



The Board of Directors' complete proposal in accordance with the below is adjusted compared to the proposal in the notice to the Annual General Meeting 2022, published by the Company on 4 April 2022. The revised proposal entails that the CEO, group management and key employees with additional responsibilities do not vest their allotted restricted share units until three years after grant at the earliest (from 1 June 2025). Hence, the vesting period of the LTIP 2022/2026 is not less than three years for these participant categories.

Item 12: The Board's proposed resolution on adoption of a long-term performance based incentive program for key employees (LTIP 2022/2026)

The Board of Directors in Storytel AB (publ), reg. no. 556575-2960 (the "Company"), proposes that the Annual General Meeting resolves to implement a long-term performance based incentive program for key employees and key consultants in the Company and the subsidiaries operating within the business area Streaming ("LTIP 2022/2026") in accordance with item 12a and 12b below. The Board of Directors has evaluated the Company's previous incentive programs and resolved to propose to the Annual General Meeting the introduction of a new incentive program. Unlike previous employee stock option programs, the proposed program is based on restricted share units and has been adjusted to include fewer employees, the individual compensation levels have been increased and additional performance criteria have been introduced compared with previous years. Further, this year the Board of Directors does not propose any new warrant program similar to the warrant programs introduced in 2020 and 2021, which was directed towards fewer employees, and it is instead replaced by the proposed program. Hence, the total dilution of the proposed incentive program is lower than for the programs introduced the previous two years. The proposals in accordance with 12a and 12b constitute a joint proposal and shall be resolved upon as one resolution.

In total, LTIP 2022/2026 will be offered to not more than 310 key employees and key consultants within the Storytel Group. LTIP 2022/2026 is a four year program under which the participants, without consideration, will be granted performance based restricted stock units ("restricted stock units" or "RSU") which will entitle the holder to shares in the Company in accordance with the principles set out below. As part of the implementation of LTIP 2022/2026, not more than 466,250 warrants can be issued in accordance with item 12b below.

Background and motive

The Company operates, through subsidiaries, within two business areas – Streaming and Publishing. The business area Streaming includes, in addition to Streaming, also Digital Publishing.

The purpose of the proposed program is to offer the key employees and key consultants in the group active within the business area Streaming an opportunity to take part of a value growth in the Company's share of series B, which is expected to lead to an increased commitment to the Company's operation and earnings development, and to raise the motivation and sense of belonging with the Company. Furthermore, it is expected to increase the possibility of recruiting and retaining competent personnel. The Board of Directors considers that the program may have a positive impact on the Company's continued development and that it promotes the Company's long-term value creation, to the benefit of the Company and its shareholders. The subsidiaries in the group operating within the business area Publishing currently have a different compensation structure in place.

In essence, the program entails that the CEO, group management and key employees with additional responsibilities vest restricted stock units over a four-year period with the first vesting date occurring around three years after grant with the right for the participants to acquire shares of series B in the Company by

exercising thitherto vested restricted share units (provided that the applicable performance requirements for the vesting have been met). Hence, the vesting period is not less than three years for these participant categories. Other key employees will vest restricted stock units over a four-year period with the right to acquire shares of series B in the Company after each vesting date (provided that the applicable performance requirements for the vesting have been met). The first vesting date occurs about one year after grant. Hence, the vesting period for a part of the program for this participant category is less than three years. It is the Board of Directors' assessment that such conditions are in line with market practice for incentive programs in similar companies on the markets Storytel operates and that it is thus well-motivated and appropriate that the vesting period for a certain part of the program is less than three years.

Item 12a – Resolution on adoption of a long-term performance based incentive program for key employees (LTIP 2022/2026)

The Board of Directors proposes that the annual general meeting resolves to implement LTIP 2022/2026 in accordance with the following conditions:

- The restricted stock units shall be allotted without consideration.
- Notice of participation in LTIP 2022/2026 shall be received by the Company on June 30 2022 at the latest, with a right for the Board of Directors to prolong the time limit.
- The allotted restricted stock units will be vested over a four-year period in accordance with the following (each such vesting date is below referred to as a "Vesting Date"):
 - For the categories (i), (ii) and (iii) (as defined below) 75 per cent of the restricted stock units will be vested three year after grant (around 1 June 2025) and the remaining 25 per cent will thereafter be vested four years after grant.
 - For category (iv) (as defined below) 25 per cent of the restricted stock units will be vested one year after grant (around 1 June 2023) and thereafter, 6.25 per cent will be vested every quarter.
 - Vesting is conditional upon that the participant is still active within the group as of each Vesting Date. If the participant's employment or consultancy agreement ends before the vesting date, any unvested restricted stock units are forfeited. The Board of Directors have the right to make exceptions from this if deemed favourable for the Company.
- The earliest point in time at which vested restricted share units may be exercised shall be the day falling immediately after the Vesting Date. The Board of Directors has the right to limit the number of dates for delivery of shares during the exercise period.
- Each restricted stock unit entitles the holder a right to acquire one share of series B in the Company. The number of shares that each restricted stock unit entitles right to acquire may be recalculated in the event of a bonus issue, reverse share split or share split, new issue and under some other circumstances, whereupon the recalculation terms in the complete terms and conditions for Warrants of series 2022/2026 shall apply (please refer to item 12b below).
- The restricted stock units shall not constitute securities and shall not be able to be transferred or pledged. However, in the event of a participant's death, the rights constituted by vested restricted stock units shall accrue to the beneficiaries of the holder of the restricted stock units.
- Participation in LTIP 2022/2026 requires that such participation is in accordance with applicable laws, as well as that such participation can be executed with reasonable administrative costs and financial efforts according to the Company's assessment.
- The restricted stock units can be granted by the Company as well as any other company within the same group.

LTIP 2022/2026 shall be offered to below stated categories of key employees and key consultants in the Company and the subsidiaries of the group operating within the business area Streaming as of 1 June 2022. Employees refer to full-time and part-time employees, including probationary employees but not hourly employees. A person who has entered into an employment agreement with the Company or a subsidiary of the group that operates within the business area Streaming but has not taken up his/her employment as of the mentioned date, shall not be regarded as an employee. An employee who has terminated his/her employment

or has been dismissed by the mentioned date but is still employed, shall not be regarded as an employee. Key consultants who have entered into an consulting agreement with the Company or a subsidiary of the group that operates within the business area Streaming but has not taken up his/her consulting assignment as of the mentioned date, shall not be regarded as a consultant. Key consultant who has terminated his/her consulting agreement or who's consulting agreement has been terminated by the Company or a subsidiary of the group as of the mentioned date, shall not be regarded as an employee. The Board of Directors shall have the right to allow for exceptions regarding the employment criteria, including employees employed by the Company after 1 June 2022 can be invited to participate in the LTIP 2022/2026, if deemed favourable for the Company.

The participants of LTIP 2022/2026 are divided into four categories. The restricted stock units shall be offered to the key employees/key consultants based on their respective annual fixed gross salary/consultancy fees converted to SEK, but shall not be more than:

- 80 per cent of the annual fixed gross salary/consultancy fees of each participant in category (i),
- 50 per cent of the annual fixed gross salary/consultancy fees of each participant in category (ii),
- 25 per cent of the annual fixed gross salary/consultancy fees of each participant in category (iii); and
- 10 per cent of the annual fixed gross salary/consultancy fees of each participant in category (iv).

Categories, number of restricted stock units in each category and maximum number of restricted stock units for each person is presented in the table below.

Category	Number of RSU's in each category	Maximum number of RSU's for each person
(i) CEO (1 person)	25,000	25,000
(ii) Group management (6 persons)	57,000	13,000
(iii) Key employees with additional responsibilities (53 persons)	150,000	6,000
(iv) Other key employees (250 persons)	141,000	2,500

The number of restricted stock units ultimately offered to the participants within each category is thereafter based on the degree of fulfilment of a number of performance indicators related to the Company's business during the financial year 2022. Applicable indicators for all categories are; a) Streaming revenue growth, b) Earnings before interest, tax, depreciation and amortisation (EBITDA), c) Cash flow d) Net Promoter Score. The target levels for the performance indicators are the same for all categories.

If restricted stock units within a certain category remain after all applications within the category have been satisfied, the remaining number may be allocated to participants in the same or another category, whereby the Board of Directors shall determine the allocation based on factors such as category membership, category of personnel and number applied for. However, such allocation must not result in the maximum number of restricted stock units per person within a given category as set out in the table above being exceeded. The Board of Directors of the Company decides on the final allocation.

