>31,273</b>	<b>1,931,152</b>	<b>-9,184</b>	<b>-777,089</b>	<b>1,176,153</b>

New share issue expenses amounted to 11,153 KSEK and is included in other capital contributions above.

Consolidated Cash Flow Statement KSEK	Note 1	2020-01-01 -2020-12-31	2019-01-01 -2019-12-31
<b>Operating activities</b>			
Profit after financial items		-210,303	-380,186
Adjustments for non-cash items, etc.	30	111,320	74,233
Tax paid		-10,292	-26,318
<b>Cash flow from operating activities before changes in working capital</b>		<b>-109,276</b>	<b>-332,271</b>
<b>Cash flow from changes in working capital</b>			
Change in inventories and work in progress		18,109	13,238
Change in trade receivables		-12,118	6,804
Change in current receivables		-137,594	-50,225
Change in trade payables		33,640	-3,902
Change in current liabilities		124,423	27,768
<b>Cash flow from operating activities</b>		<b>-82,816</b>	<b>-338,588</b>
<b>Investing activities</b>			
Investments in intangible non-current assets		-256,137	-5,651
Investments in tangible non-current assets		-12,199	-13,121
Acquisition of subsidiaries	31	-116,967	-27,900
<b>Cash flow from investing activities</b>		<b>-385,302</b>	<b>-46,672</b>
<b>Financing activities</b>			
New share issue, net		936,929	-
Warrants		11,212	-
Loan raised		-	188,841
Amortisation of loans		-399,882	-21,698
<b>Cash flow from financing activities</b>		<b>548,259</b>	<b>167,143</b>
<b>Cash flow for the year</b>		<b>80,142</b>	<b>-218,117</b>
<b>Cash and cash equivalents at beginning of year</b>			
Cash and cash equivalents at beginning of year		365,900	582,585
<b>Exchange rate difference in cash and cash equivalents</b>			
Exchange rate difference in cash and cash equivalents		-19,787	1,432
<b>Cash and cash equivalents at year-end</b>	<b>32</b>	<b>426,254</b>	<b>365,900</b>

Received interest for the period is 0 (3,081) KSEK and paid interest for the period is 8,617 (11,612) KSEK.

Parent Company Income Statement KSEK	Note 1	2020-01-01 -2020-12-31	2019-01-01 -2019-12-31
Net sales		4,717	3,788
		<b>4,717</b>	<b>3,788</b>
<b>Operating costs</b>			
Other external costs	4, 5	-15,994	-5,983
Personnel costs	6	-6,156	-6,877
Other operating costs		-3,741	-1,773
		<b>-25,891</b>	<b>-14,633</b>
<b>Operating profit/loss</b>	<b>33</b>	<b>-21,174</b>	<b>-10,844</b>
<b>Profit from financial items</b>			
Profit from participations in Group companies	7	-	-21,519
Other interest income and similar profit/loss items	8	13,969	10,653
Interest expense and similar profit/loss items	9	-7,036	-6,112
		<b>6,933</b>	<b>-16,978</b>
<b>Profit/loss after financial items</b>		<b>-14,241</b>	<b>-27,822</b>
Appropriations	10	20,926	9,600
<b>Profit/loss before tax</b>		<b>6,685</b>	<b>-18,222</b>
Tax on profit for the year	11	-	-400
<b>Profit/loss for the year</b>		<b>6,685</b>	<b>-18,622</b>

Parent Company Balance Sheet KSEK	Note 1	2020-01-01 -2020-12-31	2019-01-01 -2019-12-31
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Financial non-current assets</b>			
Participations in Group companies	34, 35, 36	2,069,817	1,502,934
Receivables in Group companies		-	-
Deferred tax asset		2,720	2,720
<b>Total non-current assets</b>		<b>2,072,537</b>	<b>1,505,654</b>
<b>Current assets</b>			
<b>Current receivables</b>			
Receivables in Group companies		378,401	220,645
Current tax assets		596	1
Prepaid expenses and accrued income	23	251	268
		<b>379,248</b>	<b>220,915</b>
<b>Cash and bank balances</b>		<b>82,302</b>	<b>140,745</b>
<b>Total current assets</b>		<b>461,550</b>	<b>361,660</b>
<b>TOTAL ASSETS</b>		<b>2,534,087</b>	<b>1,867,313</b>

Parent Company Balance Sheet KSEK	Note 1	2020-01-01 -2020-12-31	2019-01-01 -2019-12-31
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
<b>Restricted equity</b>			
Share capital		31,273	28,055
Statutory reserve		7,555	7,555
		<b>38,828</b>	<b>35,610</b>
<b>Non-restricted equity</b>			
Share premium reserve		2,503,297	1,457,966
Profit/loss brought forward		-29,857	-11,235
Profit for the year		6,685	-18,622
		<b>2,480,126</b>	<b>1,428,108</b>
<b>Total equity</b>		<b>2,518,952</b>	<b>1,463,718</b>
<b>Non-current liabilities</b>			
Liabilities to credit institutions	27, 28	-	196,134
<b>Total non-current liabilities</b>		<b>0</b>	<b>196,134</b>
<b>Current liabilities</b>			
Liabilities to credit institutions		-	203,748
Trade payables		2,000	1,145
Liabilities to Group companies		-	-
Other liabilities		10,341	105
Accrued expenses and deferred income	29	2,794	2,464
<b>Total current liabilities</b>		<b>15,135</b>	<b>207,462</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,534,087</b>	<b>1,867,313</b>

**Parent Company Statement of Changes in Equity  
KSEK**

	Share capital	Statutory reserve	Share premium reserve	Retained earnings	Profit for the year	Total
<b>Closing equity as of 31/12/2018</b>	<b>27,933</b>	<b>7,555</b>	<b>1,430,390</b>	<b>-4,170</b>	<b>-7,065</b>	<b>1,454,643</b>
New share issue	122		25,797			<b>25,919</b>
Appropriation in accordance with the Annual General Meeting resolution				- 7,065	7,065	<b>0</b>
Employee stock options (note 6)			1,779			<b>1,779</b>
Profit for the year					<b>-18,622</b>	<b>-18,506</b>
<b>Closing equity as of 31/12/2019</b>	<b>28,055</b>	<b>7,555</b>	<b>1,457,966</b>	<b>-11,235</b>	<b>-18,622</b>	<b>1,463,718</b>
New share issue	3 218		1,034,629	-11,153		<b>1,026,694</b>
Appropriation in accordance with the Annual General Meeting resolution				-18,622	18,622	<b>0</b>
Employee stock options (note 6)			10,643			<b>10,643</b>
Warrants			11,212			<b>11,212</b>
Profit for the year					<b>6,685</b>	<b>6,685</b>
<b>Closing equity as of 31/12/2020</b>	<b>31,273</b>	<b>7,555</b>	<b>2,514,450</b>	<b>-41,010</b>	<b>6,685</b>	<b>2,518,952</b>

New share issue expenses amounted to 11,153 KSEK and is included in retained earnings above.

