



**Sleep Cycle**

WORLD'S NO. 1. SLEEP APP



CORPORATE GOVERNANCE REPORT

2024



# CORPORATE GOVERNANCE

## THE BASICS OF SLEEP CYCLE'S CORPORATE GOVERNANCE

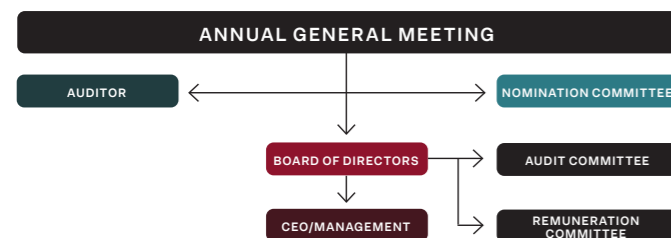
Sleep Cycle AB (publ) is a Swedish public limited liability company with offices in Gothenburg and Stockholm. The company's share has been listed on Nasdaq Stockholm since June 8, 2021. The main decision-making bodies are the Annual General Meeting, the Board, and Sleep Cycle's CEO. The Annual General Meeting appoints the Board, who in turn appoints the CEO, who oversees daily operations in accordance with the Board's guidelines. Corporate governance is an important aspect of ensuring that Sleep Cycle is managed sustainably, responsibly, and as efficiently as possible in order to realize strategies and create value for customers and stakeholders. Sleep Cycle has followed the Swedish Corporate Governance Code (the "Code") from the date of its listing on Nasdaq Stockholm. This corporate governance report is part of the administration report and is submitted in accordance with the Annual Accounts Act and the Code. The corporate governance report has been reviewed by Sleep Cycle's auditors, in accordance with what is stated on page 76.

Sleep Cycle reports no deviations from the Code in the financial year 2024. No violations of applicable stock market rules or of good stock market practice have been reported in relation to Sleep Cycle.

## SHARES

As of December 31, 2024, there were a total of 20,277,563 shares in Sleep Cycle. Each share in the company entitles the shareholder to one vote at the Annual General Meeting and each respective shareholder has the right to vote for all shares they hold in the company. Shareholding representing at least one-tenth of the number of votes of all shares in Sleep Cycle includes Maciej Drejak, through the company with 42.9% of votes, and Pierre Siri, through the company, with 20.0% of the votes.

## ORGANIZATIONAL CHART



## ANNUAL GENERAL MEETING

According to the Swedish Companies Act (2005:551), the Annual General Meeting is the company's highest decision-making body. At the Annual General Meeting, shareholders exercise their voting rights on key issues, such as the adoption of the income statements and balance sheets, allocation of the company's profits, discharge from liability for the members of the Board of Directors and the CEO, election of directors and auditors, and remuneration to the Board of Directors and auditors.

The Annual General Meeting must be held within six months of the end of the financial year. In addition to the Annual General Meeting, an Extraordinary General Meeting may be convened. According to the Articles of Association, the Annual General Meeting is announced by advertisement in the Swedish Official Gazette and by making the notice available on the company's website. That a meeting has been convened shall also be announced in Svenska Dagbladet.

Shareholders wishing to participate in the proceedings of a general meeting must be entered in the share register maintained by Euroclear Sweden six banking days prior to the meeting and must notify the company of their intention to participate in the general meeting no later than the date specified in the notice of the meeting. Shareholders may attend general meetings in person or by proxy and may be assisted by a maximum of two persons. Shareholders can usually register for the general meeting in a number of ways, which are specified in the announcement of the meeting. Shareholders are entitled to vote for all the shares they hold. Shareholders wishing to address an issue at the Annual General Meeting must submit a written request to the Board of Directors. The request must normally reach the Board of Directors at least seven weeks before the Annual General Meeting.