The restricted stock units shall be governed by separate agreements with each participant. The Board of Directors shall be responsible for the preparation and management of LTIP 2022/2026 within the above-mentioned substantial guidelines. The Board of Directors has the right to, within the framework of the agreement with each participant, make the reasonable changes and adjustments of the terms and conditions of

the restricted stock units that are deemed suitable or appropriate as a result of local employment law or tax law or administrative conditions. This may mean, among other things, that continued vesting of restricted stock units may take place in some cases when otherwise would not have been the case. The Board of Directors also has the right to advance vesting of restricted stock units, in certain cases, such as in the case of a public takeover bid, certain changes in ownership of the Company, liquidation, merger and similar measures. Finally, the Board of Directors has the right to, in extraordinary cases, limit the scope of, or prematurely terminate, LTIP 2022/2026 in whole or in part.

In order to ensure the Company's obligations under item 12a and hedge the ancillary costs, the Board of Directors also proposes that the annual general meeting resolves on a directed issue of warrants, as well as an approval of transfer of warrants in accordance with item 12b below.

Item 12b – Resolution on directed issue of warrants of series 2022/2026 as well as approval of transfer of warrants

In order to enable the Company's delivery of shares under LTIP 2022/2026 as well as to hedge ancillary costs, primarily social security contributions, the Board of Directors proposes that the annual general meeting resolves on a directed issue of warrants of series 2022/2026 as well as an approval of transfer of warrants of series 2022/2026.

The Board of Directors therefore proposes that the general meeting resolves on an issue of a maximum of 466,250 warrants on the following terms:

1. With deviation from the shareholders' preferential rights, the warrants may only be subscribed for by the Company (Storytel AB (publ)).
2. The reason for the deviation from the shareholders' preferential rights is that the warrants are a part of the implementation of LTIP 2022/2026.
3. Subscription of the warrants shall be made on 31 May 2022 at the latest. The Board of Directors shall be entitled to prolong the subscription period.
4. The warrants shall be issued without consideration.
5. Each warrant entitles the holder to subscribe for one (1) new share of series B in the Company against cash payment at the share's quota value.
6. The warrants may be exercised for subscription of shares during the time period June 1, 2023 to December 31, 2026.
7. Shares issued upon exercise of the warrants confer right to dividends for the first time on the next record date for dividends which occurs after the subscription is effected.
8. The full terms and conditions for the warrants are set forth in the terms and conditions for warrants of series 2022/2026, Exhibit A, which are available at the Company and on the Company's website, (the "**Warrant Terms and Conditions**"). According to the Warrant Terms and Conditions the number of shares which each warrant confers right to subscribe for may be recalculated in the event of a bonus issue, reverse share split or share split, new issue, issue of warrants or convertibles and under some other circumstances. Further, the period for exercising the warrants may be postponed in some cases.
9. If all warrants are subscribed for and all warrants are exercised for subscription of shares, the Company's share capital will increase by SEK 233,125 (with reservation for any recalculation in accordance with the Warrant Terms and Conditions).
10. The Board of Directors, or anyone appointed by the Board of Directors, shall be authorized to make such minor formal adjustments of the resolution which may be required for registration with the Swedish Companies Registration Office (*Sw. Bolagsverket*) or, if applicable, Euroclear Sweden AB.

The Board of Directors further proposes that the annual general meeting resolves to approve that the Company may transfer warrants to the participants in LTIP 2022/2026 without consideration in connection with vesting of the restricted stock units in accordance with the terms set out in item 12a, or in another way dispose of the warrants in order to be able to secure the Company's commitments and costs in relation to LTIP 2022/2026. The Board of Directors shall not have the right to dispose of the warrants for any other purpose than to secure the Company's commitments and costs in connection with LTIP 2022/2026.

Dilution and information about other incentive programs

Per the day of this proposal there are 68,281,911 shares in the Company, where of 635 shares of series A and 68,281,276 shares of series B. Share of series A entitles to ten votes and share of series B entitles to one vote.

If all warrants issued within LTIP 2022/2026 (including those for hedge of ancillary costs in the form of social security contributions) are exercised for subscription of shares of series B, the number of shares of series B and votes in the Company will increase with 466,250 (with reservation for any recalculation in accordance with the Warrant Terms and Conditions), which corresponds to a dilution of approximately 0.68 per cent of the number of shares and votes in the Company.