**Parent Company Cash Flow Statement  
KSEK**

	Note 1	2020-01-01 -2020-12-31	2019-01-01 -2019-12-31
<b>Operating activities</b>			
Profit after financial items		-14,241	-27,822
Adjustments for non-cash items	30	-	21,506
Tax paid		-	-18
Cash flow from operating activities before changes in working capital		<b>-14,241</b>	<b>-6,334</b>
<b>Cash flow from changes in working capital</b>			
Change in current receivables		-693,714	-479,076
Change in trade payables		-	-
Change in current liabilities		11,538	2,050
<b>Cash flow from operating activities</b>		<b>-696,417</b>	<b>-483,360</b>
<b>Investing activities</b>			
Investments in financial non-current assets		-50	-26,519
Change in long-term receivables		-	-
<b>Cash flow from investing activities</b>		<b>-50</b>	<b>-26,519</b>
<b>Financing activities</b>			
New issue, net		1,026,694	-
Warrants		11,212	-
Loans raised		-	223,055
Amortisation of loans		-399,882	-
<b>Cash flow from financing activities</b>		<b>638,024</b>	<b>223,055</b>
<b>Cash flow for the year</b>		<b>-58,443</b>	<b>-286,824</b>
<b>Cash and cash equivalents at beginning of year</b>			
Cash and cash equivalents at beginning of year		140,745	427,569
<b>Cash and cash equivalents at year-end</b>	<b>32</b>	<b>82,302</b>	<b>140,745</b>

Received interest for the period is 4 (9) KSEK and paid interest for the period is 7,036 (4,584) KSEK.

# Notes

## KSEK

### Note 1 Accounting and valuation principles

#### Company information

Storytel AB (Publ), corporate ID no. 556575-2960 is a limited company whose registered office is in Stockholm, Sweden. The main activities of the company are described in the Directors' Report.

#### General information

The annual report and consolidated financial statements have been prepared in accordance with the Swedish Annual Accounts Act (1995:1554) and BFNAR 2012:1 Annual Reports and Consolidated Financial Statements (K3).

The following accounting and valuation principles apply to both the consolidated financial statements and the parent company's annual accounts unless otherwise specified.

Receivables and liabilities in foreign currencies have been valued at the closing day rate. Exchange gains and losses relating to operating receivables and liabilities are reported in operating profit, while exchange gains and losses relating to financial receivables and liabilities are reported as financial items.

The accounting principles are unchanged compared with previous years.

#### Revenue recognition

Revenue has been measured at the fair value of the consideration received or receivable, and is recognised to the extent that it is likely the financial benefits will accrue to the company, and the revenue can be calculated in a reliable way.

When goods are sold, income is normally recognised as revenue when the significant benefits and risks associated with ownership of the goods have been transferred from the company to the purchaser.

There are subscription revenues publishing revenues.

In the business are Streaming the customer pay in advance. Most of the revenue refers to subscription revenues that are paid monthly and the revenue is accrued over the useful life period. If the customer end its subscription, the subscription is going forward to the next payment period. The sale is recorded after VAT and discounts. Within the business segment Publishing the revenue is shown when the benefits and risks have been transferred from the company to the customer. The sale is recorded after VAT and discounts. The customer has the right to return the product, which will decrease the revenue if that right is used.

#### Consolidated financial statements

##### The consolidation method

The consolidated financial statements have been prepared in accordance with the acquisition method. This means the identifiable assets and liabilities of the acquired operations are recognised at market value in accordance with the acquisition analysis. Should the acquisition value exceed the calculated market value of the anticipated net assets according to the acquisition analysis, the difference is recognised as goodwill.

##### Subsidiaries

Besides the parent company, the consolidated financial statements encompass every company in which the parent holds over 50% of the voting rights, either directly or indirectly, or otherwise has a controlling interest, and is thereby entitled to determine the company's financial and operational strategies with the aim of gaining financial benefits.



The revenue and expenditure of a subsidiary are recorded in the consolidated financial statements from the date of the acquisition to the date on which the parent company no longer has a controlling interest in the subsidiary.

#### Associates and jointly controlled entities

Associates are entities in which the company retains a significant but non-controlling interest. Ordinarily, a controlling interest is deemed to exist when the company owns a minimum of 20%, and a maximum of 50% of the voting rights in another company.

Holdings in associates are reported in the consolidated financial statements in accordance with the equity method. This entails preparation of an acquisition analysis and identification of any surplus and deficit values. During the holding period, the consolidated value of the participation is affected by the depreciation of the surplus values or reversal of the deficit values. The value of the participation is also affected by the share of profit in the associate during the holding period, adjusted for internal profits and other consolidated adjustments. Dividends received reduce the consolidated value.

The proportion of profit after tax in the associate is reported on a separate row and affects operating profit for the Group.

Holdings in jointly controlled entities 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 is reported in the consolidated balance sheet prepared by the company. The proportion of revenue and expenditure which is owned is reported in the consolidated income statement prepared by the company.

#### Transactions between Group companies

Group-internal receivables and liabilities, transactions between Group companies, and unrealized gains have been eliminated in their entirety. Unrealised losses are also eliminated, provided the transaction does not relate to impairment loss.

Change in internal profit during the financial year has been eliminated from the consolidated income statement.

#### Recalculation of foreign subsidiaries

The financial statements of foreign subsidiaries have been recalculated in accordance with the current method. All balance sheet items have been restated at the closing day rate. All income statement items have been restated at the average rate over the financial year. Differences arising are recognised directly as equity.

#### Goodwill

Goodwill is the difference arising where the acquisition value of the acquired entity is greater than the value of the acquired entity's net assets. At the time of acquisition, the goodwill arising is recognised as an asset in the balance sheet.

Negative goodwill is the difference arising where the acquisition value of the acquired entity is lower than the value of the acquired entity's net assets. At the time of acquisition, the negative goodwill arising is recognised as a liability in the balance sheet.

#### Intangible assets

##### Internally generated intangible non-current assets

There has been a change in the accounting principle from the expensing model to the capitalisation model. The comparison year is not recalculated.

Storytel has chosen to voluntarily apply the capitalisation model instead of the expensing model regarding internally developed intangible assets.

The internally developed intangible assets for the Storytel Group consist of capitalised expenses for development of the technical platform and the digital catalogue of audiobooks and e-books.