## 2024 ANNUAL GENERAL MEETING

The Annual General Meeting for 2024 was held on April 11, 2024 in Gothenburg. The Meeting adopted the income statement and balance sheet as well as the consolidated income statement and consolidated balance sheet for the financial year 2023. In accordance with the Board of Directors' proposal, the Annual General Meeting approved a dividend of SEK 2.30 per share, of which SEK 1.30 per share constitutes an ordinary dividend for the financial year 2023 and SEK 1.00 per share constitutes an extraordinary dividend.

The Annual General Meeting decided to discharge the Board members and the CEO from liability for the financial year 2023.

The Annual General Meeting decided that the number of Board members should be four with no deputies and that the number of auditors should be one with no deputies. Anne Broeng, Maciej Drejak and Mathias Høyer were re-elected as Board members and Hans Skrufors was newly elected for the period until the end of the next Annual General Meeting. Anne Broeng was re-elected as Chairman of the Board. It was resolved that Directors' fees shall amount to tSEK 735 to the Chairman of the Board and tSEK 290 to each of the other members. For work in the Audit Committee, it was decided to pay remuneration of tSEK 125 to the Chairman and tSEK 65 to each of the other members. For work in the Remuneration Committee, the decision was made to pay remuneration of tSEK 65 to the Chairman and tSEK 40 to each of the other members.

The registered accounting firm Öhrlings PricewaterhouseCoopers AB was re-elected as the company's auditor for the period until the end of the next Annual General Meeting. It was decided that the auditor's fees should be paid according to approved invoice.

In accordance with the Nomination Committee's proposal, the Annual General Meeting decided to adopt new principles for the appointment of the Nomination Committee to apply until further notice.

The Annual General Meeting decided to approve the Board's remuneration report for 2023.

The Annual General Meeting decided, in accordance with the Board's proposal, to establish an incentive program for employees of the company through a directed issue of warrants with the right to subscribe for new shares in the company and to pay a bonus. The Company shall issue up to 800,000 warrants entitling holders to subscribe for 800,000 new shares. The right to subscribe for the warrants shall by way of derogation from the shareholders' preferential rights, be granted to employees of the company. Subscription of shares by virtue of the warrants shall be possible during the period from May 15, 2027 through June 15, 2027. If all warrants are exercised, the number of shares will increase by 800,000, corresponding to a dilution not exceeding approximately 3.8 percent of the shares and votes based on the company's current number of shares.

## ANNUAL GENERAL MEETING 2025

The 2025 Annual General Meeting will be held on April 8, 2025 in Gothenburg. The date of the Annual General Meeting was announced in the context of the quarterly report for the third quarter of 2024.

## AUDITOR

The auditor shall examine the annual report and accounts of the company and the administration of the Board of Directors and the CEO. At the end of each financial year, the auditor shall submit an auditor's report and a consolidated auditor's report to the Annual General Meeting. According to the company's articles of association, the company must have a minimum of one and a maximum of two auditors and a maximum of two deputy auditors. A certified public accountant or registered public accounting firm shall be appointed as auditor and, where applicable, deputy auditor.

At the Annual General Meeting in 2024, the registered accounting firm Öhrlings PricewaterhouseCoopers AB was re-elected as the company's auditor for the period until the end of the Annual General Meeting in 2025. Ulrika Ramsvik is the principal auditor. The auditors report observations from their audit work to the Board, and the auditors review their audit and risk assessment plan with the audit committee on an annual basis.

## NOMINATION COMMITTEE

Companies complying with the Code shall have a Nomination Committee. According to the Code, the Annual General Meeting shall appoint the members of the Nomination Committee or specify how the members shall be appointed. According to the Code, the Nomination Committee shall consist of at least three members and a majority of these must be independent in relation to the Company and Group Management. In addition, at least one member of the nomination committee shall be independent in relation to the largest shareholder in terms of voting rights or the group of shareholders collaborating in the management of the company.

