



## Remuneration report 2021

### 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 2021. 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 (Employees and personnel costs) on pages 50-51 in the annual report 2021. Information on the work of the remuneration committee in 2021 is set out in the corporate governance report available on pages 31-33 in the annual report 2021.

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 51 in the annual report 2021.

### Key developments 2021

The CEO summarizes the company's overall performance in his statement on page 4-5 in the annual report 2021.

### 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 32-33 in the annual report 2021. During 2021, 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 2020 (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)	2,113	6	1,300	-	-	-	3,419	62/38

\* Except for Multi-year variable remuneration, the table reports remuneration earned in 2021. Multi-year variable remuneration is reported if vested in 2021, 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 73

### Share-based remuneration

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

The company has implemented four options programs (2019/2022, 2020/2023, 2021/2024 and 2021/2025) 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 387 609 warrants, which gives the right to subscribe for 602 981 shares. In total, 558,512 options have been granted, which corresponds to 8 % of the shares in the company on a diluted basis.

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

The main conditions of the options programs

	1	2	3	4	5	6
	Name of program	Award date	Exercise period	Exercise price (SEK)	Options held at beginning of year*	Share options acquired
Carl Johan Hederoth (CEO)	2019/2022	2019-06-19	2022-06-20	19,79	1,600	-
	2020/2023	2020-12-19	2023-12-01	88,89	100	-
	2021/2024	2021-06-07	2024-06-08 2024-08-07	94,50	-	45,000
	CEO LTIP	2021-06-07	2026-04-08 2026-06-07	241,17	-	340 909
<b>Total</b>					<b>1,700</b>	<b>385,909</b>

\* In 2021, no changes occurred regarding program 2019/2022 and 2020/2023, where the CEO holds 1,700 options. In program 2021/2024 and CEO LTIP the CEO acquired 45,000 and 340,909 options in 2021

### Application of performance criteria

The performance measures for the CEO's variable remuneration have been selected to deliver the company's strategy and to encourage behavior which is in the long-term interest of the company. In the selection of performance measures, the strategic objectives and short-term and long-term business priorities for 2021 have been taken into account. The non-financial performance measures further contribute to alignment with sustainability as well as the company values.

During the year, the CEO received a variable cash compensation of SEK 1,300,000 with additional holiday pay. The compensation was largely in recognition of the implementation of listing Sleep Cycle on Nasdaq Stockholm.

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

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

	2021	2020
CEO remuneration	3,419	1,242
Group operating profit	10,325	56,243
Average remuneration to employees of the parent company*	662	590

\* Excluding members of the group executive management