Development expenses are capitalised when the following criteria are fulfilled:

- It is technically feasible to complete the intangible asset
- The intention is to complete and use or sell the asset
- There is an ability to use or sell the asset
- It is probable that the asset will generate future economic benefits
- There are technical, financial and other resources to complete and use or sell the asset
- The expenses incurred during the development phase can be measured reliably

##### Other intangible non-current assets

Other, externally acquired intangible non-current assets are recognised by the Group according to the capitalisation model. This means that all expenses associated with the production of an internally generated intangible non-current asset are capitalised and amortised during the estimated useful life of the asset assuming that the criteria in BFAR 2012:1 are met.

##### Non-current assets

Intangible and tangible non-current assets are recognised at cost less accumulated depreciation according to plan and any impairment.

Depreciation is performed on a straight-line basis over the estimated useful life of the asset, taking the material residual value into account. The following depreciation percentage is applied:

##### Intangible non-current assets

Capitalised development expenditure	3-10 years
Concessions, patents, licenses and brands	5 years
Tenancy rights and similar rights	5 years
Goodwill	5-10 years

A depreciation period of more than 5 years for goodwill is justified in that it refers to strategic acquisitions that are judged to have a useful life of up to 10 years.

##### Tangible non-current assets

Inventories, tools and installations	3-5 years
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##### Borrowing costs

Costs arising when the company borrows capital are expensed in the income statement in the period in which they arise.

##### Financial instruments

Financial instruments are valued at acquisition value. The instrument is reported in the balance sheet when the company becomes a party under the contractual terms of the instrument. Financial assets are removed from the balance sheet when the right to receive cash flows from the instrument expires, or is transferred, and the company has transferred practically all risks and benefits associated with ownership. Financial liabilities are removed from the balance sheet when the obligations have been settled or otherwise expired.

##### Participations in subsidiaries

Participations in subsidiaries are recognised at acquisition value less any impairment losses. The acquisition value includes the price paid to purchase the shares as well the costs of acquisition. Any capital contributions are added to the acquisition value as they arise.

##### Other non-current securities holdings

Investments in securities intended to be held on a long-term basis have been recognised at cost. An assessment of any impairment loss is made on each closing day.

#### Trade receivables/current receivables

Trade receivables and current receivables are recognised as current assets at the amounts which are expected to be paid less any individually assessed bad debt.

#### Borrowings and trade payables

Borrowings and trade payables are initially recognised at acquisition value less transaction costs. Where the recognised amount differs from the amount which is to be repaid on expiration, this difference is distributed as an interest expense over the term of the loan using the instrument's effective rate of interest. This ensures that the recognised amount equates to the amount to be repaid on expiration of the term.

#### Impairment testing of financial non-current assets

On each closing day, it is assessed whether there are indications that impairment testing is required for any of the financial non-current assets. Impairment occurs where the loss in value is deemed to be permanent, and is assessed individually.

#### Leases

Since the economic risks and benefits associated with the asset have not been transferred to the lessee, all leases have been classified as operating leases.

#### Inventories

Inventories have been valued at the lowest of the acquisition value and net realisable value on the closing day. Net realisable value refers to the estimated selling price of the products less selling expenses. Under the chosen method of valuation, allowance has been made for obsolescence of inventories.

#### Income tax

Total tax consists of current tax and deferred tax. Taxes are reported in the income statement, except where the underlying transaction is recognised directly as equity, whereby the associated tax effects are also recognised as equity.

#### Current tax

Current tax refers to income tax for the current financial year and the proportion of income tax for previous financial years which is yet to be reported. Calculation of current tax is based on the rate which applies on the closing day.

#### Deferred tax

Deferred tax is income tax which refers to future financial years as a result of previous events. This is reported according to the balance sheet method. Under this method, deferred tax liabilities and deferred tax receivables are recognised as temporary differences which arise between the carrying and tax-related amounts for assets and liabilities, and for other tax-related deductions or deficits.

Deferred tax receivables shall be offset against deferred tax liabilities only when they can be paid with a net amount. Calculation of deferred tax is based on the rate which applies on the closing day. The effects of changes to current tax rates are recorded as income in the period for which the change is legally required. The deferred tax asset is recognised as a financial non-current asset, with the deferred tax liability recorded as a provision.

The deferred tax asset relating to loss carryforwards or other future tax deductions is recognised to the extent that it is likely the deductions can be offset against future tax surpluses.

Due to the connection between accounting and taxation, the deferred tax liability attributable to untaxed reserves is not reported separately.

#### Provisions

Provisions have been made for known or feared risks following individual assessment. Storytel AB's subsidiaries have a detailed process for calculating provisions relating to the return of books sold. Provision to a sales return reserve is calculated continuously on sales and a historical percentage of returns.

Negative goodwill which can be attributed to future losses and costs is recognised in the income statement during the financial year in which such losses and costs were incurred.

#### Employee benefits

Employee benefits refer to all forms of compensation provided by the company to its employees. Short-term benefits include, for example, salaries, compensated annual leave, compensated absences, bonuses and post-employment compensation (pensions). Short-term benefits are recognised as a cost and a liability where there is a legal or informal obligation to pay compensation relating to a previous event, and the amount can be reliably estimated.

#### Share-based remuneration

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 recognized as a personnel cost together with a corresponding increase in equity during the period in which the vesting conditions are met, until the warrants are fully vested and the employee is fully entitled to remuneration. 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. At every period end, the Group reassesses how many warrants are expected to be vested. Any deviations to the original assessment are recognized in the income statement, and corresponding adjustments are made in equity.

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.

#### Post-employment employee benefits

Pension plans for post-employment benefits are classified on a defined-contribution or defined-benefit basis.

In the case of defined-benefit plans, the company is obliged to provide the agreed compensation to current and former employees. In all material respects, the company bears the risk of the compensation being greater than anticipated (actuarial risk) and the return on assets failing to meet expectation (investment risk).

#### Defined-contribution plans

Contributions to defined-contribution plans are recognised as costs. Unpaid contributions are recognised as liabilities.

#### Defined-benefit plans

Reporting of defined-benefit plans is subject to the simplification rules contained in BFNAR 2012:1 (K3). Defined-benefit plans for which pension premiums are paid are recognised as defined-contribution plans, which means the contributions are expensed in the income statement. In cases where pension obligations have been secured through the transferral of funds to a pension fund, a provision and annual cost are calculated on the basis of the present value of the accrued future benefit. Where the plan assets of the fund exceed the obligation, no asset is recorded. The net of interest on pension liability and anticipated return on associated plan assets are recognised as net financial income. Other components are recognised in operating profit.

#### Public grants

State grants are recognised at fair value where it is reasonable and certain that the grant is to be paid, and that the company will meet the requirements which are associated with it. Grants intended to cover investments in tangible or intangible non-current assets reduce the assets' acquisition value and thereby also the depreciable amount.

#### Group contributions

Group contributions paid and received are recognised as appropriations.

