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## **The Board's proposal for resolution on directed issue of subscription warrants, Series 2022/2025**

The Board of Directors proposes that the Annual General Meeting on May 10, 2022 in Sleep Cycle AB, org. no. 556614-7368, decides on an incentive program for employees in the company or in the group (the “**Participants**”) by a directed issue of warrants with the right to subscribe for new shares in the company. The warrant program is proposed in order to align targets between employees and shareholders as well as to create long-term engagement for the company. The program is also expected to help retain competent, motivated and committed employees. The issue shall take place with deviation from the shareholders' preemptive rights on the following terms:

1. The company shall issue a maximum of 100,000 warrants that give the right to subscribe for 100,000 new shares. Oversubscription is not possible.
2. The right to subscribe for the warrants shall, with deviation from the shareholders' preferential rights, accrue to the Participants, who shall be offered to subscribe for options on a special subscription list.
3. The warrants shall be issued at a price corresponding to an estimated market value of the warrants (warrants premium) using the Black-Scholes model. The valuation of the options shall be performed by independent valuation institutes or auditing companies. A preliminary calculation based on a subscription price when exercising the warrants, which is SEK 76.67 per share, gives the value of SEK 9.65 on the option. The following values of the parameters included in the calculation model have then been used:

Risk-free interest rate:	0.282 %
Volatility:	37.8 %
Dividend share of future profits:	0.0 %
Market value of the stock:	SEK 56.79

4. The warrants shall be subscribed for no later than 24 May 2022 on a separate subscription list. The Board shall have the right to extend the time for subscription, but not longer than 1 November 2022.
5. Payment of the option premium for the warrants must be made within two weeks of the subscription. The board shall have the right to extend the time for payment.
6. The increase in the company's share capital may, upon full exercise of the warrants, amount to a maximum of SEK 2,777.77777777780, subject to the increase that may be caused by the fact that recalculation may take place as a result of issues, etc.
7. Payment for shares upon exercise of the Warrant shall be made in cash at a subscription price corresponding to 135 percent of the average of the volume-weighted payment price listed for each trading day according to Nasdaq Stockholm's official price list for shares in the Company during the 10 trading days preceding the general meeting. The subscription price thus

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determined shall be rounded to the nearest whole ten öre, whereby 5 öre shall be rounded down.

8. Each warrant shall entitle the holder to subscribe for one new share in cash for the period from 1 August 2025 to 31 August 2025. However, it must be possible to exercise the warrants at any earlier time as a result of a merger, compulsory redemption of shares, liquidation, etc.
9. Shares issued after exercise of a warrant carry out the right to a dividend for the first time on the record date for dividends that falls immediately after the new shares have been registered with the Swedish Companies Registration Office and entered in the share register kept by Euroclear.
10. In connection with the transfer of warrants to the participants in the program, the Company shall reserve the right to repurchase warrants if the participant's employment ends or if the participant in turn wishes to transfer the warrants.
11. The premium when subscribing for shares through the exercise of a warrant shall be added to the free premium fund.
12. The warrants may be subject to re-calculation in accordance with customary principles for re-calculation due to, inter alia, bonus issue, consolidation or share split, rights issue or similar events.
13. The full terms and conditions of the program are set out in *Appendix A*.

#### Allocation of warrants

The offer to buy options shall not exceed 7,600 options per participant and the total number of participants may not exceed 60 in number. The offer is distributed between the employees and future employees based on a decision from the Board of the Company according to the following statement:

- The CEO is offered a maximum of 7,600 options
- Category 1 executives are offered a maximum of 5,225 options
- Category 2 executives are offered a maximum of 2,850 options
- Other employees are offered a maximum of 1,120 options

#### Reasons for deviation from the shareholders' preferential rights

The reasons for deviation from the shareholders' preemptive rights are a desire to have an option program introduced suitable for allocation to employees in the company, whereby they can be offered the opportunity to take part in a value growth in the Company's share. This is expected to lead to a strengthening of interest in the company's development - as well as the Company's share price development - and that continued corporate loyalty in the coming years is stimulated.

#### Dilution effect

In the event that all warrants are exercised, the number of shares will increase by 100,000, which corresponds to a dilution of a maximum of approximately 0.5 percent of the shares and votes based on the Company's current number of shares. The above is subject to re-calculations of the warrants in accordance with the customary terms for re-calculation stated in the complete terms and conditions.

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### Other outstanding warrants

There are currently 4 outstanding option programs in 5 series.

Warrant program 2019/2022 consists of 6,624 warrants where an option entails the right to, during the period from and including 22 June 2022 and up to and including 20 September 2022, subscribe for 128.17 shares at SEK 19.79.

Warrant program 2020/2023 consists of 1,259 warrants where an option entails the right to subscribe for 120 shares during the period from 1 December 2023 and up to and including 31 December 2023 at SEK 88.89.

Warrant program 2021/2024: 1 consists of 102,273 warrants where an option entails the right to subscribe for one share for SEK 94.50 during the period from and including 8 June 2024 and up to and including 5 August 2024.

Warrant program 2021/2024: 2 consists of 11,363 warrants where an option entails the right to subscribe for one share for SEK 94.50 during the period from 5 December 2024 and up to and including 5 February 2025.

Warrant program 2021/2026, consists of 340,909 warrants where an option entails the right to subscribe for one share for SEK 241,17 during the period from 9 April 2026 and up to and including 7 June 2026.

In cases where all options are exercised for subscription, the number of shares will increase by 1,554,623, which corresponds to a dilution of a maximum of 7.4 percent of the shares and votes based on the Company's current number of shares.

### Costs

As the warrants are issued at fair market value, it is the company's assessment that no wage costs or social security contributions will arise for the company as a result of the option program. The total costs, including other costs in the form of fees to external advisors and costs for administration of the program, are estimated to amount to approximately SEK 100,000 over the term of the program.

### Preparation of the proposal

The proposal for an incentive program has been prepared by the Board's Remuneration Committee and the Board in collaboration with external expertise.

### Special authorization

The Board, or the person appointed by the Board, shall have the right to make the minor adjustments in the above-mentioned proposals that may prove necessary in connection with the registration of the above decisions with the Swedish Companies Registration Office and any

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Euroclear Sweden accession of the warrants.

*Majority requirements*

The resolution is covered by Chapter 16 of the Swedish Companies Act and presupposes the assistance of shareholders with at least nine tenths of both the votes cast and the shares represented at the meeting.

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Gothenburg in March 2022

**Sleep Cycle AB (publ)**

*The Board of Directors*