



Remuneration report 2024

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 2024. 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 Rules on remuneration of the board and executive management and on incentive programs administered by the Stock Market Self-Regulation Committee (ASK).

Further information on executive remuneration is available in note 11 (Average number of employees, salaries and other remuneration and social charges) on pages 64-65 in the annual report 2024. Information on the work of the remuneration committee in 2024 is set out in the corporate governance report available on pages 44-47 in the annual report 2024.

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 2024.

Key developments 2024

The CEO summarizes the company's overall performance in his statement on pages 12-13 in the annual report 2024.

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, adopted by the annual general meeting, 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 remuneration guidelines are found on pages 46-47 in the annual report 2024. As set out in the guidelines, the board of directors may temporarily resolve to derogate from the guidelines if, in a specific case, there is special cause for the derogation and a derogation is necessary to serve the company's long-term interests, including its sustainability, or to ensure the company's financial viability.

In 2024, the Board decided to temporarily deviate from the remuneration guidelines adopted by the 2021 Annual General Meeting by launching a short-term cash-based incentive program covering the period from October 1 to December 31, 2024 ("2024 Q4 STI"). According to the guidelines, short-term incentive programs should cover a period of one or more years. The Board decided to adopt this program to align future programs with the fiscal year. Considering the importance of offering a market-competitive and attractive total compensation package, the Board believes that this deviation was necessary to safeguard the company's long-term interests.

No further deviations from the guidelines have been decided and no derogations from the procedure for implementation of the guidelines have been made. No remuneration has been reclaimed. The auditor's report regarding the company's compliance with the guidelines is available on investors.sleepcycle.com.

Total CEO remuneration in 2023 (tSEK)¹ - 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 ²
	Base salary	Other benefits	One-year variable	Multi-year variable				
Erik Jivmark (CEO)	2,700	4	2,411	-	-	690	5,805	58/42

¹ Except for Multi-year variable remuneration and remuneration during notice period and severance pay to the former CEO, the table reports remuneration earned in 2024. Multi-year variable remuneration is reported if vested in 2024, as set out in Table 2. Disbursement of any payments may or may not have been made the same year.

² 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 three warrant programs (2021/2025, 2022/2025, 2024/2027) for all employees. A warrant program has previously been implemented for the former CEO (2021/2026 CEO LTIP). Furthermore, the company has introduced a warrant program for the current CEO (2023/2027 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-Scholes valuation model. The CEO has been granted 200,000 warrants, which gives him the right to subscribe for 200,000 shares. In total, 1,298,058 warrants have been granted, corresponding to 1,378,334 shares, which corresponds to 6.8% of the shares in the company before dilution.

Warrant program (CEO) – Table 2

The main conditions of warrant programs								
	¹ Name of program	² Award date	³ Exercise period	⁴ Exercise price (SEK)	⁵ Warrants held at beginning of year	⁶ Warrants acquired during the year	⁷ Expired program during the year	⁸ Warrants held at end of year
Erik Jivmark (CEO)	2023/2027 (CEO LTIP)	2023-11-23	2026-12-01 – 2027-01-02	52.60	100,000	-	-	100,000
	2024/2027	2024-05-14	2027-05-15 – 2027-06-15	59.20	-	100,000	-	100,000
Total					100,000	100,000	-	200,000

Cash-based bonus performance program

In 2023, the Board decided on a short-term cash-based incentive program covering executive management (“2023/24 STI”). The 2023/24 STI program ran from October 1, 2023, to September 30, 2024, and enabled variable compensation based on the achievement of the targets specified below, with a discretionary component to reward performance and behavior.

The performance-based component amounted to up to 60% of the fixed annual salary and was based on the development of the number of paying subscribers and the operating result for the period, before the cost of the STI program. The criteria are described in the table below.

Operating profit for the period, adjusted for costs related to the STI program (mSEK)					
Number of paying subscribers by the end of the period (thousands)		<52,75	52,75	62,75	72,75
	<900	0%	0%	0%	0%
	900	18%	30%	36%	42%
	950	27%	39%	45%	51%
	1000	36%	48%	54%	60%

The development of paying subscribers was weighted at 60% and the operating result at 40%. Based on 915,000 paying subscribers and an operating profit before STI program costs of tSEK 72,783 for the period October 2023 – September 2024, this resulted in a performance-based compensation of 45%, corresponding to a payout of tSEK 1,080 for the CEO.

The discretionary component was capped at 40% of the fixed annual salary and was based on a holistic assessment of the CEO’s contributions and the company’s overall development during the year. Based on this assessment, the Board decided to award the CEO the full bonus, corresponding to 40% of the fixed annual salary, amounting to tSEK 968.

The total bonus under the 2023/24 STI for the CEO thus amounted to tSEK 2,048, equivalent to 85% of the fixed annual salary.

The cash-based incentive program approved by the Board for the period from October 1 to December 31, 2024, enabled variable compensation of up to a maximum of 80%. The level is determined by the Board based on performance, considering a holistic assessment of the CEO's contributions and the company's overall development during the year. The Board decided on a compensation of 55% of the fixed annual salary, corresponding to tSEK 363 for the period from October to December 2024.

Application of performance criteria

The performance measures for the CEO's cash-based variable remuneration, as set out above, have been selected to deliver the company's strategy and to encourage behavior which is in the long-term interest of the company.

Performance of the CEO in the reported financial year: variable cash remuneration (tSEK) – Tabel 3 and 4

2023/24 STI			
Namn of Director (position)	Description of criteria related to the compensation component	Relative weighting of performance criteria	a) Measured performance b) Compensation outcome
	Performance-based component	60%	a) 44.63% b) tSEK 1,080
Erik Jivmark (CEO)	Discretionary component	40%	a) 40.00% b) tSEK 968

Q4 2024 STI			
Namn of Director (position)	Description of criteria related to the compensation component	Relative weighting of performance criteria	a) Measured performance b) Compensation outcome
Erik Jivmark (CEO)	Discretionary component	100%	a) 55.00% b) tSEK 363

Comparative information on the change of remuneration and company performance

Remuneration and company performance over the last five reported financial years (tSEK) – Table 5

	2024*	2023*	2022	2021	2020
CEO remuneration	5,805	4,912 ¹	2,937	3,419	1,242
Group operating profit	76,962	56,606	42,807	8,945 ³	55,083
Average remuneration on a full time equivalent basis of employees ² of the parent company	903	816	692	662	590

*During 2024, a total of tSEK 4,962 has been adjusted for related to reorganization during the year. During 2023, a total of tSEK 4,450 has been adjusted for related to cost optimization program implemented in 2023.

¹ CEO remuneration includes remuneration to former CEO, including severance pay, and remuneration to current CEO Erik Jivmark.

² Excluding members of the group executive management.

³ In 2021, costs affecting comparability amounted to tSEK 26,061 related to the IPO.