#### Cash flow statement

The cash flow statement has been prepared using the indirect method. The recognised cash flow covers only transactions that involve incoming or outgoing payments.

In addition to cash assets, the company classifies as cash and cash equivalents appropriated balances at banks and other credit institutions and current liquid investments which are listed on a marketplace and mature within three months of the acquisition date. Changes in blocked funds are recognised in investment activities.

#### **Estimates and assessments**

The preparation of accounts and the application of accounting principles are commonly based on the estimates, assessments and assumptions of management, which are considered to be reasonable at the time they were carried out. Estimates and assessments are based on historical experiences and a number of other factors which are considered to be reasonable under the current circumstances. The results are used to determine the carrying amount of assets and liabilities, which is not otherwise clearly specified by other sources. The actual outcome may differ from these estimates and assessments. Estimates and assumptions are reviewed on a regular basis.

#### **Estimation uncertainty**

Details are provided below of the estimates and assumptions which have the most significant effect on the reporting and valuation of assets, liabilities, revenues and costs. The outcome of these may differ substantially.

#### **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.

#### **Trade receivables and publishing receivables**

Trade receivables are valued at the cash flow which is expected to be accrued by the company. This entails a detailed, objective assessment of all amounts outstanding on the closing day. Trade and publishing receivables in the publishing industry are associated with relatively long credit periods. When closing its accounts, the Group conducts a thorough impairment test of outstanding receivables. The value can be influenced by a deterioration in the counterparty's ability to pay.

#### **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 value of sales may be affected by future technologies and other market-driven changes which may cause prices to fall.

#### **Royalty receivables**

Royalty receivables are recognised at the amount expected to be offset against royalty liabilities. This entails a detailed, objective assessment of all amounts outstanding on the closing day. The net worth of royalty receivables is affected by the accuracy of sales forecasts. If it is assessed that royalty advances will not be recovered, all or part of the receivable amount is to be written down.

#### **Provision for a sales return reserve**

The provision for sales returns is based on historic information about reserves as well as current trends that may indicate that future returns may deviate from historic returns.

#### **Definitions of key ratios**

##### **Net sales**

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

##### **Profit after financial items**

Profit after financial revenues and costs, before tax.

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

Operating profit as a percentage of sales.

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

Profit after tax as a percent of net sales.

##### **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.

##### **Balance sheet total**

The company's total assets.

##### **Number of employees**

Average number of employees during the financial year.

**Note 2 Distribution of net sales  
Group**

	2020	2019
<b>Sales by category</b>		
Subscription revenues	1,781,409	1,330,406
Publishing	556,819	512,326
Other	-	535
	<b>2,338,228</b>	<b>1,843,267</b>
<b>Sales by geographic market</b>		
Nordic countries	1,988,171	1,624,130
Rest of the world	350,057	219,137
	<b>2,338,228</b>	<b>1,843,267</b>

Net sales by geographic market refers to the market where the selling company is domiciled.

**Note 3 Other operating income  
Group**

	2020	2019
Grants received	5,620	4,017
Exchange gains relating to operations	1,186	933
Sales of rights	1,767	4,142
Other revenue	24,711	17,094
	<b>33,285</b>	<b>26,185</b>

**Note 4 Leases  
Group**

Leases and rental agreements are reported as operational leasing (rental agreements), with the leasing charge expensed on a straight-line basis over the term of the lease. Rental agreements generally run for a term of 3-7 years, with the option to extend for 3 years at a time. Inventories and vehicles are leased for a period of two to three years, with an option to buy out.

Costs for the year relating to leases were SEK 56,335 (38,800) thousand.

Future leasing charges for non-terminable leases fall due for payment as specified below:

	2020	2019
Within one year	39,492	40,651
After one year but within five years	118,731	143,939
Later than five years	85,582	42,698
	<b>243,809</b>	<b>227,287</b>

The Parent Company has not entered into any leases..

**Note 5 Auditor's fees  
Group**

Audit assignment refers to the audit of the annual accounts and accounting records, the administration of the Board of Directors and the Chief Executive Officer, other tasks incumbent on the company's auditor and advice or other assistance attributable to the observations of such audits or the execution of such other tasks.

	2020	2019
<b>EY</b>		
Audit assignment	3,447	2,149
Auditing activities besides the audit assignment	22	144
Tax advice	299	263
Other services	610	32
	<b>4,378</b>	<b>2,588</b>

**Parent Company**

	2020	2019
<b>EY</b>		
Audit assignment	639	405
Auditing activities besides the audit assignment	-	104
	542	-
	<b>1,181</b>	<b>509</b>

#### Note 6 Employees and personnel costs by country

	2020		2019	
Average number of employees by country	Total	Women	Total	Women
Sweden	404	252	323	219
Denmark	82	44	79	33
Finland	30	26	30	25
India	19	10	14	7
Netherlands	14	5	9	4
Poland	14	2	15	3
Russia	14	10	11	7
Spain	12	3	10	4
Iceland	12	5	7	3
Turkey	11	5	8	2
Other	71	28	33	15
	<b>683</b>	<b>390</b>	<b>539</b>	<b>322</b>

	2020	2019
<b>Salaries and other remuneration</b>		
Board and Chief Executive Officer	4,411	4,032
Other employees	392,512	302,856
	<b>396,923</b>	<b>306,888</b>

	2020	2019
<b>Social security costs</b>		
Pension costs for the Board and Chief Executive Officer	650	563
Pension costs for other employees	32,664	29,890
Other statutory and contractual social security contributions	93,685	58,545
	<b>126,999</b>	<b>88,998</b>

<b>Gender breakdown among senior executives</b>		
Proportion of women on the Board	29%	29 %
Proportion of men on the Board	71%	71%
Proportion of women among other senior executives	60%	40%
Proportion of men among other senior executives	40%	60%

During 2020 Jörgen Gullbrandson was temporary CFO when Sofie Zettergren was on parental leave.

#### Parent company

	2020		2019	
<b>Average number of employees by country</b>				
Sweden	2	(1)	2	(1)
	<b>2</b>	<b>(1)</b>	<b>2</b>	<b>(1)</b>

The average number of women is given in brackets.

	2020	2019
<b>Salaries and other remuneration</b>		
Board and Chief Executive Officer	1,874	1,604
Other employees	1,990	2,004
	<b>3,864</b>	<b>3,608</b>

	2020	2019
<b>Social security costs</b>		
Pension costs for other employees	719	568
Other statutory and contractual social security contributions	1,503	1,396
	<b>2,221</b>	<b>1,963</b>

#### Employee stock option programmes

The Storytel Group implemented during the year another employee stock option programme, Storytel Loyalty Programme 2020/2023, where employees and key consultants in the Streaming business area were offered the right to subscribe to warrants. The programme comprises a maximum of 625,000 employee warrants. The design of this year's programme is the same as the design of the employee stock option programme 2019/2022, and vesting occurs during a three-year period starting in June 2020, where one-third of the warrants are vested per year. If employment is terminated, non-vested employee warrants are forfeited. Redemption occurs during the period June–December of the programme's final year, and the exercise per share amounts to SEK 231.96 for the 2020/2023 programme. Each employee warrant entitles the holder to subscribe to one B share in the company.