According to the instructions for Sleep Cycle's Nomination Committee adopted at the Annual General Meeting on April 11, 2024, the Nomination Committee shall, in addition to the Chairman of the Board, consist of representatives of the three largest shareholders registered in terms of voting rights as of August 31 of the year prior to the year in which the Annual General Meeting is held.

Once the three largest shareholders had each appointed a representative, the Chairman of the Board convened the Nomination Committee for its first meeting. The Nomination Committee for the 2025 Annual General Meeting consists of the following members:

Member	Appointed by	% of votes as of 8/31 2024
Martin Anthonson	MCGA AB and H265 AB	Total 42.9
Erik Olsson	GLA Invest SA	23.6
Erik Bertilsson	Lancelot Asset Management	2.9
Anne Broeng, Chairman of the Board Sleep Cycle		

The nomination committee jointly represents 69.4% of the votes in the company. The Nomination Committee has appointed Martin Anthonson as Chairman.

The Nomination Committee shall prepare and present to the Annual General Meeting the following proposals for decision:

- Chairman of the Annual General Meeting,
- Number of Board members,
- Members of the Board of Directors,
- Chairman of the Board,
- Directors' fees divided between the Chairman and the other members of the Board and remuneration for committee work,
- Auditors,
- Fees for the company's auditors, and
- to the extent deemed necessary, amendments to the applicable Nomination Committee instructions

In fulfilling its duties, the Nomination Committee shall perform the tasks incumbent on the Nomination Committee under the Swedish Companies Act and the Swedish Code of Corporate Governance.

Information about the work of the Nomination Committee and the instructions to the Nomination Committee can be found on the company's website, [investors.sleepcycle.com](https://investors.sleepcycle.com).

## BOARD OF DIRECTORS

The Board is the company's highest decision-making body after the Annual General Meeting. According to the Swedish Companies Act, the Board of Directors is responsible for the management and organization of the company, which means that the Board is responsible for, among other things, setting objectives and strategies, ensuring procedures and systems for evaluating the set objectives, continuously evaluating the company's performance and financial position, and evaluating the operational management. The Board is also responsible for ensuring that the annual report and interim reports are prepared in time. In addition, the Board appoints the company's CEO. Board members are normally elected by the Annual General Meeting for the period until the end of the next Annual General Meeting. According to the company's articles of association, the board of directors, in so far as it is elected by the general meeting, shall consist of a minimum of three members and a maximum of ten members without deputies.

According to the Code, the chairman of the board of directors is elected by the Annual General Meeting and has a particular responsibility for the

management of the board's work and for ensuring that the board's work is well organized and effectively executed.

The Board follows written rules of procedure, which are revised annually and adopted at the statutory board meeting. The rules of procedure regulate, among other things, the Board's practices, functions and allocation of work between the Board members and CEO. In connection with the statutory Board meeting, the Board also sets out instructions for the CEO, including for financial reporting. The Board of Directors is responsible for appointing any committees and has appointed an Audit Committee and a Remuneration Committee. The Board adopts the committees' rules of procedure, which govern the work of the committee. The Board is further responsible for preparing and adopting policies, as well as for monitoring compliance with any such policies.

The Board convenes according to an annually fixed schedule. In addition to these Board meetings, additional Board meetings may be convened to address issues that cannot be referred to an ordinary Board meeting. In addition to the meetings of the Board of Directors, the Chairman of the Board and the Chief Executive Officer maintain an ongoing dialog regarding the management of the Company.

## THE COMPOSITION OF THE BOARD

In 2024, the Board consisted of four Board members, three men and one woman, elected by the Annual General Meeting. Anne Broeng was elected Chairman of the company. All Board members are independent in relation to the company and its management, and all members, with the exception of Maciej Drejak, are independent in relation to majority shareholders. See pages 24-25 for a more detailed presentation of the Board of Directors.