The Company currently has six ongoing share-based incentive programs – Employee Stock Option Program 2019/2022, Employee Stock Option Program 2020/2023, Warrant Program 2020/2023, Warrant Program 2020/2024:1, Employee Stock Option Program 2021/2024 and Warrant Program 2021/2024. For further information about these programs, reference is made to the Company's annual report for the financial year 2020, note 6, which is available on the Company's website.

If (i) all outstanding warrants issued in or in connection to outstanding incentive programs are exercised for subscription of shares of series B, (ii) the general meeting resolves on the implementation of LTIP 2022/2026 in accordance with the proposals, and (iii) all warrants that can be issued in or in connection to LTIP 2022/2026 are exercised for subscription of shares of series B, the number of shares of series B and votes in the Company will increase with 3,720,470 (with reservation for any recalculation in accordance with the respective program's terms and conditions), which corresponds to a total dilution of approximately 5.13 per cent of the number of shares and votes in the Company. In the calculation, no adjustment has been made for the employee turnover that has taken place during the term of the outstanding programs. The actual dilution will thus probably be somewhat lower.

The dilution effect has been calculated as the number of additional shares and votes in relation to the number of existing shares and votes plus the number of additional shares and votes.

Preliminary valuation, costs and effects on key figures

Based on (i) the assumption that 100 per cent of the options in LTIP 2022/2026 will be allotted, (ii) an assumed annual employee turnover rate of 5 per cent, meaning that 303,811 restricted stock units may vest, the estimated accounting costs for the options amounts to approximately a total of MSEK 27.2 during the time period 2022-2026, based on the actual value of the options at the time of calculation. The options do not have a market value since they are not transferable. However, KPMG has, as an independent valuation institute, calculated a theoretical value of the options in accordance with the Black & Scholes formula. Based on an assumed share price of SEK 90, an assumed exercise price of SEK 0.5, a term of 4 years, a risk-free interest rate of 0.97 per cent, an assumed volatility of 40 per cent and an assumed dividend of SEK 0, the value has been calculated to approximately SEK 89.52 per option. Limitations in the disposal rights have not been taken into consideration in the valuation.

The Board of Directors assesses that LTIP 2022/2026 will entail costs partly in the form of accounting salary costs and partly in the form of social security contributions.

Upon a positive development of the share price, LTIP 2022/2026 will entail costs in the form of social security contributions. The total costs for social security contributions will depend on the number of restricted stock units that will be vested and on the value of the benefit that the participant ultimately will receive, i.e. on the value of the restricted stock units when vested, but also in which countries the participants are resident and what rates that apply for social security contributions in these countries. Based on the assumption that 81 per cent of the restricted stock units in LTIP 2022/2026 will be vested, an assumed share price of SEK 126 when the options are vested, an assumed distribution between different countries and an assumed average rate for social security contributions of approximately 25 per cent, the total costs for social security contributions will amount to approximately MSEK 9.6. Based on the same assumptions as above but with an assumed share

price of SEK 146 when the options are vested instead of SEK 126, the total cost for social security contributions will amount to approximately MSEK 11.1.

The Company's entire costs for social security contributions are proposed to be hedged through a directed issue of warrants in accordance with item 12b above.

The total cost for LTIP 2022/2026 will be distributed over the years 2022-2026 and be expensed over the vesting period.

Given the above assumptions, including an assumed share price of SEK 126 and SEK 146 respectively at the time of vesting of the restricted stock units, and that the program had been introduced in 2020 instead, it is calculated that the key figure earnings per share for full year 2021 would have decreased from SEK -1.97 to SEK -2.10 and SEK -2.11 respectively.

It shall be noted that all calculations above are preliminary, based on assumptions and are only intended to provide an illustration of what costs LTIP 2022/2026 may entail. Actual costs may therefore deviate from what has been stated above.

Preparation of the proposal

The proposal for resolution on the implementation of Restricted Stock Unit Program 2022/2026 and the proposals for resolutions according to items 12a and 12b above, have been prepared by the Board of Directors together with external advisors. Other than the staff members who prepared the matter as instructed by the Board of Directors, no employee who might be covered by the programme participated in the drafting of the terms and conditions.

Majority requirements

The proposals in accordance with 12a and 12b constitute a joint proposal and shall be resolved upon as one resolution. Resolution in accordance with item 12 requires that the proposal is supported by shareholders with at least nine-tenth of both the votes cast and the shares represented at the meeting.

Stockholm in April 2022
Storytel (publ)
The Board of Directors