



*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 15 – PROPOSAL FOR RESOLUTION ON A WARRANT BASED INCENTIVE PROGRAM FOR EXECUTIVE MANAGEMENT AND KEY INDIVIDUALS**

### **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 a warrant based incentive program for executive management and key individuals in the Company and the subsidiaries operating within the business area Streaming and certain key individuals in the subsidiaries operating within the business area Print Publishing (**”Warrant Program 2021/2024”**) by (A) resolution on an issue of warrants of series 2021/2024:2 to the Company’s wholly-owned subsidiary Storytel Sweden AB (the **”Subsidiary”**), and (B) resolution on approval of transfer of warrants of series 2021/2024:2 from the Subsidiary to executive management and key individuals in accordance with Section B below.

The purpose of the proposed program and the reason for the deviation from the shareholders’ preferential rights, is to offer executive management and key individuals to, through an investment in warrants, get a possibility/an increased possibility to take part in a value growth in the Company’s share of series B, which is expected to further increase the commitment to the Company’s operation and earnings development and to further raise the motivation and sense of belonging with the Company. 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.

### **A. The Board of Directors’ proposal for resolution on a directed issue of warrants of series 2021/2024:2**

The Board of Directors of the Company proposes that the annual general meeting resolves to issue a maximum of 520,000 warrants of series 2021/2024:2 on the following terms and conditions.

1. With deviation from the shareholders’ preferential rights, the warrants may only be subscribed for by the Subsidiary, with right and obligation for the Subsidiary to transfer the warrants to executive management and key individuals in the Company and subsidiaries within the group in accordance with what is stated under Section B below. The Subsidiary shall not have the right to dispose of the warrants in any other way than as stated in the proposal under Section B below.
2. The reason for the deviation from the shareholders’ preferential rights is that the warrants shall be used within the framework of Warrant Program 2021/2024.
3. The warrants shall be issued at a price equal to the warrant’s fair market value the day before the time of subscription. The calculation of the warrant’s market value shall be performed by Öhrlings PricewaterhouseCoopers AB, as an independent valuation institute, applying the Black & Scholes formula.
4. Subscription of the warrants shall be made on 31 October 2021 at the latest. Subscription may take place on one or more occasions.
5. Payment for warrants subscribed for shall be made on 31 October 2021 at the latest.

6. 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 165 percent of the volume weighted average price for the Company's share of series B on Nasdaq First North Premier 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 that time of the then outstanding shares, shall be allocated to the non-restricted share premium fund.
7. The warrants may be exercised for subscription of shares during the period from 1 June 2024 up to and including 30 June 2024.
8. 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 subscription is effected.
9. The full terms and conditions for the warrants are set forth in the enclosed terms for warrants of series 2021/2024:2, 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 brought forward or be postponed in some cases.
10. If all warrants are subscribed for, all warrants are transferred to executive management and key individuals in accordance with the proposal under Section B below and all warrants are exercised for subscription of shares, the Company's share capital will increase by SEK 260,000 (with reservation for any recalculation in accordance with Warrant Terms and Conditions).
11. The Board of Directors, or anyone appointed by the Board of Directors, shall be authorized to make such minor formal adjustments in the issue resolution that may be required for registration with the Swedish Companies Registration Office (Sw. Bolagsverket) or, if applicable, Euroclear Sweden AB.

**B. The Board of Directors' proposal for resolution on approval of transfer of warrants of series 2021/2024:2 to executive management and key individuals**

The Board of Directors proposes that the annual general meeting resolves to approve that the Subsidiary, within the framework of Warrant Program 2021/2024, on one or more occasions, transfers a maximum of 520,000 warrants of series 2021/2024:2, to executive management and key individuals in the Company and the subsidiaries operating within the business area Streaming and certain key individuals in the subsidiaries operating within the business area Print Publishing on the following terms and conditions.

1. Right to acquire warrants from the Subsidiary shall accrue to the following individuals:

Members of the group executive management (5 individuals at present) shall be entitled to acquire a maximum of 25,000 warrants each.