## THE BOARD'S WORK IN 2024

The Board held 14 board meetings in 2024 (3 of which were per capsulam). Minutes were kept for all meetings. The Board has established rules of procedure that describe in detail which points of order shall be covered during the different Board meetings throughout the year. At the beginning of the year, the Board focused on the preparation of the new strategy adopted in February 2024. The work has also consisted of policy setting, evaluation of internal controls, and risk assessment. Other items discussed included the company's financial targets, follow-up and adoption of the budget for the coming financial year. Reports from the audit and remuneration committees have been dealt with during the course of the year.

Each month, the CEO sends out a monthly report including, among other things, a financial report and current events in the business. The purpose is to keep the Board informed of the development of the company's activities. The Board also approves any financial statements before they are published. The Board regularly evaluates the work of the CEO, but once a year, a formal evaluation is made, in which company management is not involved.

Once a year, an evaluation of the work of the Board and its committees is carried out in order to create a sound basis for development work in the Board and committee. The evaluation is also an important basis for the work of the Nomination Committee prior to the Annual General Meeting. The chairperson of the Board is responsible for the evaluation and its presentation to the nomination committee. In 2024, a board evaluation was carried out with external assistance, which was then presented and discussed by the company's board. The evaluation consisted of a self-evaluation and interviews with each individual board member. The purpose of the evaluation is to gather feedback from the Board members on how the work of the Board is conducted, what measures can be taken to improve the work, and whether the Board is evenly balanced in terms of competence. The conclusion was that there was a good mix of skills in the Board, and that its work is effective. The results of the evaluation have also been presented to the Nomination Committee.

## AUDIT COMMITTEE

Sleep Cycle has an Audit Committee consisting of two members, Anne Broeng (Chair) and Mathias Høyer. Without detriment to the other responsibilities and duties of the Board of Directors, the Audit Committee shall, among other things, monitor the company's financial reporting, monitor the effectiveness of the company's internal control, internal audit and risk management, keep informed of the audit of the annual accounts and consolidated financial statements, review and monitor the auditor's impartiality and independence, paying particular attention to whether the auditor provides the company with services other than accounting services, and assist in preparing proposals for the Annual General Meeting's election of auditors. All members of the Audit Committee are independent of the company and its management and majority shareholders.

## REMUNERATION COMMITTEE

Sleep Cycle has a remuneration committee consisting of two members, Mathias Høyer (chairman) and Anne Broeng. The aim and purpose of the remuneration committee is to prepare the Board's decisions on matters relating to remuneration policies, remuneration and other terms and conditions of employment of senior executives, remuneration policies and the remuneration report, to monitor and evaluate variable remuneration programs, both ongoing and those terminated during the year for senior executives and to evaluate the application of the remuneration policies for senior executives adopted at the Annual General Meeting as well as the current remuneration structures and remuneration levels of the Company. The Remuneration Committee shall continuously, and always after its meetings, report its decisions, proposals, observations, conclusions, etc. in writing to the Board.

Name	Attending board meeting	Attending audit committee	Attending remuneration committee
Anne Broeng	14/14	5/5	3/7 <sup>1</sup>
Mathias Høyer	13/14	5/5	3/7 <sup>2</sup>
Maciej Drejak	14/14		
Hans Skrufors <sup>3</sup>	10/14		
Olof Nilsson <sup>4</sup>	3/14		4/7
Rasmus Järborg <sup>5</sup>	3/14		4/7

<sup>1</sup>Member of the Remuneration Committee since the 2024 Annual General Meeting.

<sup>2</sup>Chairman of the Remuneration Committee since the 2024 Annual General Meeting.

<sup>3</sup>Board member since the 2024 Annual General Meeting.

<sup>4</sup>Board member and Chairman of the Remuneration Committee until the 2024 Annual General Meeting.

<sup>5</sup>Board member and member of the Remuneration Committee until the 2024 Annual General Meeting.

