



The English text is an unofficial translation. In case of any discrepancies between the Swedish text and the English translation, the Swedish text shall prevail.

ITEM 14 - PROPOSAL FOR RESOLUTION ON EMPLOYEE STOCK OPTION PROGRAM

Background and motive

Storytel AB (publ), reg. no. 556575-2960 (the “**Company**”), operates, through subsidiaries, within two business areas – Streaming and Print Publishing. The business area Streaming includes, in addition to Streaming, also Digital Publishing.

The Board of Directors of the Company proposes that the annual general meeting of 4 May 2021, resolves to implement an employee stock option program for employees and key consultants in the Company and the subsidiaries operating within the business area Streaming (“**Employee Stock Option Program 2021/2024**”) in accordance with Section A below. The proposed program has the same overall structure as the employee stock option programs resolved on at the annual general meetings in 2019 and 2020, but has, after consideration, been supplemented with a performance condition related to the annual and the compound annual revenue growth rate within the business area Streaming during the financial years 2021-2023.

The purpose of the proposed program is to offer the 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. Through the new performance condition, the outcome of the program is partly linked to the grade of fulfilment of one of the Company’s communicated long-term goals, i.e. the outcome is not only depending on continued employment/assignment and the share price development. 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 Print Publishing currently have a different compensation structure in place.

In order to hedge the Company’s obligations under the Employee Stock Option Program 2021/2024 and hedge the ancillary costs, the Board of Directors also proposes that the general meeting resolves on a directed issue of warrants, as well as an approval of transfer of warrants in accordance with Section B below.

A. The Board of Directors’ proposal for implementation of Employee Stock Option Program 2021/2024

The Board of Directors proposes that the annual general meeting resolves to implement Employee Stock Option Program 2021/2024 in accordance with the following substantial guidelines:

1. Employee Stock Option Program 2021/2024 shall consist of a maximum of 630,000 stock options.
2. Each stock option confers the holder a right to acquire one share of series B in the Company against an exercise price corresponding to 120 per cent of the volume weighted average price for the Company’s share of series B on Nasdaq First North Growth Market during the period from 17 May 2021 up to and including 28 May 2021. The calculated exercise price shall be rounded off to nearest even hundredth of a krona, whereupon 0.005 krona will be rounded up. The exercise price and number of shares that each stock option confers 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 2021/2024:1

shall apply (please refer to Section B below).

3. Employee Stock Option Program 2021/2024 shall be offered to (i) all employees who are employed by the Company and the subsidiaries of the group operating within the business area Streaming as of 1 June 2021, and (ii) the key consultants that (personally or through companies) work in the mentioned companies as of the mentioned date and who are appointed by the Board of Directors based on their importance for the group. Employees refers 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. The Company's CEO shall be offered to participate in the program in the same way as other employees. The number of employees and key consultants that the program shall be offered to is estimated to a maximum 720.

The stock options shall be offered to the employees/key consultants proportionally in relation to their respective annual fixed gross salary/consultancy fees converted to SEK.

Notwithstanding what a calculation as above results in, no employee or key consultant shall be offered more than 7,000 stock options.

4. Notice of participation in Employee Stock Option Program 2021/2024 shall be received by the Company on 11 June 2021 at the latest, with a right for the Board of Directors to prolong the time limit. Allotment of stock options to participants shall take place as soon as possible after the expiration of the notification period.
5. The stock options shall be allotted without consideration.
6. The allotted stock options will be vested over a three-year period in accordance with the following:
 - (a) 1/3 of the allotted stock options, or a proportion thereof, will be vested on 1 June 2022, provided that the participant is still active within the group as of the mentioned date and that the annual revenue growth rate for the business area Steaming (the "**annual revenue growth rate**") for the financial year 2021 reaches or exceeds 25 per cent. If the annual revenue growth rate reaches 25 per cent (threshold level) 50 per cent of the mentioned stock options will be vested, if it reaches 30 per cent (medium level) 80 per cent of the mentioned stock options will be vested and if it reaches or exceeds 35 per cent (maximum level) 100 per cent of the mentioned stock options will be vested. In between the threshold level and the medium level and the medium level and the maximum level, respectively, the number of stock options that vest increases linearly;
 - (b) 1/3 of the allotted stock options, or a proportion thereof, will be vested on 1 June 2023, provided that the participant is still active within the group as of the mentioned date and that the annual revenue growth rate for the financial year 2022 reaches or exceeds 25 per cent. As regards threshold level, medium level and maximum level, and the level of vesting at each level and between levels, respectively, what is stated under (a) shall apply; and
 - (c) 1/3 of the allotted stock options, or a proportion thereof, will be vested on 1 June 2024, provided that the participant is still active within the group as of the mentioned date and that the annual revenue growth rate for the financial year 2023 reaches or exceeds 25 per cent. As regards threshold level, medium level and maximum level, and the level of vesting at each level and between levels, respectively, what is stated under (a) shall apply.