To enable Storytel's delivery of shares in accordance with the program and thus guarantee related costs, primarily social security contributions, the company conducted a private placement totalling 781,250 warrants, which were subscribed by Storytel Sweden AB. The warrants that have been issued, in addition to the number that corresponds to employee warrants under the programme, will be sold to regulate the cash flow for social security contributions in conjunction with employees exercising their warrants. Both of the Group's employee warrant programmes are hedged in the same manner.

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 734,375 at full subscription of all warrants issued in conjunction with employee stock option programme 2019/2022 and 2020/2023.

The Group's costs for the two employee stock option programmes, 2019/2022 and 2020/2023, amounted to TSEK 25,487, of which TSEK 13,094 constituted warrant costs and TSEK 12,393 costs for social security contributions.

See the summary below of both employee warrant programmes.

Number of stock options	Employee Stock Option Programme 2019/2022	Employee Stock Option Programme 2020/2023
Outstanding 1 January, 2020	450,792	0
Allocated	0	556,704
Forfeited	-30,608	-17,494
Redeemed	0	0
Expired	0	0
Outstanding 31 December, 2020	420,184	539,210
Strike price	119.69	231.96
Warrants issued per programme	687,500	781,250
Redemption period	1 June - 15 Dec 2022	1 June - 15 Dec 2023

#### Warrant programmes

In 2020, two warrant programmes were introduced: 2020/2023:2 for the management team, some senior executives and key employees and 2020/2024 for the Board of Directors. The warrants have been transferred to the participants at a market value calculated using Black & Schole's valuation model and reported as an increase in equity of in total 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 318.95 for the 2020/2023:2 programme and SEK 289.95 for the 2020/2024 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 238,985 at full subscription of the warrants for new shares in the new warrant programmes.

See the summary below of both warrant programmes.

Number of warrants	Warrant programme 2020/2023:2	Warrant programme 2020/2024:
Outstanding 1 January, 2020	0	0
Allocated	407,970	70,000
Forfeited	0	0
Redeemed	0	0
Expired	0	0
Outstanding 31 December, 2020	407,970	70,000
Strike price	318.95	289.95
Warrants issued per programme	407,970	70,000
Redemption period	1-30 June 2023	1-30 June 2024

Proposed and complete terms and conditions for Storytel's incentive programmes are available at [storytel.com](http://storytel.com).

**Note 7 Profit/loss from participations in Group companies****Parent company**

	2020	2019
Result by sales	-	13
Impairment	-	21,506
	-	21,519

**Note 8 interest income and similar profit/loss items****Group**

	2020	2019
Interest income	-	3,869
Foreign exchange differences	1,088	2,210
Other financial income	2,949	5,596
	4,037	11,674

**Parent company**

	2020	2019
Interest income from Group companies	13,965	9,430
Foreign exchange differences	-	1,223
Other financial income	4	-
	13,969	10,653

**Note 9 Interest expense and similar profit/loss items****Group**

	2020	2019
Other interest expense	8,617	12,879
Foreign exchange differences	11,986	15,951
Other financial costs	2,476	2,464
	23,079	31,294

**Parent company**

Interest expense	7,037	6,112
	7,037	6,112

**Note 10 Appropriations****Parent company**

Appropriations	31 December 2020	31 December 2019
Group contribution	20,926	9,600
	20,926	9,600

**Note 11 Current and deferred tax****Group**

	2020	2019
<b>Tax on profit for the year</b>		
Current tax	-13,525	-5,188
Adjustment for previous years	-5,156	201
Change in deferred tax relating to temporary differences, including effect of change in tax rate	45,467	72,507
<b>Total reported tax</b>	<b>26,786</b>	<b>67,520</b>

### Reconciliation of effective tax

	2020		2019	
	Per cent	Amount	Per cent	Amount
Reported profit before tax		-210,303		-380,186
Tax as per current tax rate, parent company	21,40	45,005	21,40	81,360
Non-deductible expenses		-13,143		-9,529
Non-taxable income		3,938		10,852
Deferred tax on temporary differences		-271		
Effect of other tax rates on foreign subsidiaries		965		-1,436
Effects of change in tax rate		-		-2,014
Loss carryforwards, whose tax value is not recognised as an asset		-18,186		-14,816
Loss carryforwards for this year, referring to previous years.		11,496		3,077
Tax related to previous periods		-3,017		-
Other		-		25
<b>Reported effective tax</b>		<b>26,786</b>	<b>17,76</b>	<b>67,520</b>

### Parent company

	2020	2019
<b>Tax on profit for the year</b>		
Change in deferred tax due to temporary differences, including effects of change in tax rate	-	-400
<b>Total reported tax</b>	<b>-</b>	<b>-400</b>

### Reconciliation of effective tax

	2020		2019	
	Per cent	Amount	Per cent	Amount
Reported profit before tax		6,685		-18,222
Tax according to current tax rate	21,40	-1,431	21,40	3,900
Non-deductible expenses		-51		-310
Non-deductible expenses not recorded		1,484		-
Effects of change in tax rate		-		-106
Loss carryforwards, whose tax value is not recognised as an asset		-		-4,368
Non-taxable income		-		1,284
<b>Reported effective tax</b>	<b>-</b>	<b>0</b>	<b>18.65</b>	<b>400</b>

For further information see note 21 for temporary differences.

### Note 12 Capital expenditures for development and similar work Group

	31 December 2020	31 December 2019
Opening cost	143,404	120,809
Acquired cost	37,373	4,808
Purchases	229,830	5,640
Reclassification	-	2,048
Sales/disposals	-1171	-
Translation difference	-4,518	875
<b>Closing accumulated cost</b>	<b>404,918</b>	<b>134,180</b>
Opening depreciation	-113,240	-88,388
Sales/disposals	17	-247
Depreciation/amortisation for the year	-37,719	-15,072
Translation difference	2,603	-309
<b>Closing accumulated depreciation</b>	<b>-148,339</b>	<b>-104,016</b>
<b>Closing carrying amount</b>	<b>256,579</b>	<b>30,164</b>

**Note 13 Concessions, rights, licences, brands  
Group**

	31 December 2020	31 December 2019
Opening cost	160,661	147,766
Acquisition value	22,467	15
Purchases	5,459	12,997
Reclassification	-	-542
Translation difference	-5,264	426
<b>Closing accumulated cost</b>	<b>183,323</b>	<b>160,661</b>
Opening depreciation	-85,146	-57,600
Reclassifications	-	302
Depreciation/amortisation for the year	-26,089	-27,666
Translation difference	5,040	-183
<b>Closing accumulated depreciation</b>	<b>-106,195</b>	<b>-85,146</b>
<b>Closing carrying amount</b>	<b>77,128</b>	<b>75,515</b>

