



## Remuneration report 2022

### Introduction

This report describes how the guidelines for executive remuneration of Sleep Cycle AB (publ), adopted by the annual general meeting 2021, were implemented in 2022. The report also provides information on remuneration to the CEO and a summary of the company's outstanding share-related and share price-related incentive plans. The report has been prepared in accordance with the Swedish Companies Act and the Remuneration Rules issued by the Swedish Corporate Governance Board.

Further information on executive remuneration is available in note 11 (Number of employees, wages, other remuneration and social charges) on pages 64-65 in the annual report 2022. Information on the work of the remuneration committee in 2022 is set out in the corporate governance report available on pages 44-47 in the annual report 2022.

Remuneration of the board of directors is not covered by this report. Such remuneration is resolved annually by the annual general meeting and disclosed in note 11 on page 65 in the annual report 2022.

### Key developments 2022

The CEO summarizes the company's overall performance in his statement on pages 4-5 in the annual report 2022.

### The company's remuneration guidelines: scope, purpose and deviations

A prerequisite for the successful implementation of the company's business strategy and safeguarding of its long-term interests, including its sustainability, is that the company can recruit and retain qualified personnel. To this end, the company must offer competitive remuneration. The company's remuneration guidelines enable the company to offer executives a competitive total remuneration. Under the remuneration guidelines, executive remuneration shall be on market terms and may consist of the following components: fixed cash salary, variable cash remuneration, pension benefits and other benefits. The variable cash remuneration shall be linked to financial or non-financial criteria. They may be individualized, quantitative or qualitative objectives. The criteria shall be designed to contribute to the company's business strategy and long-term interests, including its sustainability, by for example being clearly linked to the business strategy or promote the executive's long-term development.

The guidelines are found on pages 45-46 in the annual report 2022. During 2022, the company has complied with the applicable remuneration guidelines adopted by the annual general meeting. No deviations from the guidelines have been decided and no derogations from the procedure for implementation of the guidelines have been made. The auditor's report regarding the company's compliance with the guidelines is available on [investors.sleepcycle.com](https://investors.sleepcycle.com). No remuneration has been reclaimed. In addition to remuneration covered by the remuneration guidelines, the annual general meetings of the company have resolved to implement long-term share-related incentive plans.

### Total CEO remuneration in 2022 (kSEK)\* - Table 1

Name of director (position)	1 Fixed remuneration		2 Variable remuneration		3 Extraordinary items	4 Pension expense	5 Total remuneration	6 Proportion of fixed and variable remuneration***
	Base salary**	Other benefits	One-year variable	Multi-year variable				
Carl Johan Hederoth (CEO)	2,425	4	-	-	-	508	2,937	100/0

\* Except for Multi-year variable remuneration, the table reports remuneration earned in 2022. Multi-year variable remuneration is reported if vested in 2022, as set out in Table 2. Disbursement of any payments may or may not have been made the same year

\*\* Including holiday pay of kSEK 195

\*\*\* Pension expense (column 4), which in its entirety relates to Base salary and is premium defined, has been counted entirely as fixed remuneration

### Share-based remuneration

#### ***Outstanding share-related and share price-related incentive plans***

The company has implemented four options programs (2020/2023, 2021/2024, 2021/2025 and 2022/2025) for all employees, also the Board of Directors are included in the program 2020/2023. The company has further implemented an option program for the CEO (CEO LTIP). The warrants are issued against payment corresponding to the fair value of the warrant at the time of allocation. The fair value has been calculated on the basis of Black-Schole's valuation model. The CEO has been granted 392,849 warrants, which gives the right to subscribe for 404,749 shares. In total, 605,625 warrants have been granted, corresponding to 751,400 shares, which corresponds to 3.7% of the shares in the company on a diluted basis.

#### ***Options program (CEO) - Table 2***

The main conditions of the options programs								
	1 Name of program	2 Award date	3 Exercise period	4 Exercise price (SEK)	5 Options held at beginning of year	6 Options acquired during the year	7 Expired program during the year	8 Options held at end of year
	2019/2022	2019-06-19	2022-06-20 – 2022-08-24	19.79	1,600	-	1,600	-
	2020/2023	2020-12-19	2023-12-01 – 2023-12-31	88.89	100	-	-	100
Carl Johan Hederoth (CEO)	2021/2024	2021-06-07	2024-06-08 – 2024-08-07	94.50	45,000	-	-	45,000
	2022/2025	2022-05-24	2025-08-01 – 2025-08-31	71.20	-	6,840	-	6,840
	CEO LTIP	2021-06-07	2026-04-08 – 2026-06-07	241.17	340,909	-	-	340,909
<b>Total</b>					<b>387,609</b>	<b>6,840</b>	<b>1,600</b>	<b>392,849</b>

### Application of performance criteria

For 2022, the CEO has not had the possibility for variable remuneration.

### Comparative information on the change of remuneration and company performance

#### ***Remuneration and company performance over the last three reported financial years (kSEK) – Table 3***

	2022	2021	2020
CEO remuneration	2,937	3,419	1,242
Group operating profit	44,110	10,325	56,243
Average remuneration on a full time equivalent basis of employees* of the parent company	692	662	590

\* Excluding members of the group executive management