The annual revenue growth rate for the business area Streaming for a certain financial year shall mean the reported exchange rate adjusted revenue growth rate for the business area Streaming for

that financial year compared with the previous financial year. All revenue growth, i.e. both organic growth and growth through mergers and acquisitions, shall be included in the calculation.

If a participant ceases to be an employee or a consultant before a vesting date, the already vested stock options may be exercised at the ordinary time for exercise as described below, but further vesting will not take place, unless otherwise stated in the next paragraph. If the employee's employment ceases due to dismissal from the employer's side or if the consultancy agreement is terminated due to corresponding reasons, however, also vested options will lapse, unless the Board of Directors decides otherwise on a case-by-case basis.

If full vesting of stock options does not take place on 1 June 2022, 1 June 2023 or 1 June 2024 according to above, additional stock options may be vested at the end of the program, i.e. on 1 June 2024, provided that the reported exchange rate adjusted compound annual revenue growth rate for the business area Streaming during the financial years 2021-2023 (the "**compound annual revenue growth rate**") reaches or exceeds 25 per cent. To calculate if, and how many, additional stock options that will vest, it shall first be calculated how many of the participant's stock options that would have been vested if the calculation was made in accordance with the below principles, thereafter a deduction shall be made for the number of stock options that the participant has already vested.

If the compound annual revenue growth rate reaches or exceeds 25 per cent (threshold level) all allotted stock options, or a proportion thereof, will be vested. How many stock options that will be vested depends on the compound annual revenue growth rate reached and at how many vesting occasions the participant has still been active within the group. If the compound annual revenue growth rate reaches 25 per cent (threshold level) 50 per cent of 1/3, 2/3 or 3/3 of all allotted stock options will be vested, if it reaches 30 per cent (medium level) 80 per cent of 1/3, 2/3 or 3/3 of all allotted stock options will be vested and if it reaches 35 per cent (maximum level) 100 per cent of 1/3, 2/3 or 3/3 of all allotted stock options will be vested. In between the levels, i.e. between the threshold level and the medium level and the medium level and the maximum level, respectively, the number of stock options that vest increases linearly.

7. The holder can exercise vested stock options during the period from 1 June 2024 up to and including 15 December 2024. The Board of Directors has the right to limit the number of dates for delivery of shares during the exercise period.
8. The stock options 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 stock options shall accrue to the beneficiaries of the holder of the stock options.
9. Participation in Employee Stock Option Program 2021/2024 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.
10. The stock options shall be governed by separate agreements with each participant. The Board of Directors shall be responsible for the preparation and management of Employee Stock Option Program 2021/2024 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 stock options 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 stock options 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 and the timing of exercise of stock options, as well as to adjust or waive the performance condition, 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, Employee Stock Option Program 2021/2024 in whole or in part.

B. The Board of Directors' proposal for resolution on directed issue of warrants of series 2021/2024:1 as well as approval of transfer of warrants

In order to enable the Company's delivery of shares under Employee Stock Option Program 2021/2024 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 2021/2024:1 as well as an approval of transfer of warrants of series 2021/2024:1.

The Board of Directors therefore proposes that the general meeting resolves on an issue of a maximum of 787,500 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 Employee Stock Option Program 2021/2024.
3. Subscription of the warrants shall be made on 31 May 2021 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 new share of series B in the Company against cash payment at a subscription price corresponding to 120 per cent of the volume weighted average price for the Company's share of series B on Nasdaq First North Growth Market during the period from 17 May 2021 up to and including 28 May 2021. The calculated subscription price shall be rounded off to nearest even hundredth of a krona, whereupon 0.005 krona will be rounded up. Upon subscription of shares, the part of the subscription price that exceeds the quotient value at the time of the then outstanding shares, shall be allocated to the non-restricted share premium fund.
6. The warrants may be exercised for subscription of shares during the time period from the registration of the warrants with the Swedish Companies Registration Office (*Sw.* Bolagsverket) up to and including 31 December 2024.
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 enclosed terms and conditions for warrants 2021/2024:1; Exhibit A, (the "**Warrant Terms and Conditions**"). According to the Warrant Terms and Conditions the subscription price and 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 393,750 (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 Employee Stock Option Program 2021/2024 without consideration in connection with exercise of the stock options in accordance with the terms set out in Section A, or in another way dispose of the warrants in order to be able to secure the Company's commitments and costs in relation to Employee Stock Option Program 2021/2024. 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 Employee Stock Option Program 2021/2024.