**Note 14 Rental rights and similar rights  
Group**

	31 December 2020	31 December 2019
Opening cost	3,284	1,611
Acquisition value	256	-
Purchases	917	1,574
Reclassification	80	99
Translation difference	-99	-1
<b>Closing accumulated cost</b>	<b>4,438</b>	<b>3,284</b>
Opening depreciation	-1,362	-649
Reclassifications	-130	-34
Depreciation/amortisation for the year	-2,050	-681
Translation difference	75	1
<b>Closing accumulated depreciation</b>	<b>-3,467</b>	<b>-1,362</b>
<b>Closing carrying amount</b>	<b>971</b>	<b>1,921</b>

**Note 15 Goodwill  
Group**

	31 December 2020	31 December 2019
Opening cost	276,332	235,164
Acquisition value	160,871	-
Purchases	-	40,988
Sales/disposals	-8,018	-
Translation difference	-8,028	181
<b>Closing accumulated cost</b>	<b>421,157</b>	<b>276,332</b>
Opening depreciation	-115,927	-93,779
Depreciation/amortisation for the year	-35,412	-21,925
Sales/disposals	2,406	-
Translation difference	3,181	-223
<b>Closing accumulated depreciation</b>	<b>-145,752</b>	<b>-115,927</b>
<b>Closing carrying amount</b>	<b>275,405</b>	<b>160,405</b>

**Note 16 Advances relating to intangible non-current assets  
Group**

	31 December 2020	31 December 2019
Opening acquisition value	2,062	1,247
Purchases	23,036	2,780
Reclassification to tangible assets	-2,721	-1,965
<b>Closing carrying amount</b>	<b>22,377</b>	<b>2,062</b>

**Note 17 Inventories, tools and installations  
Group**

	31 December 2020	31 December 2019
Opening cost	34,751	28,297
Acquisition value	1,392	307
Purchases	13,076	6,743
Sales/disposals	-3,775	-517
Reclassifications	5,445	-
Translation difference	-1,150	-79
<b>Closing accumulated cost</b>	<b>49,739</b>	<b>34,751</b>
Opening depreciation	-25,020	-23,310
Acquired depreciation	-3,517	-75
Sales/disposals	3,771	324
Depreciation/amortisation for the year	-4,199	-2,000
Translation difference	218	-34
<b>Closing accumulated depreciation</b>	<b>-25,230</b>	<b>-25,020</b>
<b>Closing carrying amount</b>	<b>24,509</b>	<b>9,732</b>

**Note 18 Construction in progress and advances relating to tangible non-current assets  
Group**

	31 December 2020	31 December 2019
Opening cost	5,576	46
Purchases	-	6,698
Sales/disposals	-5,445	-1,167
<b>Closing accumulated cost</b>	<b>131</b>	<b>5,576</b>

**Note 19 Participations in associates  
Group**

	31 December 2020	31 December 2019
Opening cost	2,273	2,194
Share of profit for the year	424	79
Reclassification	10	-
<b>Closing accumulated acquisition value</b>	<b>2,707</b>	<b>2,273</b>
<b>Closing carrying amount</b>	<b>2,707</b>	<b>2,273</b>

**Specification of participations in associates  
Group**

Name	Capital share	Voting share	Book value
Storytel AS	50%	50%	-
Bokinfo Norden HB	25%	25%	2,707
Helsinki Literary Agency	25%	25%	-
			2,707
	Org.nr	Säte	
Storytel AS	913211421	Oslo	
Bokinfo Norden HB	969698-9996	Stockholm	
Helsinki Literary Agency	2803858-8	Helsinki	

Storytel AS is reported in accordance with the Proportional Method since the company owns 50%.

**Note 20 Other long-term securities  
Group**

	31 December 2020	31 December 2019
Opening cost	10	931
Acquisitions	-	10
Sales/disposals		
Reclassifications	-10	-931
<b>Closing accumulated acquisition value</b>	<b>0</b>	<b>10</b>

**Note 21 Deferred tax on temporary differences  
Group**

**Deferred tax on temporary differences  
31 December 2020**

Temporary differences		Deferred tax asset	Deferred tax liability	Net
Deductible temporary differences 1)		2,321		2,321
Tax-related loss carryforwards		158,866		158,866
Taxable temporary differences 2)		-1,528	-21,384	-22,912
Omräkningsdifferens		-558		-558
		<b>159,101</b>	<b>-21,384</b>	<b>137,717</b>

**31 December 2019**

Temporary differences		Deferred tax asset	Deferred tax liability	Net
Deductible temporary differences 1)		4,831	-	4,831
Tax-related loss carryforwards		120,990	-	120,990
Taxable temporary differences 2)		0	-20,166	-20,166
		<b>125,821</b>	<b>-20,166</b>	<b>105,655</b>

1) Deferred tax on deductible temporary differences refers to the acquisition of Mofibo and restatement of internal profit.

2) Deferred tax on taxable temporary differences refers to excess value from acquisitions.

**Note 22 Other non-current receivables  
Group**

	31 December 2020	31 December 2019
Opening cost	1,203	6,595
Acquisition value	-	-
Additional receivables	1,531	170
Outgoing receivables	-	-5,575
Translation difference	-67	12
<b>Closing accumulated acquisition value</b>	<b>2,667</b>	<b>1,203</b>

**Note 23 Prepaid expenses and accrued income  
Group**

	31 December 2020	31 December 2019
Prepaid royalties	188,391	127,546
Accrued income	51,015	10,640
Prepaid leasing	58,659	44,003
Other prepaid expenses	<b>298,065</b>	<b>182,189</b>

**Parent company**

	31 December 2020	31 December 2019
Other prepaid expenses	251	268
	<b>251</b>	<b>268</b>

**Note 24 Bank overdraft facility  
Group**

	31 December 2020	31 December 2019
An overdraft facility has been sanctioned in the amount of	500,000	300,000
Unused credit amounts to	0	203,798

Amortisations have been made of all liabilities to credit institutions. The company has changed to a so called revolving credit facility of MSEK 500. This credit has a term of three years from October 2019. See note 24.

**Note 25 Deferred tax liability  
Group**

	31 December 2020	31 December 2019
Amount at beginning of year	20,166	24,686
Change in deferred tax, acquisitions	-	3 335
Change in deferred tax, untaxed reserves, acquisitions	-	-
Change in deferred tax, untaxed reserves, income statement	-	208
Change in deferred tax, consolidated surplus values and income statement	1,217	-8,753
Translation differences	-	691
<b>Amount at year-end</b>	<b>21,383</b>	<b>20,166</b>

**Note 26 Other provisions  
Group**

Other provisions consist primarily of sales return reserve and earn-outs for business acquisitions.