## CEP AND OTHER SENIOR EXECUTIVES

The CEO is subordinate to the Board, and responsible for the company's general administration and daily operations. Division of duties between the Board and CEO is set out in the rules of procedure for the Board and the instructions to the CEO. The CEO is also responsible for preparing reports and compiling information from management for Board meetings, and serves as rapporteur of any material relating to board meetings. According to the financial reporting instructions, the CEO is responsible for the financial reporting of the Company and shall accordingly ensure that the Board receives sufficient information to enable the Board to assess the Company's financial position on an ongoing basis. The CEO shall keep the Board of Directors continuously informed of the development of the Company's operations, the development of net sales, the Company's earnings and financial position, liquidity and credit situation, significant business events and any other event, circumstance or condition that may be assumed to be of material importance to the Company's shareholders.

In 2024, senior management consisted of five members including the CEO. See pages 26-27 for a more detailed presentation of management.

## REMUNERATION

### BOARD OF DIRECTORS FEES

At the Annual General Meeting held on May 11, 2024, it was decided that tSEK 735 shall be paid out as directors' fees to the Chairman of the Board, and tSEK 290 to each of the other members, tSEK 125 to the chairman of the audit committee, and tSEK 65 to the other members of the audit committee, as well as tSEK 65 to the chairman of the remuneration committee, and tSEK 40 to other members of the remuneration committee.

### GUIDELINES FOR REMUNERATION TO SENIOR EXECUTIVES

#### General information

These guidelines for remuneration of senior executives (the "Guidelines") cover the remuneration of Sleep Cycle AB (publ)'s ("Sleep Cycle" or the "Company") senior executives, including the CEO. The guidelines are forward-looking, i.e. they shall apply to any future remuneration that is agreed, and changes that will be made to previously agreed remuneration after adoption of the guidelines by the Annual General Meeting in 2021. These guidelines do not cover remuneration that is decided upon by any Annual General Meeting.

### Guidelines promoting the Company's business strategy, long-term interests, and sustainability

The Company's business strategy is, in brief, to give people the opportunity to sleep better in order to improve global health. Sleep Cycle is developing a solution for sleep health and an application for sleep monitoring. Sleep Cycle's vision is to become the market leader solution for sleep health globally. For more information about the Company's business strategy, please see: [www.sleepcycle.com](http://www.sleepcycle.com). Successful implementation of the Company's business strategy and safeguarding of the Company's long-term interests, including its sustainability, is contingent on the Company's ability to recruit and maintain qualified employees and senior executives. The Company has to be able to offer competitive remuneration in order to achieve this. The present Guidelines enable the Company to offer senior executives a competitive compensation package. Sleep Cycle's remuneration must also aim to promote the Company's business strategy and long-term interests, including its sustainability. Long-term incentive programs based on shares and share prices have been introduced in the Company. Such programs were confirmed upon by the Annual General Meeting, and are therefore not covered by the present guidelines. The Board of Directors believes that the possibility of a well-balanced fixed remuneration, combined with the possibility to participate in share-related incentive schemes decided by the Annual General Meeting and the possibility for variable remuneration, will enable Sleep Cycle as a competitive employer to recruit and retain qualified employees and senior executives.

### Forms of remuneration

Remuneration must be at market rates, and consist of the following elements: fixed cash salary, variable cash remuneration, pension benefits and other benefits. The Annual General Meeting can, in addition, decide on share and share price-based remuneration.

### Fixed remuneration

The fixed remuneration of senior executives is reviewed on an annual basis, and must be competitive and based on each person's skills, responsibility, and performance

### Variable remuneration

Variable cash remuneration that is covered by the present Guidelines must aim to promote the Company's business strategy and long-term interests, including its sustainability. Variable cash remuneration must be based on predetermined and measurable criteria, which may be financial or non-financial, must be linked directly or indirectly to the fulfillment of Sleep Cycle's business strategy, and must be measured over a period of one or more years. They can also be comprised of individualized, quantitative, or qualitative objectives. The criteria must be defined in such a way as to promote the Company's business strategy and long-term interests, including its sustainability. Additional variable cash remuneration may be awarded in extraordinary circumstances, either for the purpose of recruiting or retaining senior executives or as remuneration for extraordinary performance over and above the individual's regular duties, provided that such extraordinary circumstances are limited in time and made only on an individual basis. The total variable cash remuneration may not exceed 100 percent of the senior executive's fixed annual cash salary. The extent to which the criteria for awarding variable cash remuneration have been met shall be determined and evaluated at the end of the measurement period, and for financial targets, based on the most recent financial information published by the Company. The remuneration committee evaluates variable cash remuneration for the CEO, and the CEO evaluates variable cash remuneration for other executives.

