

The background features a stylized illustration of a person's face with closed eyes, rendered in shades of purple, blue, and yellow. The face is set against a dark blue background with scattered white stars and colorful, abstract light patterns resembling fireworks or auroras. At the bottom center, there is an orange square icon with a white alarm clock and a checkmark, positioned above the text 'Sleep Cycle'.

Corporate Governance Report 2022



Sleep Cycle

CORPORATE GOVERNANCE

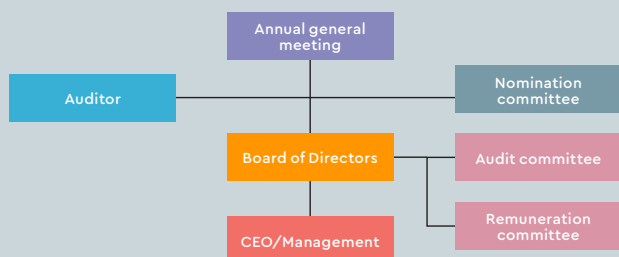
THE BASICS OF SLEEP CYCLE'S CORPORATE GOVERNANCE

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 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 pages 74–76.

SHARES

As of December 31, 2022, there was 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 Maciek Drejak, through the company with 42.1% of votes, and Pierre Siri, through the company, with 22.7% of the votes.

ORGANIZATIONAL CHART



ANNUAL GENERAL MEETING

The annual general meeting for 2021 took place on May 10, 2022 in Gothenburg. In accordance with the Board's proposal, the annual general meeting decided to accept the annual report, and that no dividends shall be paid out for the financial year 2021.

The annual general meeting decided to discharge the Board members and the CEO from liability for the financial year 2021.

The annual general meeting decided that the number of Board members shall be five, with no deputies, and that the number of auditors shall be two, with no deputies. Lars Berg, Anne Broeng, Olof Nilsson, Rasmus Järborg, and Ödgård Andersson were reelected as Board members for the period until the end of the next annual general meeting. Lars Berg was reelected as Chairman of the Board. It was decided that tSEK 500 shall be paid out as Board honoraria to the Chairman of the Board, and tSEK 250 to each of the other members, tSEK 100 to the president of the audit committee, and tSEK 50 to the other members of the audit committee, as well as tSEK 50 to the president of the remuneration committee, and tSEK 25 to other members of the remuneration committee.

The general assembly decided to approve the Board's proposals for the 2021 remuneration report.

The general assembly decided on a long-term incentive program for employees in the company or the group through a targeted share issue of warrants, series 2022/2025, with the right to subscribe to new shares in

the company. Issue of up to 100,000 warrants giving the right to subscription of 100,000 new shares. Upon full exercise of the warrants, the increase in the company's share capital may amount to up to SEK 2,777.78, subject to the increase that may occur as a result of issues, etc.

ANNUAL GENERAL MEETING 2023

The next annual general meeting will be held on May 8, 2023 in Gothenburg.

AUDITOR

It was decided at the 2022 general assembly to re-appoint Mazars AB as the auditor for the period until the end of the general meeting of 2023. Samuel Bjälkemo will be serving as the principal auditor with Anders Persson as assistant 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.

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. 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 also annually reviews and sets out rules of procedure for the Board's audit committee and remuneration committee. The Board is further responsible for preparing and adopting policies, as well as for monitoring compliance with any such policies.

THE COMPOSITION OF THE BOARD

In 2022, the Board consisted of five Board members, three men and two women, elected by the annual general meeting. The Board works to achieve equality, as well as diversity of skills, gender, experience and culture. Lars Berg was elected as the company's Chairman. All Board members are independent in relation to the company and its management, and all members, with the exception of Lars Berg, are independent in relation to major shareholders. See pages 24–25 for a more detailed presentation of the Board of Directors.

THE BOARD'S WORK IN 2022

The Board held 13 board meetings in 2022 (of which 2 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. In the first part of the year, the Board focused on follow-up of operations and the plan set for the year, establishment of policies, evaluation of internal controls, and risk assessment. One of the board meetings during the year concerned the company's strategic orientation, in which the Board evaluated and established the company's overall objectives and strategy. Other items addressed have included establishment of a budget for the coming financial year, goal-setting and governance, technical development of the company's product and sleep and health as they relate to market and product development. 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 chairperson of the Board is responsible for the evaluation and its presentation to the nomination committee. In 2022, an assessment was carried out by having an external consultant conduct structured interviews with each individual Board member, to get their opinion of the Board's work.. All viewpoints were compiled and discussed by the Company's Board of Directors. The results of the evaluation have been presented and discussed by the nomination committee. The conclusion was that there was a good mix of skills in the Board, and that its work is effective. During the year the Chairman of the Board announced that he would not be a candidate for re-election in the 2023 annual general meeting. As part of its work, the nomination committee's work has therefore been evaluating the composition of the Board and the need for a deputy.

THE BOARD'S COMMITTEE

Members of the committee are appointed at the statutory board meeting, which is held immediately after the annual general meeting.

AUDIT COMMITTEE

The audit committee's duties are described in instructions set out by the Board. The aim and purpose of the audit committee is to oversee the company's financial reporting, monitor the effectiveness of the company's internal control and risk management, keep itself informed of the audit of the annual accounts and consolidated accounts, review and monitor the impartiality and independence of the auditor and assist in the preparation of proposals for the election of the auditor by the General Meeting.