	31 December 2020	31 December 2019
Amount at the beginning of the year	42,070	36,962
Revaluation of earnouts att ributable to company acquisitions	-	5,637
Förvärvade anskaffningsvärden	8,920	-
Reclassification, sales return reserve	-	-2,360
Provision for the period	20,702	24,340
Utilisation during the year	-19,750	-19,508
Reversal of unused amounts for the period	-7,506	-3,074
Translation differences	-106	72
	<b>44,330</b>	<b>42,070</b>

**Note 27 Non-current liabilities  
Group**

	31 December 2020	31 December 2019
<b>Due within one year</b>		
Liabilities to credit institutions	2,116	203,798
	<b>2,116</b>	<b>203,798</b>

**Due after one year but within five years of the closing day**

Liabilities to credit institutions	-	196,134
	<b>0</b>	<b>196,134</b>

**Due later than five years from the closing day**

Liabilities to credit institutions	-	-
	<b>0</b>	<b>0</b>

**Parent Company**

	31 December 2020	31 December 2010
<b>Due within one year</b>		
Liabilities to credit institutions	-	203,798
	<b>0</b>	<b>203,798</b>

**Due after one year but within five years of the closing day**

Liabilities to credit institutions	-	196,134
	<b>0</b>	<b>196,134</b>

**Due later than five years from the closing day**

Liabilities to credit institutions	-	-
	<b>0</b>	<b>0</b>

Amortisations have been made of all liabilities to credit institutions. The company has changed to a so called revolving credit facility of MSEK 500. This credit has a term of three years from October 2019. See note 24.

**Note 28 Pledged assets and contingent liabilities  
Group**

	31 December 2020	31 December 2019
<b>For liabilities to credit institutions:</b>		
Floating charges	87,900	126,827
Collateral in subsidiary shares	163,002	180,098
	<b>250,902</b>	<b>306,925</b>
<b>For other non-current liabilities</b>		
Blocked bank funds	30,000	20,000
Bank guarantee	100	107
	<b>30,100</b>	<b>20,107</b>
<b>Contingent liabilities</b>		
Pension obligations	3,032	2,998
Partnership liability	4,619	3,607
	<b>7,651</b>	<b>6,605</b>
<b>Parent company</b>		
<b>For liabilities to credit institutions:</b>		
Floating charges	3,425	3,425
Collateral in subsidiary shares	226,498	226,498
	<b>229,923</b>	<b>229,923</b>

**Note 29 Accrued expenses and deferred income  
Group**

	31 December 2020	31 December 2019
Deferred income	67,646	56,260
Accrued holiday pay	6,216	-
Upplupna semesterlöner	26,383	21,597
Accrued social security contributions	14,607	9,602
Accrued royalties	254,058	222,460
Other accrued expenses	42,910	18,158
	<b>411,820</b>	<b>328,077</b>
<b>Parent company</b>		
Accrued holiday pay	609	742
Other accrued expenses	2,186	1,722
	<b>2,795</b>	<b>2,464</b>

**Note 30 Adjustments for non-cash items  
Group**

	31 December 2020	31 December 2019
Depreciation and amortisation	106,946	67,345
Provisions	2,366	3,217
Profit from participations in associates	-424	-79
Capital gains	3,095	1,407
Exchange rate effects and other non-cash items	-664	2,343
	<b>111,319</b>	<b>74,233</b>
<b>Parent company</b>		
Impairment	-	21,506
	<b>0</b>	<b>21,506</b>

**Note 31 Business acquisitions and group restructuring  
Group**

**2020**

Kitab Sawti AB and its two subsidiaries Kitab Sawti Mena FC LCC and Kitab Sawti LLC were acquired in July. The consideration consisted of Storytel shares and a cash payment.

In August, 80% of the shares in Earselect AB were acquired. The consideration consisted of Storytel shares and a cash payment.

The contracts referring to the acquisition of 80% of the shares in Earselect include call and put options for holdings without a controlling interest. Since the conditions for the options are assessed to entail that all economic benefits and disadvantages will flow to Storytel already at the date of acquisition, no holdings without a controlling interest are reported. However, a liability corresponding to the fair value of the future strike price for the remaining shares is reported. If the assessment of the value of the liability changes before settlement, these effects will be reported in the income statement.

iCast Ltd was acquired in October. The consideration consisted of Storytel shares and a cash payment. Brombergs Förlag AB was also acquired in October.

Two new companies were started during the year: Storytel Germany Audio GmbH and Godcup 20277 AB (under name change to Storytel Books AB).

In December, the subsidiaries Storytel NL BV, Storytel AS and Storytel A/S were sold internally at their carrying amount by Storytel AG to Storytel Sweden AB. Kontentan AB was also sold during the year for liquidation under third-party management, and Ztorylabs S.L was liquidated.

**2019**

In January 2019, Ztorylabs AB was acquired a subscription service for primarily magazines and weekly newspapers. In October 2019, Finland's third-largest imprint Gummerus Kustannus Oy was acquired. The consideration consisted of both Storytel shares and a cash payment.

During the year, Earbooks AB merged with Storystory AB, and Printz Publishing AB merged with Norstedts Förlagsgrupp AB. Kartcentrum, Böckernas Klubb med Journalen BKJ AB and Gammafon Barnmedia AB were liquidated in 2019. Omega Film AB was sold for liquidation under third-party management. Mofibo Sweden AB changed its name during the year to Storytel Production AB.

**Note 32 Cash and cash equivalents  
Group**

	31 December 2020	31 December 2018
<b>Cash and cash equivalents</b>		
Bank balance	426,219	365,900
	<b>426,219</b>	<b>365,900</b>

Of the Group's bank balance, TSEK 20,000 (TSEK 20,000) is held in escrow.

**Parent company**

	31 December 2020	31 December 2019
<b>Cash and cash equivalents</b>		
Bank balance	82,302	140,745
	<b>82,302</b>	<b>140,745</b>

Of the Parent Company's bank balance, TSEK 30,000 (TSEK 20,000) is held in escrow.

**Note 33 Purchases and sales between Group companies and other related parties**

**Parent company**

For sales and purchases between Group companies, the same pricing principles apply as regards transactions with external parties. The Storytel Group's other related parties consist primarily of senior executives. All transactions with these counterparties also occurred at market terms.

Purchases from group companies amounts to 0 % (0 %) of total expenses, and sales to group companies amounts to 100 % (100 %) of total sales.

Information on personnel costs can be found in Note 6, Employees and personnel costs.