### PENSION AND OTHER CUSTOMARY BENEFITS

Pension benefits are offered as defined contribution schemes, and are secured by payment of premiums to the insurance company. Variable cash remuneration does not give entitlement to pension benefits. Other possible benefits must be customary and make it easier for senior executives to perform their duties, such as company healthcare, medical insurance, or a company car. The size of pension premiums and other common perks may jointly amount to a maximum of 30% of the fixed, annual cash salary. Sleep Cycle can instead offer a salary exchange at the request of a senior executive, provided that the total expense to the Company is more or less the same. For individuals in group management who do not reside in Sweden, appropriate adjustments may be made to comply with mandatory rules or established local practice, whereby the overall purpose of these Guidelines shall be met as far as possible.

### Termination of employment

In the event of termination of contract, the notice period shall not exceed twelve months. Fixed cash salary during the notice of termination period and severance pay must, in total, not exceed an amount equivalent to one year's fixed cash salary. In the event of termination on the part of the senior executive, the maximum notice period is twelve months, and without entitlement to severance pay. In addition, remuneration for any non-compete clauses may be paid. Such remuneration should compensate for any income losses and may only be paid to the extent that the former senior executive is not entitled to severance pay. The remuneration shall not exceed 60% of the average monthly remuneration (both fixed and variable) paid by the Company over the preceding twelve months at the time of termination and shall be paid for the term of the non-compete restriction, which shall not exceed twelve months after termination of employment for senior executives.

### Salary and employment conditions for employees

While preparing the Board's proposal for the present Guidelines, salary and employment conditions for Company employees have been taken into account by noting information on employees' total remuneration, remuneration elements, as well as any increase in remuneration and the rate of such an increase over time.

### Deviation from guidelines

The Board of Directors may decide to deviate temporarily from the Guidelines if, in an individual case, there are specific reasons for doing so and a deviation is necessary to meet the long-term interests of the Company, including its sustainability, or to ensure the financial viability of the Company.

### Decision-making process in order to establish, review, and implement the guidelines

The Board has established a remuneration committee. The remuneration committee's duties include preparing the Board's decision on proposals for the guidelines on remuneration of senior executives. The Board shall draw up a proposal for new guidelines at least once every four years, and set out the proposal for adoption at the Annual General Meeting. These guidelines shall apply until new guidelines have been adopted by the General Meeting. The remuneration committee shall also prepare decisions on remuneration-related matters, including decisions to deviate from the Guidelines, monitor and evaluate variable remuneration programs for senior executives, the application of the Guidelines on remuneration for senior executives and the current remuneration structures and levels of remuneration within the Company.

The Board of Directors has issued a separate remuneration report, which is available on [investors.sleepcycle.com](http://investors.sleepcycle.com).

Proposals for new remuneration guidelines shall be submitted when there is a need for substantial changes, but at least every four years. Current remuneration guidelines were adopted at the 2021 Annual General Meeting, which means that proposals for new guidelines will be presented at the 2025 Annual General Meeting. Compared to the current guidelines, certain clarifications and editorial changes have been made. The guidelines regarding termination of employment have been changed in such a way that the fixed cash salary during the notice period and severance pay may not together exceed an amount corresponding to eighteen months fixed cash salary, compared to one year under the current guidelines. The Board has not received any comments from shareholders regarding the current remuneration guidelines.