REMUNERATION COMMITTEE

The remuneration committee's duties are described in instructions set out by the Board. 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.

Name	Attending board meeting	Attending remuneration committee	Attending audit committee
Lars Berg	11/13*	4/4	
Anne Broeng	13/13		5/5
Olof Nilsson	13/13		5/5
Rasmus Järborg	13/13	4/4	
Ödgård Andersson	13/13		

*Because of a conflict of interests, Chairman of the Board Lars Berg did not take part in the board meeting addressing matters relating to the public cash offer. Anne Broeng was appointed chairperson of the offer committee.

NOMINATION COMMITTEE

The nomination committee is tasked with nominating and presenting proposals to the Board of Directors and the Chairman of the Board at the Annual General Meeting. In accordance with the instructions that were adopted by Sleep Cycle's annual general meeting held on May 19, 2021, the company shall have a member appointed by each of the three largest voting shareholders or shareholder groups, together with the Board's chairperson. The nomination committee shall be constituted based on shareholder statistics from Euroclear Sweden AB as of September 30 every year and other reliable shareholder information available to the company at that time and the Chairman of the Board who will also convene the first meeting of the nomination committee.

The member who represents the largest shareholder shall be appointed as the nomination committee's chairperson unless the nomination committee unanimously appoints another member as the nomination committee's chairperson. The instructions for the nomination committee can be found on Sleep Cycle's website: investors.sleepcycle.com

The composition of the nomination committee meets requirements regarding independent members. The nomination committee consists of the following members:

Member	Appointed by	% of votes as of Sept. 30, 2022
Mathias Høyer	MCGAAB and H265 AB	Total 42.1
Erik Olsson	GLA Invest SA	22.7
Anna Sundberg	Handelsbanken Fonder	7.1
Lars Berg, Chairman of the Board of Directors in Sleep Cycle		

The nomination committee jointly represents 71.9% of the votes in the company. The nomination committee has appointed Anna Sundberg as chairperson.

THE COMPANY'S ORGANISATION

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.

In 2022, senior management consisted of six members including the CEO, four of whom are men. Any lack of equality is noted and taken into account for future recruitment. After reorganization in January 2023, the management group was reduced to 5 persons. See pages 26–27 for a more detailed presentation of management.

REMUNERATION

HONORARIA FO THE BOARD

At the annual general meeting held on May 10, 2022, it was decided that tSEK 500 shall be paid out as Board honoraria to the Chairman of the Board, and tSEK 250 to each of the other members, tSEK 100 to the president of the audit committee, and tSEK 50 to the other members of the audit committee, as well as tSEK 50 to the president of the remuneration committee, and tSEK 25 to other members of the remuneration committee.

GUIDELINES FOR REMUNERATION TO SENIOR EXECUTIVES

The Company observes a 6-month notice period to the CEO, the CEO observes a 12-month notice period to the Company. In the event of termination initiated by the company, severance equivalent to 6 months' salary shall be paid.

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. 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 compensation 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 compensation may be awarded in extraordinary circumstances, either for the purpose of recruiting or retaining senior executives or as compensation 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 amount up to a maximum of 100% of senior executive's fixed, annual cash salary. The extent to which the criteria for awarding variable cash compensation 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.

THE BOARD'S DESCRIPTION OF INTERNAL CONTROLS RELATING TO FINANCIAL REPORTING

The Board's responsibility for internal controls are regulated by the Swedish Companies Act and the Swedish Corporate Governance Code. 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 2022. 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 to 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 reduction. 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.

AUDITOR'S REPORT

To the general meeting of the shareholders of Sleep Cycle AB, 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 for the year 2022 with the exception of the corporate governance report on pages 44–47. The annual accounts and consolidated accounts of the company are included on pages 41–73 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 as of 31 December 2022 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 2022 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. 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 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.

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

See notes 2 and 6 in the annual report and consolidated accounts for detailed information and a description of the area.

Description of key audit matter

The absolute largest part of the Parent Company and the Group's revenues consist of revenues from subscription services which are reported over time. The accounting for revenue includes manual procedures, which increases the risk of revenue recognition in the wrong period or to a wrong amount.

How the area has been considered in the audit

We have audited the company's procedures to ensure that internal controls linked to the revenue accounting are appropriate. We have reviewed the calculation model used to accrue revenue and performed tests on the model to ensure correct and consistent application.

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 1–40. 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 Directors 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 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 intends 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.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures

- made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Sleep cycle AB for the year 2022 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be dealt with in accordance with the proposal in the statutory administration report and that the members of the Board of Directors 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. I 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 Directors 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's 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 fulfil the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

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.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

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 for the financial year 2022.

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 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 Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the 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 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.

Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report have been marked with iXBRL in accordance with what follows from the Esef regulation.

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 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.

Mazars AB, with Samuel Bjälkemo as principal, Box 1317, 111 83 Stockholm, was appointed auditor of Sleep Cycle AB by the general meeting of the shareholders on the 10th of May 2022 and has been the company's auditor since the 9th of September 2014. Anders Persson, Mazars AB Box 159, 261 22 Landskrona, was appointed auditor by the general meeting of the shareholders on the 10th of May 2022 and has been the company's auditor since the 19th of April 2021.

Stockholm 29th of March 2023

Mazars AB

Samuel Bjälkemo
Authorized Public Accountant

Anders Persson
Authorized Public Accountant