Dilution and information about other incentive programs

Per the day of this proposal there are 67,915,035 shares in the Company, whereof 635 shares of series A and 67,914,400 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 Employee Stock Option Program 2021/2024 (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 787,500 (with reservation for any recalculation in accordance with the Warrant Terms and Conditions), which corresponds to a dilution of approximately 1.15 per cent of the number of shares and votes in the Company.

The Company currently has four ongoing share-based incentive programs – Employee Stock Option Program 2019/2022, Employee Stock Option Program 2020/2023, Warrant Program 2020/2023 and Warrant Program 2020/2024. 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.

Besides Employee Stock Option Program 2021/2024, the Board of Directors proposes that the annual general meeting shall resolve to implement a warrant program for the executive management and key individuals ("**Warrant program 2021/2024**") (see separate proposal).

If (i) all outstanding warrants issued in or in connection to Employee Stock Option Program 2019/2022, Employee Stock Option Program 2020/2023, Warrant Program 2020/2023 and Warrant Program 2020/2024 are exercised for subscription of shares of series B, (ii) the general meeting resolves on the implementation of Employee Stock Option Program 2021/2024 and Warrant Program 2021/2024 in accordance with the proposals, and (iii) all warrants that can be issued in or in connection to Employee Stock Option Program 2021/2024 and Warrant Program 2021/2024 are exercised for subscription of shares of series B, the number of shares of series B and votes in the Company will increase with 3,254,220 (with reservation for any recalculation in accordance with the respective program's terms and conditions), which corresponds to a total dilution of approximately 4.57 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 a bit lower.

The dilution effects have 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

The Board of Directors assesses that Employee Stock Option Program 2021/2024 will entail costs partly in the form of accounting salary costs and partly in the form of social security contributions.

Based on (i) the assumption that 100 per cent of the options in Employee Stock Option Program 2021/2024 will be allotted, (ii) an assumed annual employee turnover rate of 5 per cent, meaning that 540,146 stock options may vest and (iii) the assumption that the annual revenue growth rate for each one of the financial years 2021, 2022 and 2023, or the compound annual revenue growth rate during the financial years 2021-2023, will reach or exceed 35 per cent, meaning that full vesting take place, the estimated accounting costs for the options amounts to approximately a total of MSEK 26.1 during the time period 2021-2024, 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, Öhrlings PricewaterhouseCoopers AB 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 238.50, an assumed exercise price of SEK 286.20, a term of 3.23 years, a risk-free interest rate of -0.18 per cent, an assumed volatility of 38 per cent and an assumed dividend of SEK 0, the value has been calculated to approximately SEK 48.23 per option. Limitations in the disposal rights have not been taken into consideration in the valuation.

Upon a positive development of the share price, Employee Stock Option Program 2021/2024 will entail costs in the form of social security contributions. The total costs for social security contributions will depend on the number of options that will be vested and exercised and on the value of the benefit that the participant ultimately will receive, i.e. on the value of the options when exercised in 2024, 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 540,146 of the options in Employee Stock Option Program 2021/2024 will be vested, that all vested options are exercised, an assumed share price of SEK 358.00 when the options are exercised, 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 9.7. Based on the same assumptions as above but with an assumed share price of SEK 477.00 when the options are exercised instead of SEK 358.00, the total cost for social security contributions will amount to approximately MSEK 25.8.

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

The total cost for Employee Stock Option Program 2021/2024 will be distributed over the years 2021-2024. Since 1/3 of the options may vest per year, the cost will be distributed more towards the front of the three-year term.

Given the above assumptions, including an assumed share price of SEK 358.00 and SEK 477.00 respectively at the time of exercise of the options, and that the program had been introduced in 2019 instead, it is calculated that the key figure earnings per share for full year 2020 would have decreased from SEK -1.05 to SEK -1.33 and SEK -1.41 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 Employee Stock Option Program 2021/2024 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 Employee Stock Option Program 2021/2024 and the proposals for resolutions according to Sections A and B above, have been prepared by the Board of Directors together with external advisors. It is noted that the CEO, who is also a member of the Board of Directors, has not participated in the Board of Directors' preparation of the proposal, as he, as an employee, is comprised by the proposal.

Majority requirements

The Board of Directors' proposal to implement Employee Stock Option Program 2021/2024 and the proposals for resolutions according to Sections A and B above, constitutes an overall proposal, which shall be resolved upon as one resolution. The resolution regarding issue of warrants and approval of transfer of warrants is subject to the provisions in Chapter 16 of the Swedish Companies Act, and a valid resolution hence 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 2021

The Board of Directors of Storytel AB (publ)