### THE BOARD'S DESCRIPTION OF INTERNAL CONTROL OVER FINANCIAL REPORTING

The Board's responsibility for internal control is regulated by the Swedish Companies Act and the Code of Corporate Governance. The Board adopts policies and other governing documents, and ensures that the contents are communicated to all interested parties. This report is limited to a description of the internal control regarding financial reporting for the financial year 2024. The objective of Sleep Cycle's internal control is to ensure reliable and accurate financial reporting, that the company's and the group's financial statements are prepared in accordance with regulations and applicable accounting standards, that the company's assets are safeguarded, and to ensure compliance with other requirements.

### CONTROL ENVIRONMENT

The control environment is the foundation of Sleep Cycle's internal control and includes how the Board and management act, allocate responsibility and authority within the organization, provide information on business

objectives, and communicate the overall significance of internal control. The control environment involves the creation of an appropriate risk culture and is manifested through factors such as corporate culture, integrity, ethics, competence, management philosophy, organizational structure, authority and responsibility, as well as governing documents and guidelines. The CEO appoints an appropriate process owner for each financial key process. The process owner is responsible for reducing significant risks in the process through appropriately designed and documented controls, which are then subject to follow-up. The process owner is also responsible for ensuring that there are flow charts, documented risk assessments, and risk- and control matrices.

### RISK ASSESSMENT

Risk assessment is the basis of internal control, and the starting point for establishment of controls. Risk is defined as the possibility that an event will occur and negatively affect the ability to achieve performance. Risk assessment takes place continuously throughout the year and the finance division assesses risk for material misstatements in financial reporting. Focus on the key results and balance sheet entries that, relatively speaking, have a higher risk depending on their complexity or where the effect of any errors risks becoming major.

### CONTROL OPERATIONS

Control operations refer to the measures that are introduced by means of policies and procedures that help to ensure risk mitigation. The goal is to have an effective series of controls that are adapted to the business' conditions and risk tolerance. In order to ensure that the financial reporting gives a true picture, there are control activities involving multiple parties within the organization, from the Board of Directors and senior management to the finance department and other employees. Financial controls in Sleep Cycle's business process includes, among other things, approval of business transactions, reconciliations and monthly performance monitoring. Reporting and analysis of financial outcomes are regularly submitted to the Board and management.

### INFORMATION AND COMMUNICATION

There must be well-functioning two-way communication and flow of information between the Board of Directors and management and Sleep Cycle employees. An important aspect of internal control is to ensure effective distribution of relevant information to both internal and external stakeholders. Sleep Cycle's information policy, adopted by the Board, covers, among other things, the handling of financial information. Sleep Cycle must ensure that all applicable policies and guidelines are made available to relevant parties. Sleep Cycle has a whistleblowing system that is accessible on Sleep Cycle's website. If needed, it can be used anonymously.

### MONITORING

The Board continuously evaluates any information submitted by company management, which includes both financial information and key issues about internal controls. Sleep Cycle conducts self-assessments and independent tests to evaluate the effectiveness of the internal control; this is done at least on a yearly basis and the results of the investigation are reported to the audit committee. Proposals for action plans and improvements are identified and implemented on an ongoing basis.

### INTERNAL AUDIT

The need for a separate internal audit function is assessed annually. The assessment has been made that there is no reason to establish this based on the size of the company in combination with the internal control environment established.



## AUDITOR'S REPORT

This is an unofficial translation of the Swedish language original. In the event of any differences between this translation and the Swedish language original, the latter shall prevail.

To the general meeting of the shareholders of Sleep Cycle AB (publ), corporate identity number 556614-7368

### Report on the annual accounts and consolidated accounts

#### Opinions

We have audited the annual accounts and consolidated accounts of Sleep Cycle AB (publ) for the year 2024 except for the corporate governance statement on pages 44-47. The annual accounts and consolidated accounts of the company are included on pages 40-73 in this document.