**Note 34 Participations in Group companies**  
Parent company

	31 December 2020	31 December 2019
Opening cost	1,524,477	1,030,260
Purchases	50	52,605
Sales/disposals	-	-116
Shareholder contributions	556,275	440,000
Employee stock option program	10,559	1,727
Closing accumulated cost	<b>2,091,360</b>	<b>1,524,477</b>
Opening balance, impairment	-21,543	-37
Impairment for the year	-	-21,506
Closing accumulated impairment	<b>-21,543</b>	<b>-21,543</b>
<b>Closing carrying amount</b>	<b>2,069,817</b>	<b>1,502,934</b>

**Note 35 Specification of participations in Group companies**  
Parent company

Name	Capital share	Voting share	Book value
Storytel AG	100%	100%	1,785,078
Storytel Publishing AB	100%	100%	5,586
Norstedts Förlagsgrupp AB	100%	100%	142,982
People's Press A/S	100%	100%	83,516
Gummerus Kustannus OY	100%	100%	52,605
Goldcup 20277AB (uät Storytel Books AB)	100%	100%	50
			<b>2,069,817</b>

	CIN	Domicile
Storytel AG	2803008746-7	Schweiz
Storytel Publishing AB	556676-0046	Stockholm
Norstedts Förlagsgrupp AB	556045-0297	Stockholm
People's Press A/S	26608694	Danmark
Gummerus Kustannus OY	0882813-9	Finland
Goldcup 20277AB (uät Storytel Books AB)	559286-0240	Stockholm

**Note 36 Indirect owned subsidiaries**  
Parent company

Name and domicile	Capital share	CIN
Storytel Sweden AB, Stockholm	100%	556696-2865
Storytel Danmark AS, Denmark	100%	35207600
Storytel NL BV, Netherlands	100%	58216111
Storytel Publishing NL B.V, Netherlands	100%	62057707
Storyside AB, Stockholm	100%	556630-2906
Mofibo Books ApS, Denmark	100%	35228691
Storytel Production AB, Stockholm	100%	556977-0166
Storytel GmbH, Austria	100%	439493p
Storytel SP z.o.o., Poland	100%	362739911
Storytel Oy, Finland	100%	27922507
Storytel LLC, Russia	100%	114784713702
Norstedts Kartor AB, Stockholm	100%	556532-7540
Barnens Bokklubb AB, Stockholm	100%	556103-0445
Storytel Bulgaria EOOD, Bulgaria	100%	202130119
Storytel Iceland EHF, Iceland	100%	570504-3040
Storytel Turkey Yayincilik Hizmetleri A.S., Turkey	100%	35728/5
Storytel Arabia FZ LLC, United Arab Emirates	100%	
Storyside India LLP, India	100%	AAH-6929
Storytel Italy S.r.l, Italy	100%	10127220969
Storytel S.L, Spain	100%	B66996729
Storytel Servicios S. de R.L. de C.V, Mexico	100%	53023, SSEI805236MA
Storytel Latin America S. de R.L. de C.V, Mexico	100%	53022, SLAI80523RI3
Storytel Pte Ltd, Singapore	100%	UEN: 201842070G
Storytel Services UK Limited, England	100%	11708468
Storytel Brasil Distribuição de Audiolivros Ltda, Brazil	100%	-
Ztorylabs AB, Karlstad	100%	556928-7641
Storytel South Korea, South Korea	100%	110114-0238631
Storytel Thailand, Thailand	100%	0105562091258
Storytel Germany Audio GmbH, Tyskland	100%	HRB 221514
iCast Ltd, Israel	100%	51-374646-3
Kitab Sawti AB, Stockholm	100%	559052-8534
Kitab Sawti Mena FZ LLC UAE	100%	94673
Kitab Sawti LLC ET, Egypt	100%	144132
Earselect AB, Stockholm	80%	556920-7425

The consolidated financial statements include the results of all subsidiaries owned by Storytel AB (publ) as listed in note 35 and 36. Storytel Services UK Limited, has taken the exemption from an audit for the year ended 31 December 2020 permitted by s479A of Companies Act 2006. In order to allow this subsidiary to take the audit exemption, the parent company Storytel AB (publ) has given a statutory guarantee, in line with s479C of Companies Act 2006.

**Note 37 Number of shares and quota value**  
Parent company

Name	Number of shares	Quotavalue
Number of A shares	635	0.5
Number of B shares	62,544,400	0.5
	<b>62,545,035</b>	

**Note 38 Appropriation of profit or loss**  
Parent company

	31 December 2020
Proposed appropriation of profits	
The Board of Directors proposes that the profit available for disposition:	
accumulated deficit	-29,857
share premium reserve	2,503,297
profit/loss for the year	6,685
	<b>2,480,125</b>
<b>To be carried forward</b>	<b>2,480,125</b>

**Note 39 Significant events after the end of the financial year**  
Parent company

Following the authorisation for a new share issue from the Annual General Meeting on 06 May 2020, the company undertook a targeted share issue on 10 March 2021 using accelerated book building. 5,370,000 shares were issued a subscription rate of SEK 218 per share. This provided the company with MSEK 1,171 before issue costs. Some of the investors who subscribed to the issue were AMF Pensionsförsäkring, C WorldWide Asset Management, Handelsbanken Fonder, Skandia Fonder, Skandia Liv, Swedbank Robur and Vitruvian Partners.

In March it was communicated that Storytel will acquire a 70 % majority stake in the Swedish publishing house Lind & Co. Kristoffer Lind will stay on as a 30 percent owner and CEO of Lind & Co. The consideration consists of Storytel shares and a cash payment. The closing is expected to take place in April 2021.

The undersigned hereby confirm that the annual accounts have been prepared in accordance with the Swedish Annual Accounts Act and generally accepted accounting standards, current accounting standards have been applied, and all records provided give a true and fair view of the company's financial position.

Stockholm 1st of April 2021

Rustan Panday  
Chairman

Stefan Blom

Jonas Sjögren

Nils Janse

Malin Holmberg

Helen Fasth Gillstedt

Jonas Tellander

**Our auditor's report has been submitted 1st of April 2021**

Ernst & Young AB

Beata Lihammar  
Authorized 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 2020-01-01 – 2020-12-31 with exception to the statutory sustainability report. The annual accounts and consolidated accounts of the company are included on pages 80-127 in this document.

In our opinion, the annual accounts and consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company and the group as of 31 December 2020 and their financial performance and cash flow for the year then ended in accordance with 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 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

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises of pages 1-35 and 118 (but does not include the annual accounts, consolidated accounts and our auditor's report thereon).

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. 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 judgment 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 2020-01-01 – 2020-12-31 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 judgment 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 judgment 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 1st of April 2021  
Ernst & Young AB

Beata Lihammar  
Authorized Public Accountant