Country managers within the business area Streaming (18 individuals at present), regional managers within the business area Streaming (3 individuals at present), members of the extended management team for the business area Streaming (18 individuals at present) and the other key individuals within the business areas Streaming and Print Publishing who are of particular importance for the Company's continued development (15 individuals at present) shall be entitled to acquire a maximum of 10,000 warrants each.

An individual who has entered into an employment or consultancy agreement with the Company or a subsidiary within the group regarding a position which qualifies for participation in the program

according to above, may be offered to acquire warrants even if he/she has not yet taken up his/her employment/position.

The above-mentioned individuals (below jointly defined as the “**participants**”) shall be entitled to acquire the warrants personally or through a wholly-owned or controlled company. A participant can give notice of acquisition of a lower number of warrants than what is stated above, however not less than 1,000 warrants.

If the total number of warrants that the participants in aggregate wants to acquire exceeds the maximum number of warrants that can be transferred, taking into account the warrants that may be reserved for future recruitments as set out in 2 below, the number of warrants that each participant shall be allowed to acquire shall be reduced proportionately in relation to the maximum numbers set out for them above.

A participant may give notice to acquire additional warrants than stated above, however not more than additional 12,500 warrants (participant being a member of the group executive management) or 5,000 warrants (other participant), respectively, and can be allotted warrants based on such notice provided that there are warrants left to distribute after the first allotment in accordance with the above. If the total number of warrants that such notices comprise in aggregate exceeds the number of warrants that remain to allot, the number of additional warrants that each participant shall be allowed to acquire shall be reduced proportionally in relation to the maximum numbers of additional warrants set out for them above.

The above means that no participant being a member of the group executive management may acquire more than a maximum of 37,500 warrants in total and no other participant may acquire more than a maximum of 15,000 warrants in total, through the first allotment and a possible second allotment.

2. The Board of Directors may (but does not have to) decide that a maximum of 65,000 warrants shall be reserved for future recruitments. The number of warrants that the Board of Directors decides shall be reserved for future recruitments and warrants not needed in the allotment according to 1 above (if any), shall be reserved for future recruitments of individuals within the categories referred to in 1 above, whereby the corresponding limits for maximum numbers of warrants and principles for allotment shall apply. However, a new recruited individual may never be allotted more warrants than an individual of the same category could have been allotted in the allotment according to 1 above (where applicable, after reduction). A new recruited individual may be offered to acquire warrants as from the day he/she enters into an employment or consultancy agreement with the Company or a subsidiary within the group, regardless of whether he/she is taking up his/her employment/position first on a later date.
3. Transfer of warrants shall take place at market value at the time of the transfer. The calculation of the warrant's market value shall be performed Öhrlings PricewaterhouseCoopers AB, as an independent valuation institute, applying the Black & Scholes formula.
4. Notice of acquisition of warrants in accordance with 1 above shall be received by the Company on 30 May 2021 at the latest. The Board of Directors shall be entitled to prolong the notification period. Transfer to the participants shall take place as soon as possible after the end of the notification period.
5. Notice of acquisition of warrants in accordance with 2 above shall be received by the Company within the time specified by the Board of Directors in connection with the offer. However, no transfer may take place later than on 15 October 2021. Upon transfers of warrants in accordance with 2 above, the period from the day the individual acquires the warrants until the day when warrants can be exercised for subscription of shares may fall short of three years by a maximum 4.5 months. The Board of Directors considers that it, from a recruitment perspective, can advantageous for the

Company to be able to offer executive management and key individuals recruited short time after the implementation of the program the same incentive as other executive management and key individuals, which the Board of Directors considers justifies a slightly shorter term than three years in those cases.