In our opinion, the annual 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 2024 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 december 2024 and their financial performance and cash flow for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 44-47. 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 statement of comprehensive income and statement of financial position of the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

#### 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. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

#### Our audit approach

##### Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the group operates.

##### Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial

statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

#### Key audit matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

#### Revenue recognition

Referencing note 2, 6 and 31 in the annual report.

The majority of the group's revenues come from subscription services related to Sleep Cycle Premium, which is sold through platform owners. Payments from customers are made in advance for the entire contract period and are reported as prepaid revenues referred to as contract liabilities in the annual report. Revenues are recognized in the income statement linearly over the duration of the subscription period.

The group's accounting and recognition of revenues are based on daily sales data obtained from the platform owners who carry out the sale of subscription services to end customers. The recognition of revenues involves manual processes, which increases the risk of potential errors, primarily concerning the timing and amount.

#### How the area has been considered in the audit

Our audit has included, among other procedures:

- We have gained an understanding of the group's sales of subscription services and evaluated the group's processes, procedures, and internal controls related to revenues.
- We have evaluated the group's accounting policies and their compliance with IFRS Accounting Standards as adopted by the EU.
- We have obtained the daily sales data that the group has obtained from the platform owners, which forms the basis for the group's revenue recognition. Using the daily sales data, we have recalculated the group's revenues attributable to the year and the group's contract liabilities for prepaid subscription revenues, with the aim of verifying the timing of revenue recognition.
- We have reviewed the related disclosures in the annual report and reconciled them with the accounting records and other financial information.

#### Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-39 and 77. The other information also includes the Remuneration Report for 2024 that we obtained prior to the date of this audit report. The Board of Directors and the Managing Director are responsible for this other information.

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 Director's 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 and, concerning the consolidated accounts, in accordance with IFRS Accounting Standards as adopted by the EU. 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.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

#### 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.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website: [www.revisorsinspektionen.se/revisornsansvar](http://www.revisorsinspektionen.se/revisornsansvar). This description is part of the auditor's report.

### Report on other legal and regulatory requirements

#### The auditor's examination of the administration of the company and the proposed appropriations of the company's profit or loss

##### Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Director's and the Managing Director of Sleep Cycle AB (publ) for the year 2024 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 Director's 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 Director's 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' 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.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

#### 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.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: [www.revisorsinspektionen.se/revisornsansvar](http://www.revisorsinspektionen.se/revisornsansvar). This description is part of the auditor's report.

### The auditor's examination of the ESEF report

#### Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for Sleep Cycle AB (publ) for the financial year 2024.

Our examination and our opinion relate only to the statutory requirements. In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

#### Basis for Opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of Sleep Cycle AB (publ) 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 evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Responsibilities of the Board of Director's and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of Esef report in accordance with the Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

#### Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires me (us) to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements. Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the ESEF report.

The firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts [and consolidated accounts]. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design audit procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a validation that the Esef report has been prepared in a valid XHTML format and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

#### **The auditor's examination of the corporate governance statement**

The Board of Directors is responsible for that the corporate governance statement on pages 44-47 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevR 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement 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. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

Öhrlings PricewaterhouseCoopers AB, was appointed auditor of Sleep Cycle AB (publ) by the general meeting of the shareholders on the 11 April 2024 and has been the company's auditor since the 8 May 2023.

Gothenburg the day stated on our electronic signature  
Öhrlings PricewaterhouseCoopers AB

Ulrika Ramsvik  
Authorized Public Accountant

# Contact

For more information,  
please contact:

**ELISABETH HEDMAN , CFO AND HEAD OF INVESTOR RELATIONS**

Tel: +46 76-282 89 58

email: [elisabeth.hedman@sleepcycle.com](mailto:elisabeth.hedman@sleepcycle.com)

#### **SLEEP CYCLE AB**

Company Registration No. 556614-7368

Drakegatan 10, 412 50 Gothenburg, Sweden

[www.sleepcycle.com](http://www.sleepcycle.com)