6. Payment for warrants acquired in accordance with 1 above shall be made no later than 7 June 2021. The Board of Directors is entitled to prolong the payment period.
7. Payment for warrant acquired after an offer in accordance with 2 above shall be made within the time specified by the Board of Directors in connection with the offer, however never later than on 15 October 2021.
8. A prerequisite for being entitled to acquire warrants from the Subsidiary is (i) that the participant at the time of the acquisition has neither given notice or received notice of termination of his/her employment, or, in applicable cases, that the participant's consultancy agreement at the time of acquisition has not been terminated by either party (ii) that acquisition of warrants can take place in accordance with applicable laws and, according to the Board of Directors' assessment, can be executed with reasonable administrative costs and financial efforts, and (iii) that the participant and/or, in applicable cases, the participant's company has entered into an agreement with the Company, according to which the Company, or the one the Company assigns, inter alia has the right to repurchase the warrants from the participant/company if the participant's employment/ consultancy assignment ceases and in some other situations, in some cases to an amount equal to the lower of the participant's/company's acquisition price and the market value, in other cases to market value. The Board of Directors has the right to make the reasonable changes and adjustments to the terms and conditions of the agreement that are deemed suitable or appropriate as a result of local employment law or tax law or administrative conditions.

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### **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 that can be issued under Warrant Program 2021/2024 are exercised for subscription of new shares of series B, the number of shares of series B and the number of votes in the Company will increase with 520,000 (with reservation for any recalculation in accordance with the Warrant Terms and Conditions), which corresponds to a dilution of approximately 0.76 per cent of the number of shares and votes in 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 Warrant Program 2021/2024, the Board of Directors proposes that the annual general meeting shall resolve to implement an employee stock option program for employees and key consultants in the Company and the subsidiaries in the group operating within the business area Streaming ("**Employee Stock Option 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**

Öhrlings PricewaterhouseCoopers AB has, as an independent valuation institute, made a preliminary calculation of the market value of a warrant of series 2021/2024:2, applying the Black & Scholes formula. Based on an assumed share price of SEK 238.50, an assumed subscription price of SEK 393.53, a term of 3.09 years, a risk-free interest rate of -0.19 per cent, an assumed volatility of 38 per cent and an assumed dividend of SEK 0, the market value have been calculated to approximately SEK 25.67 per warrant. When transferring the warrants to participants, the market value will be determined based on updated assumptions and then known parameters.

Upon a positive development of the share price, Warrant Program 2021/2024 will entail costs in the form of social security contributions with regards to participants in some countries. The total costs for social security contributions will depend on the number of warrants that participants residing in different countries will acquire and exercise for subscription of shares, the market value of the Company's share of series B at the time of exercise of the warrants in 2024, but also what rates that apply for social security contributions in these countries (where social security contributions are due). Based on the assumption that 100 per cent of the warrants that can be issued within the framework of Warrant Program 2021/2024 are transferred to participants, the assumption that all participants want to acquire as many warrants as possible, meaning that a proportional reduction needs to take place upon allotment, the assumption that all warrants are exercised and an assumed share price of SEK 429.30 at the time the warrants are exercised, the average rate of social security contributions is calculated to approximately 2.80 per cent and the total cost for social security contributions is calculated to approximately SEK 147,000. Based on the same assumptions as above but with an assumed share price of SEK 477.00 when the warrants are exercised, instead of SEK 429.30, the total costs for social security contributions is calculated to approximately SEK 842,000. Since the costs incurred for social security contributions are calculated as such a small amount, no hedge of these costs is proposed.

The total cost for social security contributions will be distributed over the term of the warrants based on the market value of the warrant.

Given the above assumptions, including an assumed share price of SEK 429.30 and SEK 477.00 respectively at the time of exercise of the warrants, and that the program had been introduced in 2019 instead, it is calculated that the key figure earning per share for full year 2020 would have remained unchanged respectively would have decreased from SEK -1.05 to SEK -1.06.

It shall be noted that all calculations above are preliminary and are only intended to provide an illustration of what costs Warrant Program 2021/2024 may include. Actual costs may therefore deviate from what has been stated above.

### **Preparation of the proposal**

The proposal for resolution on the implementation of Warrant Program 2021/2024 and the proposals of 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 a member of the group executive management, is comprised by the proposal.

## **Majority requirements**

The Board of Directors' proposal to implement Warrant 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.

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Stockholm in April 2021

The Board of Directors of Storytel AB (publ)